

4 September 2017

**Ten Network Holdings Ltd (Administrators Appointed) (Receivers and Managers Appointed)
ACN 081 327 068 ('the Company') and Associated Entities (Collectively 'the Ten Group' -
refer to Appendix 1)**

**Report to Creditors
ASX Code: TEN**

I refer to the appointment of Mark Korda, Jarrod Villani and Jenny Nettleton of KordaMentha Restructuring ('the Administrators') as Administrators of the Ten Group on 14 June 2017 pursuant to Section 436A of the Corporations Act ('the Act').

Pursuant to Section 439A of the Act, the Administrators today issued their Report to Creditors ahead of the Second Meetings of Creditors to decide the future of the Ten Group.

In the Report, the Administrators express that in their opinion it is in the creditors interests for the Ten Group to execute the Deed of Company Arrangement proposed by CBS.

The Report be found at Appendix 2 or alternatively at <http://www.kordamentha.com/creditors/ten-group>.

The release of the Report follows the announcement on 28 August 2017 by the Receivers and Managers (Christopher Hill, Phil Carter and David McEvoy of PPB Advisory) and the Administrators that wholly owned entities of the New York Stock Exchange listed CBS Corporation had entered into a binding Transaction document to acquire the business and assets of the Ten Group, and their announcement today concerning the completion of the refinance.

Details of the Second Meetings of Creditors are as follows:

Date:	Tuesday 12 September 2017
Time:	Registration from 10.00 am with the meeting commencing at 11.00 am
Location:	Sydney Harbour Marriott, 30 Pitt Street, Sydney NSW 2000

At these meetings, creditors will vote on the future of the Ten Group. Meetings for each entity of the Ten Group will be held concurrently.

Ends

Appendix 1

1. Ten Network Holdings Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 081 327 068
2. The Ten Group Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 057 564 708
3. Network Ten Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 052 515 250
4. Network Ten (Sydney) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 664 962
5. Network Ten (Brisbane) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 050 148 537
6. Network Ten (Melbourne) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 664 953
7. Network Ten (Perth) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 009 108 614
8. Network Ten (Adelaide) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 007 577 666
9. Caprice Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 655 847
10. Chartreuse Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 655 874
11. Television & Telecasters (Properties) Pty Limited (Administrators Appointed) ACN 050 690 161
12. Ten Online Pty Limited (Administrators Appointed) ACN 089 829 667
13. Ten Ventures Pty Limited (Administrators Appointed) ACN 089 830 759
14. Ten Employee Share Plans Pty Limited (Administrators Appointed) ACN 082 736 150

Appendix 2 – Report to Creditors



Ten Group

Report to Creditors pursuant to Section 439A of the Corporations Act 2001

4 September 2017

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Glossary

Terms

1H17	First six months of FY17 (6 months to 28 February 2017)
ARITA	Australian Restructuring Insolvency and Turnaround Association
ACCC	Australian Consumer and Competition Commission
ACMA	Australian Communications and Media Authority
Act	Corporations Act 2001 (Cth)
Administrators	Mark Korda, Jarrod Villani and Jenny Nettleton of KordaMentha
Admitted Claims	As defined in section 8.4.3
Admitted Creditors	all Ten Group creditors not including excluded creditors
Appointment Date	14 June 2017
APRA	Australian Performing Right Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Birketu	Birketu Pty Limited
Board	The Board of Network Ten Holdings Limited
CBA	Commonwealth Bank of Australia
CBS	Collectively CBS International Television Australia Pty Limited, CBS Broadcasting Inc. and Showtime Distribution B.V.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	ARITA Code of Professional Practice
Committee of Creditors	Committee appointed at the First Meeting of Creditors of Network Ten
Completion	Completion of the Transaction pursuant to the terms of the Transaction Deed, at which time the DOCA will terminate and the Creditors' Trust will become effective
Court	Federal Court of Australia
CPH	Consolidated Press Holdings Limited
Creditors' Trust	The proposed Creditors' Trust as discussed in section 8
Cross Guarantee Companies	The 11 Ten Group Companies party to the DOXG dated 11 August 2010
DCO	Days costs outstanding
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOCA Committee	The proposed Committee of Inspection formed for the DOCA
DOXG	ASIC Deed of Cross Guarantee
Excluded Contracts	The contracts detailed in Appendix 15 of this report
Excluded Contract Pre-appointment Claims	As defined in the proposed DOCA and discussed in section 7.2.3
Excluded Creditors	Creditors who are party to Excluded Contracts, but only in relation to the Excluded Contract and other creditors as defined in the proposed DOCA and discussed in section 7.2.3
FEG	Fair Entitlements Guarantee
FIRB	Foreign Investment Review Board
First Meetings of Creditors	Meetings convened pursuant to Section 436E of the Act and held on 26 June 2017
Fox	Twentieth Century Fox Film Corporation (Australia) Pty Limited
Foxtel	Foxtel Management Pty Limited
Fox Sports	Fox Sports Australia Pty Ltd
FTA	Free-To-Air
G+T	Gilbert + Tobin
Holdings	Ten Network Holdings Limited



Illyria	Illyria Nominees Television Pty Limited
ILRA	Insolvency Law Reform Act 2016
IPS	Insolvency Practice Schedule (Corporations)
McKinsey	McKinsey & Company
MCN	Multi Channel Network Pty Limited
Moelis	Moelis Australia Advisory Pty Limited
Network Ten	Network Ten Pty Limited
New Secured Creditor	CBS International Television Australia Pty Limited
Non-Participating Creditor	As defined in the proposed DOCA and discussed in section 7.2.3
Pool A	As defined in the proposed DOCA and discussed in section 8.4.3
Pool B	As defined in the proposed DOCA and discussed in section 8.4.3
Pool C	As defined in the proposed DOCA and discussed in section 8.4.3
Pool D	As defined in the proposed DOCA and discussed in section 8.4.3
PPCA	Phonographic Performance Company of Australia Ltd
PPSA	Personal Property Securities Act 2009
PPSR	Personal Property Securities Register
Purchaser	CBS International Television Australia Pty Limited
RATA	Report as to Affairs
Receivers and or Receivers and Managers	Philip Carter, Christopher Hill and David McEvoy of PPB Advisory
Security Trustee	CBA Corporate Services (NSW) Pty Limited
Secured Creditors	Together, CBA and the Shareholder Guarantors
Second Meetings of Creditors	Meetings to be convened pursuant to Section 436E of the Act
Shareholder Guarantors	Birketu Pty Limited, Illyria Nominees Television Pty Limited as trustee for Illyria Investment Trust and Consolidated Press Holdings Limited
Ten Group	The companies as listed in Appendix 1 (all administrators appointed)
Transaction	The transaction for the transfer of 100% of the shares in Holdings to CBS International Television Australia Pty Limited, which includes a DOCA for the Ten Group, and a Creditors' Trust
Transaction Deed	The Transaction Deed dated 27 August 2017
Trustee	The trustees of the Creditors' Trust, proposed to be the Administrators/Deed Administrators
Trust Fund	\$32 million paid into the Creditors' Trust by the Purchaser for the benefit of all Admitted Creditors
US Studios	Fox and CBS
VDR	Virtual Data Room



Executive Summary

1.1 Appointment of Administrators and Receivers

We, Mark Korda, Jarrod Villani and Jenny Nettleton were appointed as Administrators of 14 companies ('the Ten Group') on 14 June 2017 pursuant to Section 436A of the Corporations Act 2001 (Ch).

On appointment, we assumed control of the Ten Group's operations and assets, communicated with all key stakeholders including employees and major creditors, and implemented new controls for purchasing and banking.

On 30 June 2017, two weeks after the commencement of the Voluntary Administrations, the Security Trustee (acting on behalf of the Secured Creditors) appointed Philip Carter, Christopher Hill and David McEvoy of PPB Advisory as Receivers and Managers to certain companies in the Ten Group.

It was agreed between the Administrators, the Receivers and the Secured Creditor that the Receivers would assume control of the sale/recapitalisation process and that the Administrators would continue to operate the business. This course of action was considered to be in the best interests of creditors.

1.2 Sale/Recapitalisation process outcome

The outcome of the sale/recapitalisation process is a proposed recapitalisation transaction with CBS International Television Australia Pty Limited ('the Purchaser'), pursuant to which the Purchaser (or its nominee) will become the 100% owner of the Ten Group. The business of the Ten Group will continue as usual and all employees will continue to be employed.

The Transaction is subject to creditors of each Ten Group company approving a Deed of Company Arrangement, the Court approving the transfer of shares in Ten Network Holdings Limited to the Purchaser and FIRB approval being received.

1.3 Estimated return to creditors

The proposed Deed of Company Arrangement will allow the business of the Ten Group to be operated under the control of the existing Administrators (as Deed Administrators) until Completion, at which time 100% of the shares in Holdings will be transferred to the Purchaser, the DOCA will terminate and the Creditors' Trust will come into existence.

The estimated returns from the Transaction, the DOCA and Creditors' Trust are as follows:

Creditor type	Estimated dividend
Secured Creditor	Refinanced – 100 cents in the dollar
Employees	Continuing employment or 100 cents in the dollar. Any claims are estimated to be paid between September 2017 and December 2017
Key Content Providers:	Estimated dividend of 100 cents in the dollar, estimated to be paid in December 2017
General Trade Creditors:	Estimated dividend of 100 cents in the dollar, estimated to be paid in December 2017
Financial, statutory and other creditors:	Estimated dividend of 34 cents in the dollar, estimated to be paid in December 2017
Onerous and Terminated Contracts (excluding Fox):	Estimated dividend of 10 cents in the dollar, estimated to be paid in or prior to October 2018
Fox (Pool D):	Contract to be renegotiated. If not, fixed payment of up to \$3.4 million, estimated to be paid in or prior to October 2018
CBS:	Excluded creditor – CBS will not claim in the Creditors' Trust



1.4 Opinion

The Administrators opinion is that creditors should approve the proposed Deed of Company Arrangement and Creditors' Trust, as this will provide the best return for creditors.

1.5 Second Meetings of Creditors

The Second Meetings of Creditors of the Ten Group companies will be held concurrently at the Sydney Harbour Marriot, 30 Pitt Street Sydney, NSW 2000 on Tuesday, 12 September 2017 at 11.00am. Formal notice of the Second Meetings of Creditors accompanies this Report. Registrations for the meetings will commence at 10.00am.

Further detail regarding the Second Meetings of Creditors is provided in section 2.8.

2 Appointment of Administrators

2.1 Appointment of Administrators

We, Mark Korda, Jarrod Villani and Jennifer Nettleton were appointed as Administrators of the Ten Group on 14 June 2017 pursuant to Section 436A of the Act. The companies in the Ten Group are listed in Appendix 1.

On appointment, we assumed control of the Ten Group's operations and assets, communicated with all key stakeholders including employees and major creditors, and implemented new controls for purchasing and banking.

2.2 Object of Administration

Section 435A of the Act states that the objects of the Administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. maximises the chance of the company, or as much as possible of its business, continuing in existence, or
2. if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

2.3 Purpose of this Report

The purpose of this report is to provide information regarding the Ten Group's business, property, affairs and financial circumstances, and to provide the Administrators' opinion regarding the future of the Ten Group, and has been prepared in accordance with Section 439A(4) of the Act.

This report deals with all of the Ten Group companies rather than a separate report being prepared for each company on the following basis:

- The operating structure of the Ten Group, whereby the companies all operate together as one business
- The interdependent nature of the outcomes for creditors of each of the Ten Group companies
- The proposed sale/recapitalisation transaction, which involves all companies and is interdependent on approval from creditors of each of the companies
- The DOXG, to which 11 of the 14 Ten Group companies are party, which would come into effect in a liquidation (see section 3.1.1). This report provides separate information in relation to the three companies which are not party to the DOXG.

This report has been prepared from information obtained from the Ten Group's records, the directors and management of the Ten Group and from our own enquiries.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the Second Meetings of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

2.4 Appointment of Receivers and Managers

On 30 June 2017, two weeks after the commencement of the Voluntary Administrations, the Security Trustee (acting on behalf of the Secured Creditors) appointed Philip Carter, Christopher Hill and David McEvoy of PPB Advisory as Receivers and Managers ('the Receivers') to 10 companies of the Ten Group, as shown in Appendix 1.

An announcement was made to the ASX on 3 July 2017 in relation to the appointment of the Receivers.

The companies in receivership own all of the Ten Group assets except for a property in Brisbane, from which the Ten Group operates. This property is owned by Television and Telecasters (Properties) Pty Limited. The three other companies which are not in receivership are dormant and have no assets.



It was agreed between the Administrators, the Receivers and the Secured Creditor that the Receivers would assume control of the sale/recapitalisation process and that the Administrators would continue to operate the business. This course of action was considered to be in the best interests of creditors.

2.5 Declaration of Independence Relevant Relationships and Indemnities

We provided our Declaration of Independence Relevant Relationships and Indemnities ('DIRRI') to creditors on 15 June 2017 in accordance with section 436DA of the Act, and provided an updated DIRRI to ASIC on 22 June 2017. Copies of both DIRRIs were tabled at the first meetings of creditors held on 26 June 2017, and the updated DIRRI was circulated to creditors by a circular to creditors and employees dated 25 July 2017.

As part of the Transaction, and in particular the repayment of the Secured Creditors, the Administrators obtained the benefit of an indemnity from the New Secured Creditor for outstanding and future Administration liabilities.

The indemnity has necessitated the updating of our DIRRI. Our updated DIRRI was lodged with ASIC on 4 September 2017 and is attached as Appendix 2. A copy will be tabled at the Second Meetings of Creditors.

2.6 First meetings of creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of each company in administration within eight business days of being appointed.

The First Meetings of Creditors for the Ten Group were held concurrently at Sofitel Sydney Wentworth, 61-101 Philip Street, Sydney NSW 2000 at 2.30 pm on 26 June 2017 ('the First Meetings of Creditors').

2.7 Committee of Creditors

At the First Meetings of Creditors, we advised that it would be in the interests of the creditors for a Committee of Creditors to be formed for Network Ten Pty Limited ('Network Ten'), as this is the main operating company within the Ten Group, and has the majority of creditor claims, employees, and programming contracts. We also recommended that the Committee of Creditors should comprise one or more individuals representing each of the main creditor interest groups.

2.7.1 Composition of the committee

A resolution was passed by the creditors present at the meeting to appoint a Committee of Creditors for Network Ten. Members of the Committee of Creditors are detailed below.

- Birketu Pty Limited
- CBS, collectively CBS International Television Australia Pty Limited, CBS Broadcasting Inc. and Showtime Distribution B.V.
- Commonwealth Bank of Australia
- Consolidated Press Holdings Pty Limited
- Cricket Australia
- Endemol Shine Australia Pty Limited
- FremantleMedia Australia Pty Limited
- Hugh Riminton (Employee)
- Illyria Nominees Television Pty Limited
- Matt Miller (Employee)
- MetraWeather Pty Limited
- Rachel Day (Employee)
- Starcom Mediavest Group (Aust) Pty Limited
- Twentieth Century Fox Film Corporation (Australia) Pty Limited.

On 31 August 2017 CBS resigned as a member of the Committee of Creditors.

As a result of the repayment of the Secured Debt on 1 September 2017, the Secured Creditors are no longer eligible to be members of the Committee of Creditors.



2.7.2 Committee of Creditors' meetings

To date there have been two meetings of the Committee of Creditors. Details of the meetings are as follows:

Date of meeting	Matters discussed
11 July 2017	<ul style="list-style-type: none"> • An update on the Administrations on the following key areas: <ul style="list-style-type: none"> – Appointment of Receivers and Managers – Funding available to continue to trade the business – Operations and on-going negotiations with key suppliers • The Court application for the extension of the convening period for the Second Meetings of Creditors • The Court application in relation to the Administrators' independence • Approval of Administrators' remuneration to 2 July 2017
17 August 2017	<ul style="list-style-type: none"> • An update on the Administration, including operations, cash flow and sale/recapitalisation process • Changes under the Insolvency Law Reform Act 2016 • Approval of Administrators' remuneration to 13 August 2017

A further meeting of the Committee of Creditors will be held prior to the Second Meetings of Creditors.

The following updates have been prepared and circulated dealing with operations, cash flow funding, sale/recapitalisation process, statutory matters, meetings of the Committee of Creditors and Administrators' remuneration.

Date	Update
14 June 2017	Update 1 to Financier and Guarantors
15 June 2017	Update 2 to Financier and Guarantors
16 June 2017	Update 3 to Financier and Guarantors
20 June 2017	Update 4 to Financier and Guarantors
23 June 2017	Update 5 to Financier and Guarantors
27 June 2017	Update 6 to Financier and Guarantors
23 July 2017	Update 1 to Committee of Creditors (Committee of Creditors formed on 26 June 2017)
25 July 2017	Circular to creditors and employees in relation to extension of convening period and Court orders
4 August 2017	Update 2 to Committee of Creditors
11 August 2017	Update 3 to Committee of Creditors
28 August 2017	Notice to certain creditors of Ten Group companies

2.7.3 Changes to the Act relating to committees of creditors

On 1 September 2017, a number of changes came into effect as part of the Insolvency Law Reform Act 2016 ('ILRA'). Several of these changes impact on committees of creditors formed for voluntary administrations and DOCAs, and will therefore be relevant for a Committee of Inspection formed for the DOCA ('DOCA Committee'), should the DOCA be approved and creditors vote to form a DOCA Committee.

These changes and associated resolutions which will be considered at the Second Meetings of Creditors are discussed in section 11.1.

2.8 Second meetings of creditors

We are required to convene a second meeting of creditors of each company in administration pursuant to Section 439A of the Act ('the Second Meetings of Creditors') to consider the future of each company.



The Administrators were required to convene and hold the Second Meetings of Creditors of the Ten Group within 25 business days after the Voluntary Administrations commenced, namely by 19 July 2017. In view of the size and complexity of the Administration of the Ten Group, the Administrators sought an extension of the time by which we were required to convene the Second Meetings of Creditors under Section 439A(6) of the Act. On 17 July 2017, the Court made orders that the convening period for the Second Meetings of Creditors of the Ten Group be extended to midnight on Monday, 20 November 2017. The Second Meetings of Creditors may be held at any time during the period up to, or within five business days after, the end of the convening period as extended.

Before the Second Meetings of Creditors, we must prepare a report on the relevant company's business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be in a position to vote at the Second Meetings of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- Each of the Ten Group companies to execute a DOCA
- the Administrations to end, or
- each company to be wound up.

A DOCA has been proposed for consideration by the creditors of each of the Ten Group companies, as part of a recapitalisation of the Ten Group which is discussed in detail in section 7 of this report.

We advise that the Second Meetings of Creditors will be held at the Sydney Harbour Marriot, 30 Pitt Street Sydney, NSW 2000 on Tuesday, 12 September 2017. Formal notice of the meetings accompanies this report. The meetings will commence at 11.00am, with registration from 10.00am. The notice of the Second Meetings of Creditors is enclosed with this report as Appendix 3, and has been sent to all creditors of the Ten Group.

A Form 532 – Appointment of Proxy has been provided to all creditors by Link Market Services Limited by mail or email. If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate creditor, you are required to complete the Proxy Form appointing your representative.

If you are representing a company, please ensure that your proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the meetings.

Creditors are required to have lodged proofs of debt, failing which they may be excluded from voting at the meetings. A Form 535, Formal proof of Debt or Claim has been provided to all creditors by Link Market Services Limited by mail or email.

Proxies and proofs of debt must be received by no later than 5.00pm on Sunday, 10 September 2017, failing which creditors or their proxies may be excluded from voting at the meetings. They may be submitted as follows:

By Mail: Ten Group
 C/-Link Market Services Limited
 PO Box 3184
 Rhodes NSW 2138

By facsimile: +61 2 9287 0309

By email: tengroup@linkmarketservices.com.au

Those creditors who have already lodged a Proof of Debt are not required to lodge a further proof (unless they wish to amend their claim).

A copy of this report, together with other information relating to the Ten Group, can be found on the KordaMentha website at www.kordamentha.com in the Creditor Information section.

2.9 Conduct of Administrations – summary

Since our appointment on 14 June 2017, the Administrators, with the assistance of our staff, have continued to operate the business of the Ten Group. We have:

- Notified suppliers, creditors, and employees of our appointment
- Communicated with each of the Ten Group companies' directors and officers by email, phone and in-person meetings



- Negotiated continuing supply of critical inputs including negotiating with key counterparties providing content
- Supervised the ongoing management of the business
- Notified and corresponded with the various statutory bodies including APRA, ACMA, ASIC and ATO
- Provided regular briefings to employees
- Established bank accounts
- Reviewed the books and records of the Ten Group
- Retained and briefed solicitors and advisors to assist in the conduct of the Administrations
- Convened and held the First Meetings of Creditors for the Ten Group companies
- Advertised for and prepared documentation for a sale/recapitalisation process for the Ten Group
- Held two Committee of Creditors meetings
- Reviewed the Ten Group's various PPSR claims
- Undertaken a review of the Ten Group's insurance position
- Made an application to the Court to extend the convening periods
- Liaised with the Receivers in relation to operations and the sale/recapitalisation process
- Negotiated documents with potential purchasers, including the DOCA and Creditors Trust
- Made an application to the Court in relation to the ILRA changes referred to in section 4.4.4
- Made an application in relation to the conditions precedent to the Transaction, being the orders referred to in section 3.6.3
- Prepared this report to creditors pursuant to Section 439A of the Act.

2.10 Receipts and payments of Administration

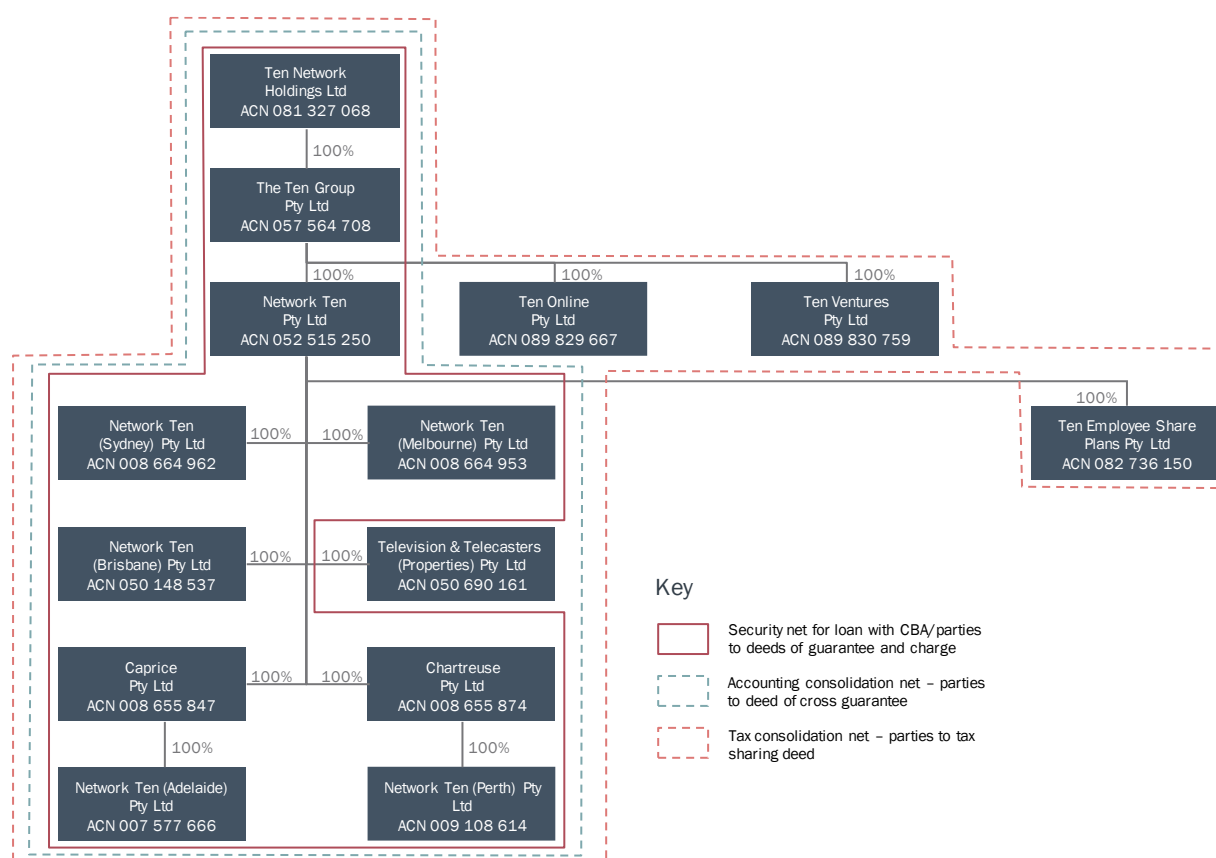
Enclosed as Appendix 4 is a summary of the receipts and payments for the period from 14 June 2017 to 27 August 2017. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.

3 Ten Group background

3.1 Corporate structure

The Ten Group is comprised of a group of companies that are direct or indirect subsidiaries of Ten Network Holdings Limited ('Holdings'), a listed Australian proprietary company limited by shares with the ASX issuer code 'TEN'. Holdings was incorporated on 16 February 2008 and had approximately 369 million ordinary shares on issue as at 21 June 2017.

The key operating entity is Network Ten Pty Limited ('Network Ten'), which is the counterparty for all key content agreements. A summary of the Ten Group companies under Administration can be found below.



Source: Ten Management and G+T Legal Review (2017)

An expanded corporate structure chart showing the Ten Group and its various interests can be found in Appendix 5.

3.1.1 Deed of Cross Guarantee

A proforma ASIC Deed of Cross Guarantee ('DOXG') dated 11 August 2010 has been entered into by Holdings and 10 of the other Ten Group companies (together 'the Cross Guarantee Companies'), as noted in the corporate structure diagram above. The DOXG provides that each of the Cross Guarantee Companies covenants with Holdings as Trustee for the benefit of each creditor of the Cross Guarantee Companies, that they will each guarantee to any creditor of the Cross Guarantee Companies payment in full of any debt due by any of the Cross Guarantee Companies. The DOXG becomes enforceable in respect of the Cross Guarantee Companies on the winding up of a Cross Guarantee Company. The three companies not party to the DOXG are noted below:

- Ten Online Pty Ltd is dormant, has no assets and its only known liabilities are intercompany loans and an obligation to the ATO, which arises due to it being part of the Ten Group GST group
- Ten Ventures Pty Ltd is dormant, has no assets and its only known liabilities are intercompany loans and an obligation to the ATO, which arises due to it being part of the Ten Group GST group

- Ten Employee Share Plans Pty Ltd is dormant, has no assets and its only known liabilities are intercompany loans.

3.2 Shareholders

Holdings' largest 10 shareholders per company records as at 21 June 2017 are as summarised below.

Shareholder name	Number of shares held	% of total
Foxtel Management Pty Limited	51,333,334	13.91%
Birketu Pty Limited	40,435,674	10.95%
Hanrine Investments Pty Limited	30,490,444	8.26%
Illyria Nominees Television Pty Limited	27,496,502	7.45%
Aidem Holdings Pty Limited	25,301,335	6.85%
HSBC Custody Nominees (Australia) Limited	22,939,086	6.21%
Citicorp Nominees Pty Limited	9,278,642	2.51%
Birketu Pty Limited	5,945,946	1.61%
Birketu Investments Pty Limited	5,886,487	1.59%
J P Morgan Nominees Australia	5,461,469	1.48%

Holdings' share price was \$0.95 per share in January 2017, but had fallen to \$0.16 per share by the time shares were suspended from official quotation on 14 June 2017.

3.3 Operations of the Ten Group

The Ten Group is one of Australia's leading entertainment and news content providers, with free-to-air ('FTA') television and digital media assets. The Ten Group companies hold licences to broadcast pursuant to the Broadcasting Services Act 1992 (Cth) in all major metropolitan cities and, through its licence arrangements with WIN Television and Southern Cross Austereo, to the other states and territories of Australia.

The Ten Group delivers its content across its main channel, digital multi-channels and digital platforms.

3.3.1 History

A brief history of the Ten Group is summarised below:

Year	
1965	Third commercial television station, Independent Television System (ITS), commenced broadcasting
1970	ITS renamed the 0-10 Network
1980	The 0-10 Network renamed Network Ten
1988	Network Ten became fully national with launch of NEW-10 in Perth
1992	Network Ten's flagship stations sold to CanWest media group
1998	Ten Network Holdings Limited listed on ASX
2009	The Ten Group launches ONE, Australian commercial TV's first digital channel, CanWest sold 50.1% stake in Ten for \$680 million
2011	The Ten Group launches digital channel ELEVEN
2012	The Ten Group completes sale of Eye Corp
2013	The Ten Group launches digital platform Tenplay
2015	The Ten Group takes stake in MCN platform as part of deal with Foxtel. Holdings Board is restructured

2016	The Ten Group changes affiliate provider to WIN Television
2017	Commences 'Blue Horizon' Transformation program
June 2017	Voluntary Administrators appointed

3.3.2 Metro FTA TV Channels

Ten

Ten, established in April 1965, is the main FTA channel broadcasting in standard and high definition digital. Ten is the home of local news bulletins, *TEN Eyewitness News First at Five* as well as the current affairs program *The Project* and local content including *MasterChef Australia*, *Australian Survivor*, *Offspring* and *The Bachelor and Bachelorette Australia*. Ten currently holds the rights to broadcast a number of live sport events including the *KFC Big Bash League*, *Australian Rugby Union*, *Formula One* and *Supercars Championship*. Ten also has a catalogue of international drama, comedies and entertainment through its arrangements with CBS International Television Australia Pty Limited, CBS Broadcasting Inc. and Showtime Distribution B.V (together 'CBS') and Twentieth Century Fox Film Corporation (Australia) Pty Limited ('Fox'). This channel delivers c.70% of the Ten Group's total audience.

Eleven

Eleven is a digital channel established in January 2011 and is a joint venture with CBS Studios Inc (CBS Studios Inc owns 33.33% of ElevenCo Pty Ltd). Eleven shows a mix of Australian and international content including *Neighbours*, *How I Met Your Mother*, *Supernatural* and *The Simpsons*. Eleven is broadcast in standard definition digital and delivers c.13% of the Ten Group's total audience. ElevenCo Pty Ltd is not in voluntary administration.

One

One, established in March 2009, was the first digital channel launched by an Australian commercial network. The content is a mix of scripted and reality programming as well as local and international sports, including *COPS*, *Undercover Boss*, *M*A*S*H*, *Formula One* and *MotoGP*. One is broadcast in standard digital definition and accounts for c.14% of the Ten Group's total audience.



3.3.3 Digital Platforms

Tenplay

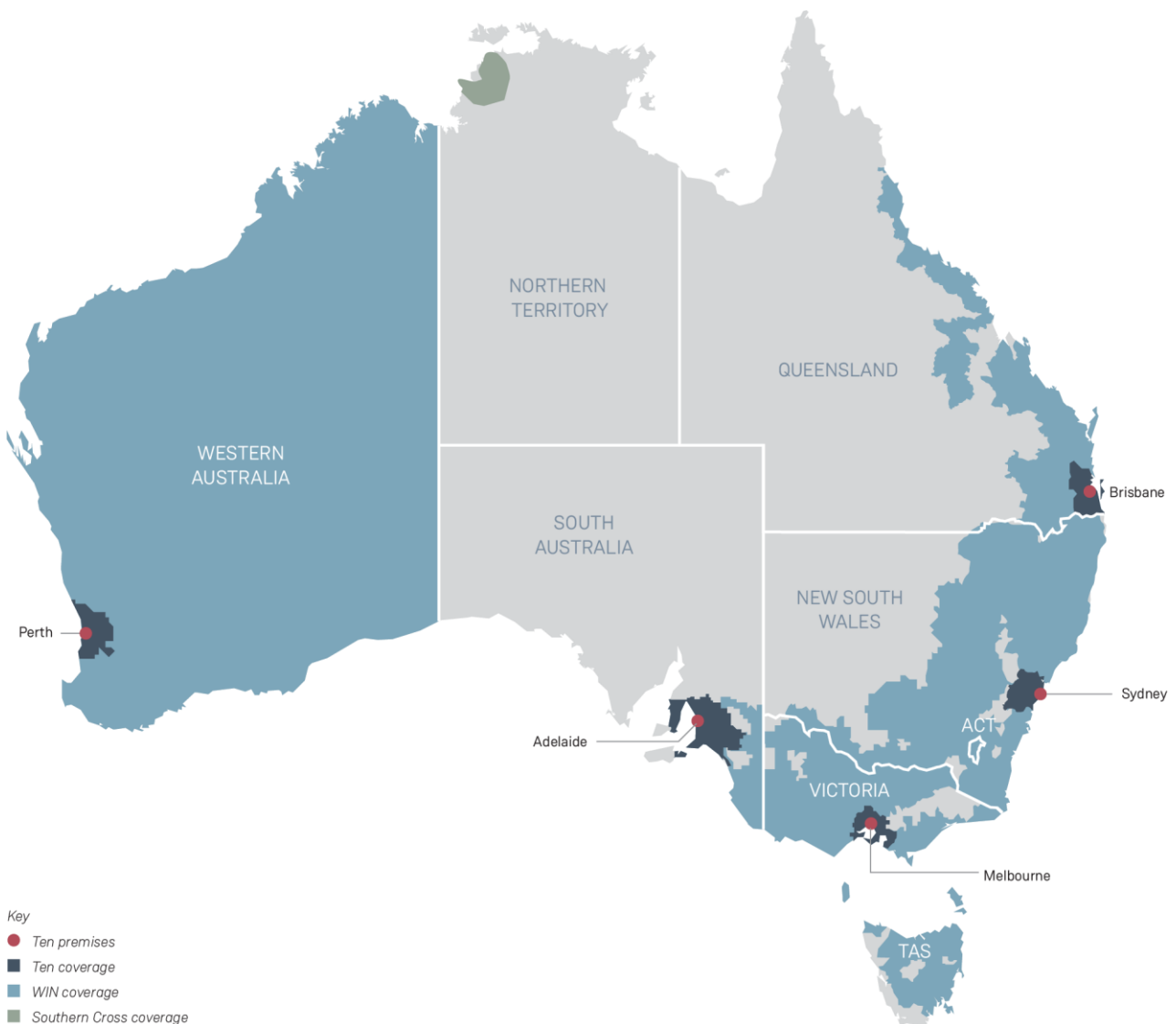
Tenplay is the Ten Group's online catch-up and streaming service available on web, mobile, consoles and smart televisions including hosting services iOS and Windows mobile devices, FreeviewPlus, Telstra TV, Apple TV and Fetch TV. It gives users access to Ten, Eleven and One shows on-demand after they appear on television as well as live-streaming of key programs.

Social Media

The Ten Group also has a large presence on social media, and as at 28 February 2017 had access to 180 social media channels with 13.6 million followers.

3.3.4 Office locations and licence areas

The Ten Group has a national presence, with the network owning and operating stations in each metropolitan city of Sydney, Melbourne, Brisbane, Perth and Adelaide. WIN Television has operated as the Ten Group's regional broadcaster since 1 July 2016. The Ten Group's coverage and office locations are summarised in the below figure.



Source: Ten Group Management



3.4 Ten Group investments

The Ten Group has a number of investments, including

- A 66.7% share in ElevenCo Pty Limited of which CBS Studios, Inc is a 33.3% shareholder
- A 33.3% share interest in TX Australia Pty Limited, which owns various network transmission assets
- A 15.0% interest in RSVP.COM.AU Pty Limited, which operates an online dating platform
- A minority interest in various industry bodies including Free TV Australia Limited and Freeview Australia Limited
- A 24.9% interest in advertising sales platform Multi Channel Network Pty Limited, which is discussed in section 3.4.1.

None of the above related entities are in Administration or Receivership.

3.4.1 Multi Channel Network Pty Limited ('MCN')

In June 2015, the Ten Group entered into an established sales venture with Foxtel whereby the Ten Group acquired a 24.99% stake in MCN from Foxtel (Foxtel and Fox Sports own the remaining shares), and MCN agreed to undertake the Ten Group's sales representation. MCN is an outsourced sales function that acts on behalf of multiple broadcasters to sell advertising as a group to clients. In September 2015, Ten Group transitioned its sales operations to MCN. Pursuant to the arrangement:

- The Ten Group has responsibility and control of all strategic functions including pricing, selling strategies and setting rate cards
- MCN is responsible for all selling activities, including employing sales and support staff.

3.5 Directors and officers

Detailed below is information regarding the directors and secretaries of Holdings for the past 12 months obtained from ASIC.

Director name	Appointment date	Cessation date
David Leslie Gordon	1 April 2010	
Peter Charles Tonagh	30 March 2016	
Andrew Lancaster	25 July 2016	
Andrew John Robb	25 July 2016	
Debra Lyn Goodin	17 August 2016	
Siobhan Louise McKenna	26 June 2012	15 March 2017
Paul Vincent Gleeson	16 February 1998	17 August 2016
Brian James Long	1 July 2010	25 July 2016
John Walter Klepec	3 November 2014	25 July 2016

Secretary name	Appointment date	Cessation date
David John Boorman	17 December 2016	
Stuart Macaulay Thomas	23 December 2016	
Stephen Thomas Partington	6 June 2001	23 December 2016

Note David Gordon is not related to Bruce Gordon, whose related entity Birketu Pty Limited is a shareholder in Holdings.

David Gordon, Paul Anderson (Ten Group CEO) and David Boorman (Ten Group CFO) are directors of Holdings' subsidiaries. A schedule of directorships is included as Appendix 6.



3.6 Ten Group finance facilities

3.6.1 CBA facility

As at the date of appointment, the Ten Group had a \$200.0 million finance facility with Commonwealth Bank of Australia ('CBA'). The facility was drawn to \$90.0 million and accrued interest and commitment fees of \$6.8 million was also payable. The facility was due to expire in December 2017. The facility was secured over all the assets and undertaking of the following Ten Group companies:

- Ten Network Holdings Limited
- The Ten Group Pty Limited
- Network Ten Pty Limited
- Network Ten (Sydney) Pty Limited
- Network Ten (Brisbane) Pty Limited
- Network Ten (Melbourne) Pty Limited
- Network Ten (Perth) Pty Limited
- Network Ten (Adelaide) Pty Limited
- Caprice Pty Limited
- Chartreuse Pty Limited

(together the 'Security Providers').

The security was held by CBA Corporate Services (NSW) Pty Limited ('Security Trustee') on behalf of CBA and the Shareholder Guarantors (referred to below).

The drawn debt fluctuated based on the Ten Group's cash flow requirements from time to time.

3.6.2 Shareholder guarantees

In addition to being secured over the assets of the Security Providers, three major shareholders in Holdings had provided equal several guarantees to CBA in respect of the Ten Group debt. These shareholders are:

- Birketu Pty Limited, a company associated with Bruce Gordon ('Birketu')
- Illyria Nominees Television Pty Limited as trustee for Illyria Investment Trust, an entity associated with Lachlan Murdoch ('Illyria')
- Consolidated Press Holdings Pty Limited, a company associated with James Packer ('CPH').

(together referred to as the 'Shareholder Guarantors', and, together with CBA, 'the Secured Creditors').

As consideration for provision of the guarantees to CBA, the Ten Group incurred guarantee fees, the payment of which was contractually deferred by the Ten Group until the refinance of the CBA facility. As at the date of appointment, the balance due in relation to guarantee fees was \$32.6 million.

The Shareholder Guarantors also benefitted from the security held by the Security Trustee, and the debt due to the Shareholder Guarantors ranked equally with the debt due to CBA.

3.6.3 Repayment of Secured Creditors

On 27 August 2017, Holdings entered into a refinancing transaction pursuant to which, on 1 September 2017:

- Holdings borrowed \$142.7 million from the Purchaser, and security was provided to CBS Studios Inc (the 'New Secured Creditor')
- Holdings repaid the Secured Creditors in full
- A new \$30.0 million working capital facility was made available to the Ten Group. The \$30.0 million working capital facility will be available to the Ten Group to meet its working capital requirements both through the Receivership and Administration period, and after Completion of the Transaction.



The refinancing was undertaken as a term of the sale/recapitalisation transaction, which is discussed in section 6 ('the Transaction') and in response to the terms of the sale/recapitalisation process.

The new loan is on financial terms generally similar to the existing facility, having regard to the terms of the CBA facility and the shareholder guarantees, and otherwise reflects market based finance costs for a refinance in the current circumstances. The loan was made on a secured basis, with guarantees and security being granted by the Security Providers.

The refinance necessitated obtaining orders from the Court on the following matters:

- limiting the Administrators' personal liability, under section 443A of the Act, in relation to various documents to be entered into in connection with the Transaction including the new facility agreement so that any personal liability is limited to the extent of the Administrators' indemnity out of the assets of the Ten Group under section 443D of the Act
- fixing a later time for the registration on the Personal Property Securities Register ('PPSR') of security interests granted in favour of the New Secured Creditor for the purposes of section 588FL of the Act. This was required to enable the security interests to be effective in circumstances where the Ten Group has administrators appointed.

An application was made on 30 August 2017, and the Court made the orders on the same date. A copy of the Court orders is attached at Appendix 7. All creditors holding security which was registered on the PPSR were notified of the applications, as were members of the Committee of Creditors.

Simultaneously with the repayment, the Receivers were retired, and were reappointed by the New Secured Creditor.

3.7 Registered PPSA interests

At the time of our appointment there were 110 security interests registered on the Personal PPSR against property in possession of various Ten Group companies, which are summarised in the table below.

Collateral Class	Number of registrations
All present and after acquired property	10
Motor vehicle	44
Other goods	56
Total	110

The 'All present and after acquired property' registrations noted above relate to the security previously held by CBA Corporate Services (NSW) Pty Limited. This security was released on repayment of the Secured Creditors. Other registrations relate to motor vehicles and other goods like office equipment.

We have had correspondence with all creditors claiming a PPSR interest and, as at the date of this report, have adjudicated on the majority of claims.

3.8 Historical performance

Holdings is required to release consolidated audited financial reports (which include the Ten Group companies) to the ASX on a half-yearly and yearly basis. The last financial statements released to ASIC and the ASX were the half-yearly audited financial statements prepared as at 28 February 2017.

Detailed below is a summary of the consolidated profit and loss, balance sheet and cash flow statements of Holdings, as reflected in the audited financial reports for the years ended 31 August 2015, 31 August 2016 and for the half year ended 28 February 2017. These financial statements are on a consolidated basis and include Holdings and all of its subsidiary entities including those which are not subject to Voluntary Administration.



Summary profit and loss statement

\$'000	FY15	FY16	1H17
Revenue	654,139	689,494	339,735
Underlying EBITDA	(12,018)	4,508	(2,441)
Depreciation	(14,268)	(11,798)	(5,626)
Net finance costs	(15,881)	(19,111)	(9,102)
Income tax	(3,400)	(2,742)	(143)
Profit/(loss) attributable to non-controlling interests	(3,798)	(2,405)	(311)
Impairment of intangible assets	(251,157)	(135,179)	(214,523)
Other significant items	(11,726)	9,921	(45)
Profit/(loss) for the period attributable to owners of the Company	(312,248)	(156,806)	(232,191)

Summary balance sheet

\$'000	31 Aug 2015	31 Aug 2016	28 Feb 2017
Current assets	308,021	279,224	285,460
Non-Current assets	550,732	401,433	188,667
Total assets	858,753	680,657	474,127
Current liabilities	239,216	168,646	284,999
Non-Current liabilities	208,049	129,236	36,578
Total liabilities	447,265	297,882	321,577
Contributed equity	2,781,647	2,927,864	2,927,864
Reserves	(1,188,778)	(1,206,772)	(1,205,117)
Accumulated losses	(1,182,127)	(1,338,933)	(1,571,124)
Non-Controlling interests	746	616	927
Net Assets	411,488	382,775	152,550

Summary cash flow statement

\$'000	FY15	FY16	1H17
Net cash inflows/(outflows) from operating activities	(55,012)	(51,398)	31,116
Net cash inflows/(outflows) from investing activities	14,823	(7,620)	(5,487)
Net cash inflows/(outflows) from financing activities	40,309	61,802	(25,000)
Net cash inflows/(outflows) for the period	120	2,784	629

More detailed financial statements for the corresponding periods are included as Appendix 8, and Ten Group's detailed financial reports are available on its website (<https://tenplay.com.au/corporate/invest>).

The Ten Group's financial statements disclose the following:

- For FY16:
 - Underlying EBITDA increased to \$4.5 million compared to an EBITDA loss in the previous year of \$12.0 million. This is attributed to revenue growth in FY16 which was driven by investment in prime time domestic content and building audience momentum
 - Television revenue growth was 7.5% for FY16, with overall revenue growth of 5.4%
 - Total loss for FY16 was \$156.8 million. This included an impairment of television licenses of \$135.2 million.

- As at 31 August 2016, the Ten Group:
 - a. Owed \$90.2 million to its financiers (including loan amount drawn, capitalised interest and commitment fees and capitalised shareholder guarantor fees).
 - b. Owed \$171.8 million to trade creditors
 - c. Had \$1.3 billion in accumulated losses
 - d. The directors noted the transition to MCN, and the establishment of new affiliate agreements with WIN Television and Southern Cross Austereo as key operational highlights for the period.
- The FY17 half yearly update reported:
 - Underlying EBITDA loss of \$2.4 million (underlying EBITDA for FY16 half year was \$10.1 million). The loss is attributed to a deterioration in the advertising market in FTA television and costs of increased investment in programming costs required to drive improved audience share. Further, increased competition from international competitors and the broader television and entertainment markets affected the results.
 - Total loss for FY17 half year was \$232.2 million. This included an impairment of television licenses of \$214.5 million.
 - As at 28 February 2017, the Ten Group:
 - a. Owed \$73.8 million to its financiers (including loan amount drawn, capitalised interest and commitment fees and capitalised shareholder guarantor fees). The decrease in debt to financiers from 31 August 2016 is due to the timing of payment of significant production costs which largely fall due in the second half of the financial year.
 - b. Owed c. \$215.0 million to trade creditors
 - c. Had accumulated losses of \$1.6 billion
 - d. The notes to the financial statements emphasised certain going concern issues including refinancing, as well as the need to establish operational improvements to offset the deterioration in the FTA advertising market.

The Ten Group's asset base is predominately comprised of receivables, plant and equipment, and the following intangible assets:

- Television Licences are carried at cost less accumulated impairment losses. These licenses were valued at \$131.9 million as at 28 February 2017. The television licences continue to be subject to regulation by ACMA and Government legislation, and the carrying value is tested for impairment annually, or more frequently if events or changes in circumstances indicate necessary.
- Programming Rights were valued at \$187.0 million at 28 February 2017. These rights comprise television program inventory which is available for broadcast, and is recognised at the lower of cost and net realisable value. The cost is allocated as a program expense when the program is aired.

The Ten Group's liabilities are made up of trade creditors, borrowings and provisions.

The notes to the balance sheet as at 31 August 2016 highlighted the following programming expenditure commitments, being amounts contracted but not provided for:

- \$304.6 million within one year
- \$690.0 million later than one year and not later than five years
- \$213.8 million later than five years



A summary of the Ten Group's financial performance for the period March 2017 to June 2017, based on management accounts is shown below.

Financial performance from March 2017 to June 2017 – Summary management accounts

\$'000	March 2017	April 2017	May 2017	June 2017	Total	Budget
Net revenue	49,171	42,767	63,933	56,637	212,508	240,581
Programming costs	(39,526)	(40,826)	(47,666)	(37,177)	(165,195)	(164,163)
Operating costs	(13,342)	(14,018)	(15,126)	(11,899)	(54,385)	(57,936)
Selling costs	(3,203)	(3,367)	(4,328)	16,410	(5,512)	(17,274)
EBITDA	(6,900)	(15,444)	(3,187)	23,971	(1,560)	(1,208)
Depreciation	(568)	(778)	(955)	(1,836)	(4,137)	(3,816)
Significant Items	(450)	(1,700)	(1,600)	(462)	(4,212)	-
Net interest expense	(1,498)	(1,481)	(1,679)	(1,201)	(5,859)	(6,616)
Income tax (expense)/benefit	160	85	119	(574)	(210)	715
Profit/(Loss) for the period after tax	(9,256)	(19,318)	(7,302)	19,898	(15,978)	(9,939)

During the four months to June 2017, an EBITDA loss of \$1.6 million was incurred. In July 2017, the Federal Government announced the abolition of television license fees for FY17, which had already been accrued in Ten Group's accounts. The abolition of the fees gave rise to a write back of \$18.6 million. This is reflected in the June 2017 'selling costs' line. Without this cost reduction, the EBITDA loss for the four-month period would have been \$20.1 million.

3.8.1 Performance improvement initiatives

From late 2016, the Ten Group had been undertaking steps to address its financial performance. This had included preparing a whole of business 'transformation' plan, substantial (but uncompleted) renegotiation of Network Ten's contracts with each of CBS and Fox in relation to the acquisition of content produced by those studios (the existing CBS and Fox contracts are considered to be onerous from the Ten Group's perspective), and the refinance of its facilities with CBA. To assist, the Ten Group board had engaged advisors, or sought advice from existing advisors, including:

- Citi, the Ten Group's long-term financial advisor
- Gilbert + Tobin, the Ten Group's legal advisor
- McKinsey & Company, which advised the Ten Group in respect of its 'transformation' plan
- PricewaterhouseCoopers, the Ten Group's tax advisor and auditor
- Moelis, which advised the Ten Group on alternative financing.

Management's initiatives to restructure the business and improve profitability were well progressed.

3.8.2 Reasons for failure

The directors of the Ten Group have advised us that the failure of the Ten Group can be attributed to:

- Cessation of support from the Shareholder Guarantors
- Inability to finalise negotiations to restructure costs in relation to content agreements with the US Studios.

We also note the history of losses incurred by the Ten Group, coupled with the continued contraction in the FTA television advertising market and increasing operating costs, were key challenges for the Ten Group.

3.9 Reports as to affairs

The directors have provided a Report as to Affairs ('RATA') for each of the companies. A RATA provides information on the financial position of each company as at the date of our appointment.

A summary of Holdings' RATA (on a consolidated Ten Group basis) as at 13 June 2017 is detailed below. A summary of the RATAs provided for other Ten Group companies can be found in Appendix 9.

	Book or cost valuation	Estimated realisable value	Note
Report as to affairs			
Assets not specifically secured	478,733,587	Unknown	1
Assets subject to specific security interests (net of specific security interests)	None	Unknown	2
Total assets	478,733,587	Unknown	
Less payable in advance of secured parties	(48,955,097)	Unknown	3
Less amounts owing and secured by debenture or circulating security interest over assets	(96,784,875)	Unknown	4
Less preferential claims ranking behind secured parties	None	Unknown	
Balances owing to partly secured parties	Unknown	Unknown	
Balances owing to unsecured creditors	204,165,845	Unknown	5
Contingent assets	None	Unknown	
Contingent liabilities	(108,138,958)	Unknown	6
Estimated surplus/ (deficiency) subject to the costs of the Administration	Unknown	Unknown	

Notes:

1. Material assets include receivables, program rights, plant and equipment and TV licenses. Receivables totalled \$129.9 million as at the date of appointment.
2. Security interests pursuant to the Personal Properties Securities Act ('PPSA') have not been listed here. PPSA is discussed in section 3.7.
3. This amount includes employee entitlements including annual leave, long service leave, redundancy and pay in lieu of notice. Employee entitlements are discussed in section 3.10.2.
4. This is the secured amount owed to the CBA and includes capitalised interest and commitment fees. Guarantee fees of \$32.6 million should also be included here but were omitted in error.
5. Unsecured creditors include program creditors as well as statutory and trade creditors. Unsecured creditors are discussed in section 3.10.3, 3.10.4 and 3.10.5
6. Contingent liabilities include guarantees provided to third parties.

In addition to reviewing the RATAs, we have undertaken our own assessment of the assets and liabilities of the Ten Group for the purposes of this report.



3.10 Liabilities

We have analysed the estimated liability position of the Ten Group companies, in categories as follows, please note that these values do not reflect formally adjudicated claims:

Ten Group liabilities

Category	Estimated/Range	Comments
New Secured Creditor	\$142.7 million	The debt due to the New Secured Creditor as a result of the refinance of the Secured Creditors (see section 3.6.3)
Priority creditors (Employees)	\$14.1 million – \$56.2million	Low estimate includes annual leave and long service leave, high estimate also includes redundancy costs Excludes the \$0.6 million claim noted in section 3.10.2
Unsecured creditors:		
• Trade and other creditors	\$30.0 million - \$35.0 million	
• CBS	\$348.0 million	Potential damages claims under programming contracts
• Fox	\$195.0 million	
• Other and contingent	Unknown	

An outline of each major creditor group and the debts due is provided below.

3.10.1 New Secured Creditor

As noted in section 3.6.3, the Secured Creditors were refinanced by a new loan provided by the Purchaser. CBS Studios Inc., as security trustee for the Purchaser, now holds security over the Security Providers. The value of the refinanced debt was \$142.7 million as at 1 September 2017.

3.10.2 Employees

Employee claims relate to approximately 750 employees across head office, operations, news and programming. As at the date of appointment of the Administrators, employees were owed \$5.4 million in relation to accrued annual leave and \$8.7 million in relation to accrued long service leave. Estimated redundancy costs (before associated on-costs) of \$42.1 million would have been incurred if all employees were terminated as at 14 June 2017.

All accrued but unpaid wages and unpaid superannuation due to current employees as at the date of appointment have been paid during the Administration period. All accrued entitlements payable to employees who have resigned or were terminated through the Administration period will be paid before the termination of the DOCA, or rank as a priority claim in a liquidation.

Proceedings against Network Ten Pty Limited and/or Network Ten (Adelaide) Pty Ltd by party claiming to be an employee

In October 2016, a party previously engaged as a contractor commenced proceedings against one or both of Network Ten and Network Ten (Adelaide) Pty Limited, claiming, among other amounts, certain entitlements that would have been payable had the contractor instead been an employee. The value of this claim, should the claim be completely successful as pleaded, is estimated to be approximately \$0.6 million. The proceedings have been actively defended by Network Ten and Network Ten (Adelaide) Pty Limited, and it appears likely that, even if the claim was to be successful, it would be for an amount substantially less than \$0.6 million, and any claim on the Creditors' Trust is likely to be for considerably less.

3.10.3 Trade creditors

Trade creditors include amounts due at the date of appointment relating to programming, production fees, retransmission costs, utilities, audit and advisor fees, other operating costs and tax debts. Estimated trade creditor claims at the date of appointment are \$30.0 to \$35.0 million. This includes creditors who have a valid PPSA claim, who are owed approximately \$10,000.



3.10.4 Potential contractual claims by programming creditors

CBS

Network Ten has long-term content agreements with CBS which expire on 31 December 2020, with CBS having a put option for a further two years. The Ten Group has made a number of announcements in relation to its intention to renegotiate these contracts. The creditors' balance as at 13 June 2017 in relation to CBS was \$6.9 million, and proof of debt in the sum of \$843.6 million was lodged with Network Ten for the purpose of the First Meeting of Creditors. This proof of debt amount claimed represented CBS' estimate of licence fees payable for all current and future shows on a life-of series basis (excluding CBS news) which would extend beyond the current term of the output agreements.

Through the Administration period, we have reviewed and sought advice on the claim which could be made by CBS, and the extent to which such claim is admissible for proof in an external administration, and held discussions with CBS.

The claim which might be admitted for dividend purposes has not been determined, and is unlikely to be determined prior to the Second Meetings of Creditors. We are working with Ten Group management and our legal advisors to determine the appropriate amount which CBS might be admitted for voting purposes at the Second Meetings of Creditors. At the date of this report, this is likely to be approximately \$348.0 million.

Fox

Network Ten has a long-term content agreement with Fox, which expires on 30 June 2019. The creditors' balance as at 13 June 2017 in relation to Fox was \$6.9 million, and proof of debt in the sum of \$376.3 million was lodged with Network Ten for the purpose of the First Meetings of Creditors.

Through the Administration period, we have reviewed and sought advice on the claim which could be made by Fox, and the extent to which such claim could be admissible for proof in an external administration, and held discussions with Fox.

The claim which might be admitted for dividend purposes has not been determined, and is unlikely to be determined prior to the Second Meetings of Creditors. We are working with Ten Group management and our legal advisors to determine the appropriate amount which Fox might be admitted for voting purposes at the Second Meetings of Creditors. At the date of this report, this is likely to be approximately \$195.0 million.

Other programming creditors

Potential contractual claims by other programming creditors (apart from Fox and CBS) are estimated to be in the range \$0.0 million to \$65.0 million.

3.10.5 Contingent creditors - litigation

There are a number of legal actions on foot against the Ten Group companies. The liability of Ten Group for these claims has not been ascertained as at the date of this report.

3.10.6 Creditors by company

A summary of creditor claims by company is attached as Appendix 10.



4 Progress of the Administrations

4.1 Operations

Since our appointment as Administrators, we have largely conducted the business of the Ten Group on a 'business as usual' basis, with a view of preserving, and where possible, enhancing value.

4.1.1 Business stabilisation

Key stakeholder engagement

Together with management and employees, the Administrators have engaged with stakeholders to understand their needs and concerns regarding security of payment as well as identifying those that are critical to ongoing operations. Providing clarity to customers as well as the business regarding the ongoing viability of the network commenced on appointment and has remained ongoing throughout the Administration period.

Business overview

We have undertaken a review of management controls and internal approval processes across the business as well as wider corporate and treasury functions. We have continued to work with management and employees throughout the Administration period to ensure that any adverse impact on business performance and ability to meet targets is minimised.

4.1.2 Cash position

During the first weeks of the appointment, we worked with management and the treasury team to develop a daily cash flow forecast including standing trading costs, critical continuity payments and accelerated receipts. Key to the ongoing cash management was the alignment of cash receipts and payments in order to minimise mid-month cash requirements.

During the period 14 June 2017 to 27 August 2017 receipts for the Ten Group have totalled \$161.2 million and payments during the same period have totalled \$129.5 million. A summary of receipts and payments for the period 14 June 2017 to 27 August 2017 is included as Appendix 4.

A \$30.0 million funding facility was agreed with the Receivers (funded by CBA with the support of the Shareholder Guarantors) and was available until 31 August 2017. On 1 September 2017 this facility was replaced by an equivalent facility provided by the Purchaser (see section 3.6.3).

4.1.3 Content providers

Since appointment, the Administrators have worked to agree in-principle terms with the following content suppliers to ensure the Ten Group continues to receive content required for its broadcast schedule:

- Endemol Shine Australia (MasterChef, Survivor, Offspring)
- Warner Bros Group (Bachelor, Bachelorette)
- CBS (NCIS, Bull, Scorpion, Dr Phil, library content)
- Fox (Modern Family, The Simpsons, Futurama, library content)
- WTFN Entertainment Pty Limited (The Living Room).

4.1.4 Other operational matters

Blue Horizon transformation program

Prior to appointment, the Ten Group had engaged McKinsey to design and implement a whole-of-business transformation plan aimed at cost reduction and operational improvement. Following discussions with the Ten Group management, the Administrators negotiated for McKinsey to continue the transformation engagement for a period of two weeks after their



appointment. Ten Group management has continued to advance cost saving and revenue enhancing initiatives during the Administration.

RSVP Minority holding share buy back

Network Ten holds a 15.17% share in RSVP.com.au Pty Limited, which announced an equal share buy back proposal in June 2016. Consistent with the Ten Group's strategy of exiting its minority holdings, Network Ten had indicated it would fully participate in the buy back. The Administrators proceeded with the proposal and executed the sell back of c.18% of Network Ten's holding for \$0.9 million consideration in late June 2017. These funds were paid to the Security Trustee pursuant to the general security agreement, for the benefit of the Secured Creditors.

4.2 Employees

The Ten Group currently employs approximately 750 staff and engages numerous independent freelance contractors.

Following our appointment, we visited staff in the head office at Pyrmont, NSW and were available to staff nationwide to answer questions in relation to the Administration process and ongoing trading arrangements. In addition to employee briefings hosted in Sydney by the Administrators, frequent electronic updates have been circulated to employees. These update reports have focused on various matters affecting employees including the Administration process, impact of the Administration process on wages, superannuation, leave and other employment arrangements, the sale/recapitalisation process, the appointment of the Receivers and the extension of the convening period.

4.3 Stakeholder engagement

4.3.1 Creditors

Throughout the Administration, we have had communication with all creditors, facilitated through a number of channels including:

- First Meetings of Creditors
- Ten Network enquiry email and phone lines (provided by KordaMentha and Link Market Services)
- Direct responses by KordaMentha staff to specific creditor questions
- Committee of Creditors' meetings
- Update reports and information on the KordaMentha Ten Creditor website www.kordamentha.com/Creditors/Ten-Group

4.3.2 US Studios

The Administrators have engaged in discussions on appointment and throughout the Administration period with CBS and Fox ('US Studios'), being the two main international providers of content to the Ten Group, to determine possible future options for the Ten Group as to content pricing and availability, and to maintain content throughout the period of Administration.

4.3.3 CBA and Shareholder Guarantors

Up until the time of the refinance of the debt due to the Secured Creditors, the Administrators had been liaising with the CBA and the Shareholder Guarantors (and their respective advisors) to keep them informed of the progress of the Administrations.



4.3.4 Receivers and Managers

The Administrators have been liaising with the Receivers since their appointment, to facilitate transitional matters, agree cash flows and funding issues, keep them informed of operational matters, and assist in any matters as required.

The high likelihood that a sale/recapitalisation structure would involve a deed of company arrangement has necessitated ongoing high level involvement of the Administrators in the sale/recapitalisation process, and continued liaison with the Receivers to ensure any proposed sale/recapitalisation transaction can be effected in an efficient manner.

4.4 Statutory matters and Court applications

Key statutory matters dealt with by the Administrators have included:

- Liaison with industry regulators, such as ASIC, ACMA, APRA, and PPCA
- Convening the First Meetings of Creditors and Committee of Creditors meetings
- Other statutory notifications and reporting.

4.4.1 Extension of convening period

Pursuant to Section 439A of the Act, the Administrators were required to convene and hold the Second Meetings of Creditors of the Ten Group within 25 business days after the Administration commenced, namely by 19 July 2017.

In view of the size and complexity of the Administrations of the Ten Group, the Administrators sought an extension of the time by which we were required to convene the Second Meetings of Creditors under Section 439A(6) of the Act.

On 17 July 2017, Justice O'Callaghan of the Federal Court of Australia made orders that the convening period for the Second Meetings of Creditors of the Ten Group companies be extended to midnight on Monday, 20 November 2017. The Second Meetings of Creditors may be held at any time during the period up to, or within five business days after, the end of the convening periods as extended.

4.4.2 Directions concerning the Administrators' independence

As detailed in our circular to creditors and employees dated 25 July 2017, the Administrators had sought a direction from the Court pursuant to section 447D of the Act that the Administrators were justified in remaining in their role as the appointed administrators of the Ten Group.

The Court gave those directions on 18 July 2017.

The Administrators also sought, and the Court made an order on 18 July 2017, that Peter Gothard of Ferrier Hodgson be appointed to undertake a limited role in relation to investigations and prepare a limited report for inclusion with this report. Mr Gothard's report is discussed in section 5.8.

4.4.3 Court applications related to the Transaction

This application is discussed in section 3.6.3 of this report.

4.4.4 Court application relating to Insolvency Law Reform Act

On 1 September 2017, a number of changes came into effect as part of the Insolvency Law Reform Act 2016 ('ILRA'). This includes the operation of new Division 65 of schedule 2 of the Insolvency Practice Schedule (Corporations) ('IPS'). This division contains new provisions related to funds handled by an administrator, and provides that, unless the court gives a direction otherwise:

- receipts relating to the external administration of a company can only be paid into a bank account in the name of that company
- payments relating to the external administration of a company can only be paid from a bank account in the name of that company.



At the date of our appointment, the Ten Group operated a centralised treasury function whereby all receipts and payments were conducted through a bank account in the name of Network Ten, regardless of which company the receipt or payment related, with the transaction either being accounted for as a transaction of Network Ten, or it being accounted for through intercompany loan accounts. This is consistent with treasury practices of large corporate groups. Since our appointment, the Ten Group has continued this practice.

As this practice would be in contravention of Division 65 of the IPS, we sought direction from the Court that we could continue to handle funds for Ten Group on the existing basis. The Court gave these directions on 30 August 2017 to take effect on and from 1 September 2017.

4.5 Sale/recapitalisation process

Following appointment, the Administrators commenced preparation for the sale or recapitalisation of the Ten Group. As a part of this preparation the Administrators:

- Prepared an advertisement calling for expressions of interest that appeared in the Australian Financial Review and The Australian on 22 June 2017
- Progressed key marketing materials including a teaser and information memorandum
- Updated a detailed financial model, to be adapted for prospective bidders
- Proposed scopes of work for tax, financial due diligence support and model review
- Facilitated data room set up and administration
- Corresponded with Ten Group management and advisors in relation to various due diligence and sale/recapitalisation preparation work
- Managed inbound enquiries from interested parties.

It was agreed upon the appointment of Receivers on 30 June 2017, that the Receivers would conduct the sale/recapitalisation process. The Administrators facilitated a handover of all materials, as well as administrative rights to the data room, to the Receivers. The Receivers subsequently appointed Moelis as financial advisor.

Detail on the sale and recapitalisation process and outcome can be found in section 6 of this report.

5 Investigations

5.1 Administrators' investigations

Under the Act, we are required to investigate the Ten Group's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 of the Act, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a Liquidator, if creditors resolve to place any of the Companies into liquidation.

As detailed in section 4.4.2, the Court made an order on 18 July 2017 that Peter Gothard provide a limited report for inclusion in this report. Mr Gothard's report is discussed in section 5.8 and is included as Appendix 11.

5.2 Overview of investigations

Our investigations to date have focused on the following matters:

- Date of insolvency
- Breaches of duty and other offences under the Act by the directors
- Potential actions by a Liquidator (if appointed).

5.3 Approach to investigations

Throughout our investigations, we:

- held discussions with certain directors of the Ten Group
- held discussions with key employees
- identified, reviewed, and analysed financial information
- reviewed key documents
- undertook searches of various publicly available databases, including ASIC.

We also undertook a computer forensic process that included securing devices including computer servers and backup tapes.

5.4 Date of insolvency

If a company is placed into liquidation, various provisions of the Act enable the Liquidator to recover amounts from creditors (unfair preferences) or from directors of the company (for insolvent trading). Certain other transactions may be voidable if they occurred at a time the company was insolvent, or the company became insolvent as a result of entering into the transaction.

Section 95 of the Act states:

1. A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.
2. A person who is not solvent is insolvent.

Hence, solvency is primarily a cashflow test.

We have concluded that the likely date of insolvency was on or about 13 June 2017.

5.4.1 Creditor aging analysis

One of the most common analyses undertaken to determine the extent of any liquidity issues which may impact on the ability to pay creditors as and when they fall due is to review aged creditors' lists at month ends leading up to the appointment of the Administrators, and to assess the balance due to creditors relative to costs incurred in the month/preceding months (days costs outstanding, or DCO). Worsening aging of creditors and increasing DCO may be signs of liquidity issues and an inability to pay debts as and when they fall due.



In the case of the Ten Group, and Network Ten in particular (being the trading company which incurred the majority of trading liabilities):

- The Network Ten financial system does not produce aged creditor lists
- DCO is not an appropriate measure, given the mismatch between when programming costs become payable and are recognised as creditors, and when programming costs are expensed as operating costs. In almost all instances, the majority of programming costs are incurred and paid in advance of the screening of the programs.

We have reviewed outstanding creditor lists as at month end for April 2017, May 2017 and 13 June 2017, and there are not any long dated invoices.

Management has also confirmed:

- All creditors were being paid in accordance with the commercially negotiated terms
- No statutory demands for payment had been received from creditors.

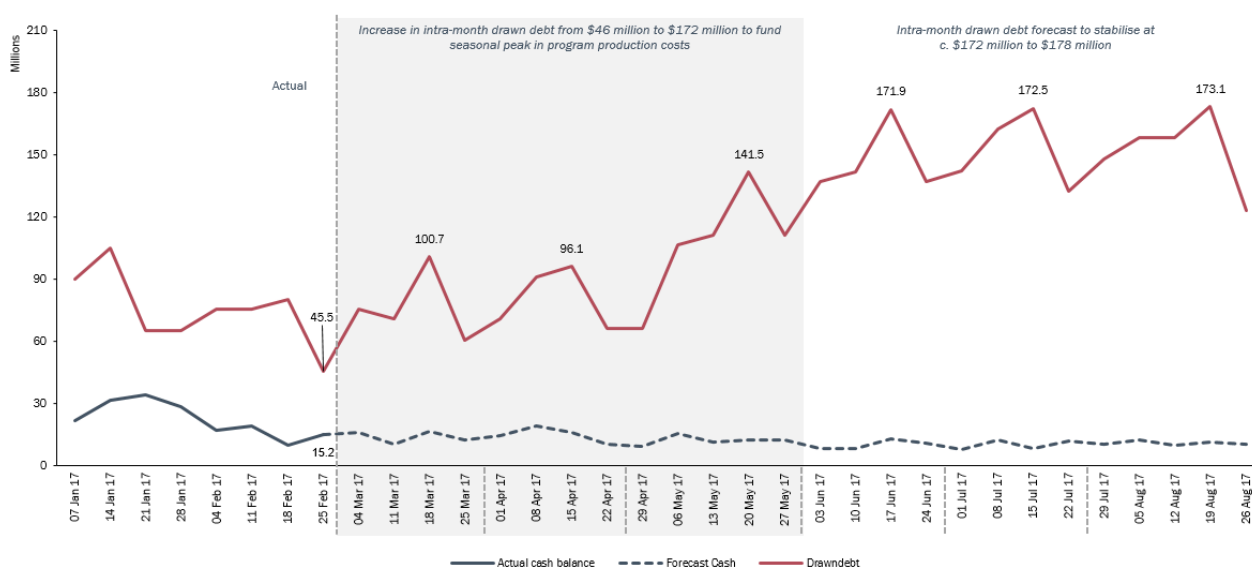
A review of ATO lodgement records has confirmed that all tax related payments had been paid as due up to the date of the appointment of Administrators.

Many of the Ten Group's programming contracts include payments over a longer term, in particular the Fox and CBS contracts, which have two and five years to expiry respectively.

5.4.2 Availability of funding

As noted in section 3.6 of this report, Ten Group had a \$200.0 million finance facility with CBA. As at the date of appointment, the facility was drawn to \$90.0 million, with an additional \$110.0 million being available. Based on the Ten Group cash flow forecast to 31 August 2017 (as at February 2017), Ten Group was forecast to operate within the facility limit, with peak debt of \$173.1 million.

FY17 Cash Flow Forecast



A review of the historical cashflow cycle of the Ten Group shows large cash outflows in the period April to June, as a result of programming expenditure in those months. The availability of the CBA facility allowed the Ten Group to continue to meet operating payments during periods where cash outflows exceed cash inflows.

The CBA facility was due to expire on 23 December 2017. The Ten Group was seeking to secure an amended or new borrowing facility. Discussions with CBA commenced as early as October 2016 in relation to the general terms on which CBA would extend the facility.

As noted in section 3.8, the Ten Group incurred losses in the three years prior to Administration. In April 2017, the Ten Group stated that confidence in improving future earnings was key to the ability to refinance, and that key areas of improvement included:

- Delivery of revenue and costs initiatives identified in the transformation program
- Renegotiation of material programming contracts with CBS and Fox
- Reduction in television license fees.

Given the ongoing requirement for shareholder guarantees of the CBA facility or extension thereof, Ten Group management was in ongoing discussions with the Shareholder Guarantors regarding their continued support. Correspondence between the parties indicated the measures noted above were important in obtaining continuing Shareholder Guarantor support.

Management believed that the earnings initiatives noted above would result in a level of earnings which would enable the Ten Group to refinance without the support of the Shareholder Guarantors.

5.4.3 Events leading up to appointment

We have reviewed numerous information sources, including minutes of meetings of the Holdings board of directors, materials provided to the board of directors by management and others, consultant reports and other correspondence to determine key events leading up to the appointment of the Administrators, and to determine the ability of the Ten Group to meet its debts as and when they fell due.

The earnings improvement measures are as follows.

Delivery of revenue and costs initiatives identified in the transformation program

- In October 2016, in light of continued contraction in the FTA television advertising market and increasing operating costs, McKinsey was appointed to undertake a transformation program in relation to the Ten Group.
- Detailed analysis of potential benefits was completed in December 2016 and by April 2017 management was confident the targeted level of improvement could be achieved.
- Throughout May 2017, there was significant progress on the transformation program with a large number of initiatives being approved, and the process was continuing as at the date of the appointment of Administrators.
- Management expected the initiatives identified to have a positive impact on earnings of at least \$50 million in FY18 and potentially more than \$80 million per annum by FY19.

Renegotiation of material programming contracts with CBS and Fox

- In late March 2017, Ten Group management commenced negotiations with CBS and Fox in relation to the variation of existing content contracts, to materially reduce the future programming costs.
- Commentary in the minutes of board meetings in April, May and June 2017 shows the counterparties were engaged in this process, negotiations were advanced, and commercial terms had been substantially agreed. However, as at the date of appointment of the Administrators, amended agreements had not been signed.
- Management believes that the replacement agreements, if finalised and implemented, would reduce the Ten Group's future liabilities for US programming costs by approximately 50%, whilst allowing the Ten Group access to the best productions of those studios over the medium term.
- The new agreements with CBS and Fox were conditional on the refinancing of the CBA facility.

Reduction in television license fees

- The licence fee reduction was a key component of the media reform package announced in the Federal Government's budget in May 2017.
- On 28 June 2017, the Federal Government announced the abolition of license fees for the 2016/2017 financial year, which management estimated would save the Ten Group approximately \$22 million. In FY18, the net reduction in license fees is estimated to be \$12 million.

On 27 April 2017, the Ten Group released its half year FY17 results to the market. In the directors' report, the directors noted:



“For the half year ended 28 February 2017 The Group recorded a loss for the period of \$232.2m including an impairment of television licences of \$214.5m and an underlying EBITDA loss (loss before depreciation, net finance costs, income tax expense and significant items) of \$2.4m.”

“In light of the matters disclosed [herein], there is a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.”

“The Directors consider that it is reasonable to expect that the Group will be successful in the matters as detailed, and accordingly, have prepared the financial report on a going concern basis.”

“The Directors have formed this view based on a number of factors, including:

- *There are ongoing discussions with shareholder guarantors and their advisors to consider the necessary financing for the Group, the form and structure of which is not yet clear*
- *The transformation program is Board approved and well developed with material revenue and cost saving opportunities being identified and detailed plans and activities being put in place to execute. Specialised consultants have been engaged to assist in planning and executing the transformation program*
- *Discussions have commenced with a view to renegotiating material programming contracts. To date, these discussions have been constructive toward finding new commercial arrangements for the Group.”*

From May 2017, a number of key events occurred, which are detailed in the table below.

Date	Comment
2 May 2017	CPH advised the Holdings board of directors that CPH would not extend or renew its guarantee of the CBA facility
12 May 2017	Illyria and Birketu advised the Holdings board that they were each continuing to evaluate an increase and extension of their guarantees of the CBA facility (without CPH being an ongoing guarantor), and that work was ongoing and productive
25 May 2017	Moelis was appointed by the Ten Group to advise on alternate financing opportunities, as a previously requested term sheet from the Shareholder Guarantors had not been received
9 June 2017 (6.43 pm)	Illyria and Birketu advised the Holdings board that they were not willing to increase or extend their guarantees in respect of the CBA facility
12 June 2017 (Public Holiday)	Moelis updated the board, advising that the Group had good prospects for refinancing its existing finance facility, on the basis that the Group achieved success in its transformation program, renegotiation of the US Studio agreements and license fee relief Moelis advised it had received strong engagement from parties approached including expressions of interest
12 June 2017 (9.13 pm) (Public Holiday)	Illyria and Birketu advised the Holdings board of directors that they may seek damages from board members personally if board members failed to prevent drawdowns under the CBA facility, if Illyria and Birketu were damaged by those actions
14 June 2017	The directors formed the view that each of the companies in the Ten Group were likely to become insolvent, and resolved to appoint administrators.

The records of the company show that during the months leading up to the appointment of administrators, the directors of Holdings were obtaining legal advice on the company’s solvency and their obligations as directors.

5.4.4 Conclusion

Based on the evidence of:

- No creditor arrears
- Availability of funding to meet forecast cash requirements
- Ongoing activities to improve operating performance
- Ongoing negotiations with the Shareholder Guarantors in relation to refinancing of the CBA facility
- The letters dated 9 June 2017 and 12 June 2017,

we conclude that the date of insolvency was on or about 13 June 2017.



5.5 Offences under the Act by the directors

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- a past or present officer, or member, of a company may have been guilty of an offence in relation to the Company, or
- a person who has taken part in the formation promotion, administration, management or winding up of a company may have misapplied money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company.

We set out below our comments as to whether investigations are warranted in relation to particular offences.

5.5.1 Books and records

Failure to maintain adequate books and records may be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

From our investigations to date, we consider that the Ten Group has maintained books and records in accordance with the requirements of the Act.

5.5.2 Care and diligence and duty to act in good faith

The duty to act in good faith includes the following:

- to act honestly
- to exercise powers in the interests of the Company
- to avoid conflicts of interest
- to use their position properly
- to use information only for its proper purpose.

From our investigations to date, we have not found any evidence that the directors have breached their duty to act with due care and diligence and to act in good faith, nor have they used their position improperly or used information improperly.

5.6 Potential recovery actions available to a Liquidator

5.6.1 Voidable transactions

Unfair preferences

If a company is placed into liquidation, various provisions of the Act enable the Liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Company. A Liquidator is able to review transactions between 14 December 2016 and 13 June 2017.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show that the Company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a Liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the Company was insolvent or would become insolvent.

Given our conclusions as to the date of insolvency, we do not believe any preferential payments have been made to creditors under the provisions of Section 588FA of the Act. There are no records that indicate any payments were made up to 13 June 2017 as a result of action taken by creditors against the Ten Group.



Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a Liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrator.
- At the time the transaction was entered into, or when given effect to, the Company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the Company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

We are unaware of any uncommercial transactions entered into by the Ten Group.

Unfair loans

Essentially an unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed Liquidator, whether or not the Company was insolvent at any time after the loan was entered into. From our investigations, we are not aware of any unfair loans entered into by the Ten Group.

5.6.2 Insolvent trading

Under the Act, a director is personally liable to the Company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the Company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the Company was or would become insolvent. This claim must be proven by the Liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost.

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- at the time the debt was incurred the directors had reasonable grounds to expect and did expect that the Company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time
- at the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the Company's solvency and that person was fulfilling that responsibility
- the directors through illness or some other good reason were not taking part in the management of the Company at the time the debt was incurred
- the directors took all reasonable steps to prevent the Company from incurring the debt.

It is crucial to note that, with the exception of unfair loans, in order for a Liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the Liquidator must first be able to show that at a relevant point in time the Company was insolvent.

Given our conclusion as to the date of insolvency, and the facts that the directors appointed administrators the following day, we do not believe that the directors have a liability for trading whilst insolvent.

Any claim for insolvent trading against the directors of the Ten Group, however, would also need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defences available to directors
- Cost of litigation
- Likelihood of recovery against the directors of the Ten Group.



5.7 Offences

Our investigations to date have not revealed potential pre-appointment contraventions of the following directors' fiduciary duties under the Corporations Act:

- Section 180 Care and diligence – civil obligation only
- Section 181 Good faith – civil obligations
- Section 181 Use of position – civil obligations
- Section 183 Use of information – civil obligations
- Section 184 Good faith, use of position and use of information – criminal offences

If a breach is proved to have been committed by the directors, then a civil or a criminal penalty could be imposed.

The minutes of directors' meetings clearly disclose the interests of various directors, and that those directors left the meeting when issues related to their interests were discussed.

5.8 Limited report by Peter Gothard

As detailed in our circular to creditors dated 25 July 2017, the Court made an order on 18 July 2017 that Peter Gothard prepare a limited report pursuant to section 439A (4) of the Act.

Mr Gothard's report is contained in Appendix 11.

6 Sale/recapitalisation process

6.1 Outcome of process

As discussed in section 4.5, the Receivers have run a sale/recapitalisation process for the Ten Group. The outcome of this process is a transaction with CBS International Television Australia Pty Limited ('the Purchaser'), which includes the transfer of 100% of the shares in Holdings, a DOCA for the Ten Group, and a creditors' trust ('the Transaction'). The Transaction has been documented by way of a Transaction Deed dated 27 August 2017 ('the Transaction Deed'), to which both the Receivers and Administrators are party, and is subject to a number of conditions precedent, which are detailed below. The key components of the Transaction are:

1. Refinance of the Secured Creditors by the Purchaser – see section 3.6.3. This occurred on 1 September 2017
2. Provision of a \$30.0 million ongoing working capital facility, to provide for the funding of the Ten Group business until Completion, and thereafter. This was provided on 1 September 2017
3. A DOCA for the Ten Group as a whole, which is subject to creditor approval – see section 7
4. Transfer of the shares in Holdings, via an application under 444GA of the Act – see section 7.1.4
5. A payment by the Purchaser of \$32.0 million ('Trust Fund') to a creditors' trust for the benefit of creditors of all Ten Group companies who had a pre-appointment claim ('the Creditors' Trust'), to pay a dividend to creditors. The Creditors' Trust would come into effect on termination of the DOCA. The basis on which the funds are to be distributed is discussed in section 8, and the estimated outcome for creditors is discussed in section 10
6. Payment of all outstanding liabilities incurred by the Receivers and Administrators in the Receivership, Administration and Deed Administration periods by the relevant Ten Group company in the ordinary course of business post Completion
7. Payment of all outstanding transaction costs associated with the sale/recapitalisation process.
8. The Administrators, the Receivers and the Purchaser have agreed to use all reasonable efforts to complete the Transaction and they will not solicit, sponsor, endorse or otherwise take any action to implement or be involved in any transaction which is inconsistent with them using all reasonable efforts to complete the Transaction. However, the Administrators will not be in breach of this obligation to the extent to which they comply with their legal obligations in respect of an unsolicited, alternative proposal involving a deed of company arrangement and, further, the Administrators and Receivers will not be in breach of the obligation to the extent that they do any act or thing they consider necessary to comply with any of their legal obligations.

The Transaction Deed contains a sunset date of 15 December 2017, being the period in which the Transaction must complete. This date can be extended with the agreement of the parties.

The outcome of the Transaction is:

1. Continuation of the Ten Group business and operations, and continued employment for Ten Group employees
2. Full repayment of the Secured Creditors, being CBA in respect of the Ten Group facility and the Shareholder Guarantors in respect of unpaid guarantee fees (these repayments have already occurred)
3. A better return for unsecured creditors of Ten Group than would be available should the companies be wound up.

6.1.1 Conditions precedent

Completion of the Transaction is subject to the following conditions precedent:

- Approval from the Foreign Investment Review Board ('FIRB')
- Approval of creditors of each of the Ten Group companies of the DOCA (see section 7) and execution of the DOCA
- Approval and consent from ASX and ASIC as may be required. The only known consent is from ASIC, which will be involved in granting certain relief in relation to the section 444GA process
- the Administrators (as Deed Administrators of Holdings) obtaining a Court order pursuant to section 444GA(1) of the Act granting leave to the Administrators to transfer all of the shares in Holdings to the Purchaser.

Approvals are not required from the Australian Consumer and Competition Commission ('ACCC') or the Australian Communications and Media Authority ('ACMA').



The Transaction Deed contains provisions which envisage a transaction proceeding via an alternate structure if certain of the conditions precedent to the Transaction cannot be met.

The Receivers, Administrators and the Purchaser are currently targeting Completion of the Transaction by mid-October.

6.2 Summary of process

The Receivers have provided the following information about the sale/recapitalisation process and the outcomes of that process.

6.2.1 Overview of campaign

The Administrators commenced a sale/recapitalisation process on appointment including advertising the Ten Group's business for sale/recapitalisation on 22 June 2017. Following the appointment of Receivers on 30 June 2017, the Receivers assumed responsibility of the process.

As previously advised, the Receivers negotiated a funding agreement for the business with an expiry date of 31 August 2017. Consequently, the sale/recapitalisation process was constructed to ensure a purchaser was identified prior to this date and sufficient funding to continue operations would be available.

Having consideration to the complexity of the business, the timeframe in which the Receivers were seeking to identify a purchaser and the likely global bidding field, the Receivers decided to appoint an advisor to lead the recapitalisation and sale process.

The Receivers invited tender submissions from selected investment banks and subsequently engaged Moelis as the lead advisor shortly after appointment. Moelis was selected due to its:

- in-depth understanding of the media industry in Australia and globally, including recent experience with the Ten Group
- demonstrated recent special situations advisory experience.

Moelis had previously been appointed by the Ten Group as an independent advisor to the board of Holdings (by the independent directors) in relation to a potential refinancing/recapitalisation. The Receivers confirmed that they satisfied themselves that the prior role of Moelis did not create a conflict or impact its independence but rather, provided additional experience that would assist the process.

Moelis' Australian team was supported by the Moelis global team who had access to a number of potential international interested parties.

6.2.2 Engagement with interested parties

A summary of the sale/recapitalisation process is provided below:

- Over 60 parties were contacted, with a teaser and confidentiality agreement distributed to more than 53 parties
- Multiple parties executed confidentiality agreements and were subsequently provided with access to the virtual data room ('VDR') containing high-level information on the Ten Group, including an information memorandum and detailed financial forecast model
- Per the process letter provided, interested parties were invited to submit a letter by 21 July 2017 confirming:
 - an interest to recapitalise or acquire the Ten Group
 - the ability to meet the proposed timeline for the transaction
 - the availability of funds to undertake the transaction including a willingness to pay out the Secured Creditors in full as part of the transaction.
- Selected parties who could demonstrate the above were provided unrestricted access to the VDR containing detailed due diligence information on the Ten Group ('Shortlisted Bidders'). These parties were able to submit any due diligence queries via the VDR for response by the Receivers, Moelis and management
- Shortlisted Bidders were given the opportunity to attend a presentation from the Ten Group's key management team
- Shortlisted Bidders were provided with draft transaction documents to review and comment on ahead of the final bid date



- Shortlisted Bidders were invited to submit final binding proposals by 18 August 2017. Bids received on 18 August were all still conditional, and as a consequence the Administrators, Receivers and Moels engaged with the Shortlisted Bidders on resolving those conditions and progressing transaction documentation before Shortlisted Bidders were asked to provide final binding proposals on 24 August 2017.

6.2.3 Potential transaction structures

Potential purchasers were invited to consider a range of transaction structures to affect the acquisition of the Ten Group, including (but not limited to):

- **HoldCo DOCA:** A DOCA in relation to Holdings and its subsidiaries, including an application under s444GA of the Act for the acquisition of the shares in Holdings
- **Receivers' Sale & SubCo DOCA:** A sale by the Receivers of the shares that Holdings holds in The Ten Group Pty Limited, in conjunction with a DOCA for subsidiaries of Holdings as required
- **Receivers' Asset Sale:** A sale of all or part of the assets of Holdings and its subsidiaries by the Receivers.

6.2.4 Offers

The Receivers received two binding offers on 24 August 2017. In assessing the offers received, the Receivers and Administrators considered:

- Effective value, and hence the outcome for creditors
- Execution certainty including:
 - Offer complexity, and the impact of this complexity on the completion timeframe and risk
 - Likely support by creditors/creditor groups
 - Regulatory approvals
 - Ability of the parties to achieve the conditions precedent.

The Receivers and Administrators determined, having regard to the factors set out above, that the Transaction represented the best offer received for Ten Group, and the best return for creditors as a whole.



7 Proposed Deed of Company Arrangement

7.1 Key features of proposed Deed of Company Arrangement

7.1.1 Overview

As detailed in section 6, the Transaction involves the implementation of a single DOCA for the Ten Group companies which will be a deed of company arrangement in respect of each of the companies of the Ten Group for the purposes of the Corporations Act. On Completion, the DOCA will terminate and a single Creditors' Trust (discussed at section 8) will come into effect. In practical terms, the DOCA allows the operations and business of the Ten Group to continue under the control of the Administrators (who will become the Deed Administrators on signing of the DOCA) until Completion occurs. Completion is dependent on the conditions precedent noted in section 6.1.1.

The single DOCA and Creditors' Trust contemplates the claims of creditors of all Ten Group companies being combined to claim against the Trust Fund. As such, a creditor of one entity in the Ten Group will be treated under the DOCA as a creditor of all Ten Group companies without the need to prove its claim separately against each entity. This reflects:

- the commercial reality of the operating structure of the Ten Group under which it operates together as one business; and
- the economic reality of the effect of the Deed of Cross Guarantee (see section 3.1.1 of this report).

The companies in the Ten Group sitting outside of the Deed of Cross Guarantee have no assets, and, apart from intercompany liabilities within the Ten Group (which are not extinguished by the DOCA), have only the ATO as a creditor. The ATO is a creditor of all companies in the Ten Group GST group.

The Administrators consider the single pooled DOCA to be in the best interests of creditors of all Group Companies as they consider that no creditors will be prejudiced by the pooling and the proposed pooling arrangements are likely to be more efficient and less costly as it simplifies the management of creditor claims and the distribution of dividends which is likely to produce better returns for all creditors.

The DOCA includes the obligation for the Deed Administrators to facilitate the Section 444GA process to effect the transfer of the shares in Holdings to the Purchaser. The Creditors' Trust rather than the DOCA will facilitate returns to creditors, however the rights of certain creditors are affected by the DOCA. These creditors are discussed in section 7.2.

A draft of the proposed form of DOCA is attached as Appendix 12. Ongoing negotiation of the terms of the DOCA means it may change before the date of the Second Meetings of Creditors, however we do not expect any change to be material or impact on the estimated return for creditors, or diminish the rights of creditors. A final draft of the DOCA will be made available via the KordaMentha website no later than the day prior to the Second Meetings of Creditors, and will be available for review by creditors at the Second Meetings of Creditors. The DOCA should be read in conjunction with the Trust Deed for the Creditors' Trust.

Creditors should read this report, the draft DOCA and draft Trust Deed for the Creditors' Trust to ensure they understand their rights.

7.1.2 Deed Administrators

The Administrators will become the Deed Administrators on signing of the DOCA.

7.1.3 Powers of the Deed Administrators

The draft DOCA provides broad powers for the Deed Administrators, including:

- to carry on the business of the Ten Group companies on such terms and conditions and for such purposes and times and in such manner as the Administrators think
- to call for proofs of debt from creditors
- to do anything else that is necessary or convenient for the purpose of administering the DOCA.

We are satisfied the powers provided are sufficiently broad to allow for the effective trading of the business during the period of the DOCA, and to undertake other actions which may become necessary to give effect to the Transaction as proposed.



7.1.4 Transfer of shares to the Purchaser

The Transaction includes a transfer of 100% of the shares held by existing shareholders in Holdings to the Purchaser (or its nominee). In order to effect this transfer, the DOCA requires the Deed Administrators of Holdings to apply to Court for leave under section 444GA of the Act.

Section 444GA of the Act provides that a deed administrator may transfer shares in the company to which he or she is appointed with either the written consent of the owner of the shares or leave of the Court. The Court can grant leave only if "it is satisfied that the transfer would not unfairly prejudice the interests of members of the company". This provision ensures that existing shareholders are afforded a level of protection and an opportunity to be heard, through the court process, while allowing creditors, or others, to acquire the equity interests when it is not unfair to do so (such as the shares have no value). The Administrators and Receivers have jointly appointed an independent expert to provide a report valuing the shares in Holdings.

To permit the transfer of the issued shares in Holdings from each current shareholder as contemplated by the DOCA, the Deed Administrators will make an application to the Court. The process will involve:

1. Filing an originating process and supporting affidavits
2. Publishing information for shareholders, which will include an explanatory statement and independent expert's report
3. A court hearing, at which shareholders may appear
4. The Court makes its decision
5. An ASIC instrument of relief in relation to the takeovers provisions of the Act being executed.

Based on the feedback of interested parties, to ensure any proposed sale/recapitalisation transaction could be completed in an efficient manner and a short timeframe:

1. In late July 2017, KPMG was jointly appointed by the Administrators and Receivers to prepare an independent expert's report
2. In mid-August, discussions commenced with ASIC as part of the section 444GA process.

If the DOCA is approved by creditors at the Second Meetings of Creditors, we anticipate the originating process will be filed shortly after the Second Meetings of Creditors, and that the approval process will take approximately one month on an uncontested basis.

Based on the financial position of the Ten Group companies, we believe there are reasonable grounds to expect the Court will grant the relief sought, so that the transfer of shares can be made. However, ultimately this is a decision for the Court.

7.1.5 Payment of funds on Completion of the Transaction

The Transaction Deed states that the funds which will be available to the Creditors' Trust must be paid to the Trustees of the Creditors' Trust on Completion of the Transaction, and the transfer of shares in Holdings to the Purchaser cannot occur until the fund are paid. The funds will not come into the hands of the Deed Administrators.

For the protection of creditors, the DOCA contains a term stating that termination of the DOCA will only occur once the funds have been paid to the Trustees, and the Purchaser will be a party to the DOCA.

7.1.6 Committee of Inspection

The draft DOCA provides for a committee of inspection to be elected ('the DOCA Committee'). The DOCA Committee will have similar powers to the Committee of Creditors elected by creditors of Network Ten at the First Meetings of Creditors. Note the change of name from committee of creditors to committee of inspection is a result of changes in the Act relating to insolvencies generally, which came into force on 1 September 2017.

7.1.7 Remuneration of Deed Administrators

The draft DOCA provides for the remuneration of the Administrators to be calculated and paid on the same basis as for the Administration period.



Remuneration will be based on the hours spent by the Deed Administrators and their staff, calculated in accordance with the schedule titled KordaMentha Rates – National – FY18, which is attached as Appendix 13 to this report, and will subject to approval by the DOCA Committee.

We have estimated the remuneration of the Deed Administrators, assuming a six week DOCA period, to be \$1.5 million. This allows five weeks for the conditions precedent to be met, including preparing the evidence for, and pursuing, the 444GA application (assuming the application is uncontested) and FIRB approval, and one week for Completion to occur post the conditions precedent being met. If the DOCA period is longer because the period to achieve the conditions precedent is extended, our remuneration will increase.

Pursuant to the terms of the Transaction Deed and DOCA, the Administrators and Deed Administrators are indemnified by the Ten Group for their remuneration and costs until Completion, and from the Trust Fund after Completion. It is anticipated that all remuneration and costs for the Administration and DOCA periods will be paid from the assets of Ten Group before Completion, and there will be no claim on the Trust Fund for Administration and DOCA remuneration. Accordingly, Administration and DOCA remuneration will not impact on the funds available for creditors, assuming the DOCA is approved.

7.1.8 Sunset date

The DOCA contains a sunset date of 15 December 2017, being the period in which the Transaction must complete. This date can be extended with the agreement of the parties.

7.1.9 Reporting during the Deed Administration Period

We will report to the DOCA Committee from time to time through the DOCA period to advise on the progress of the section 444GA application and the operation of the Ten Group business generally.

We will advise all creditors of the date of termination of the DOCA and the Creditors' Trust becoming effective.

Announcements will also be made to the ASX relating to key milestones, in compliance with continuous disclosure requirements.

7.1.10 Process if Completion cannot occur

In circumstances where Completion cannot occur, either because:

- the Court does not make an order granting leave to the Deed Administrators to transfer all the shares in Holdings (and an alternative structure providing the same outcomes for creditors has not been achieved)
- the FIRB condition precedent cannot be achieved
- the Purchaser cannot make the payments required under the Transaction Deed

the DOCA provides that the Deed Administrators must convene a meeting of creditors.

7.2 Creditor entitlements

Distributions to creditors are proposed to be made pursuant to the Creditors' Trust, which will come into effect when Completion occurs and the DOCA is terminated.

The Creditors Trust provides for pools to be created for different categories of creditors. The pools are discussed in section 8.4.3. The estimated return to creditors from the Creditors' Trust is also discussed in section 8.4.3.

7.2.1 Employee creditors

As required by section 444DA of the Act, the DOCA will include provisions to the effect that employee claims are being afforded priority at least equal to what they would have been entitled if the property of the company were applied in accordance with sections 556, 560 and 561 of the Act.



The DOCA provides that all employees will retain a priority until Completion in respect of the assets of the Ten Group companies under the Deed Administrators' control, and thereafter, in respect of the assets of the Trust Fund at least equal to that they would have been entitled to if the property of the Ten Group companies had been applied in accordance with sections 556, 560 and 561 of the Corporations Act had the Ten Group companies been placed into liquidation.

The Transaction Deed also provides that all payments due to employees of Ten Group companies, who were employed at the date of appointment but who are not employees as at Completion will be paid by the companies prior to Completion. Otherwise, employees will continue to be employed on the same basis as currently exists. For these reasons, apart from one legal claim noted in 3.10.2, we do not anticipate any claims by employees under the Creditors' Trust. To extent any employee claims do exist, their claims are included in Pool B (see section 8.4.3 of this report).

7.2.2 PPSA Creditors

The DOCA provides that, where a PPSA creditor is an owner of goods in the possession of a Ten Group company, the rights of the creditor as an owner will continue and not be extinguished by the DOCA. Creditors with an agreed PPSA priority claim for debts due as at the date of appointment will be paid in full before Completion and termination of the DOCA.

7.2.3 Excluded Creditors and Non-Participating Creditors

Excluded Creditors

The DOCA provides that the following creditors are Excluded Creditors for the purpose of the DOCA, and will not have a claim in the Creditors' Trust for their claim:

1. Insured claims (as defined in the DOCA) – where a contract of insurance exists in relation to the claim
2. Ten Group companies, in relation to intercompany claims
3. Claims in respect of which the creditor has agreed in writing not to participate in distributions from the Creditors' Trust
4. Creditors who are party to Excluded Contracts, but only in relation to the Excluded Contract, and not in relation to the following three exceptions:
 - a. Exception 1 (Excluded Contract Pre-appointment Claims): if an amount pursuant to an Excluded Contract is owing in respect of:
 - i. program content delivered and broadcast by Ten Group prior to the Appointment date
 - ii. goods or services supplied prior to the Appointment date
 - iii. amounts that were due and owing prior to the Appointment date
then the amount owing prior to 14 June 2017 can be claimed in the Creditors' Trust
 - b. Exception 2: If a creditor who is party to an Excluded Contract terminates the Excluded Contract prior to Completion, then the creditor will not be an Excluded Creditor, but will be deemed to be a Non-Participating Creditor for the purposes of the DOCA, and will not have a claim in the Creditors' Trust in relation to that contract
 - c. Exception 3: If an Excluded Creditor fails to waive their right to terminate a contract as a result of a pre-appointment default or breach by the relevant Ten Group company (for example, including but not limited to an insolvency event under an Excluded Contract) before Completion, then that creditor will not be an Excluded Creditor in respect of that claim, but will be deemed to be a Non-Participating Creditor for the purposes of the DOCA, and will not have a claim in the Creditors' Trust in relation to that contract.

A list of Excluded Contracts is included in Appendix 15 of this report (and as Schedule 2 to the draft DOCA).

In summary, each Excluded Contract is a key contract, which the Purchaser specifically acknowledges will be performed according to its terms by the Ten Group post Completion. This list is not meant to be exhaustive, but contains the material pre-appointment contracts where the Purchaser requires a waiver of any termination rights by the counterparty. Any party who is concerned about their ongoing trading relationship with Ten should write to ten@kordamentha.com.

CBS is an Excluded Creditor for the purposes of the DOCA, as its programming contracts are included in the list of Excluded Contracts. Hence, CBS will not have a claim in the Creditors' Trust and will not participate in any distributions from the Creditors' Trust, including as per Exception 1 noted above.

Contracts entered into by the Administrators are not subject to the DOCA, and continue post Completion.



The claims of Excluded Creditors (other than Excluded Contract Pre-appointment Claims) are not extinguished by the DOCA.

Non-Participating Creditors

The Trust Deed provides that the following creditors are Non-Participating Creditors for the purpose of the DOCA, and will not have a claim in the Creditors' Trust:

1. Excluded Creditors. Creditors under an Excluded Contract can still participate in distributions under the Trust respect of an Excluded Contract Pre-appointment Claim, but otherwise cannot claim under an Excluded Contract.
2. Subordinated Creditors, in respect of any claims pursuant to section 563A of the Act
3. Creditors who are a party to an Excluded Contract, where the creditor falls into either Exception 2 or Exception 3 noted above.

These claims of Non-Participating Creditors will be extinguished by the DOCA.

7.2.4 Related entity claims

To the extent that the following related entities have claims, will form part of Pool B (refer to section 8.4) (except as otherwise noted below):

- MCN, in which Network Ten owns shares, for unpaid fees and commissions. MCN lodged a proof of debt in the sum of \$2.2 million for the purpose of the First Meetings of Creditors. MCN has now set off certain amounts due to it as at the date of appointment against advertising revenue it held on account of Ten Group, and the balance has been paid. No further claim is expected
- Free TV Australia Limited, in which some Ten Group companies hold shares, for fees due. Free TV Australia Limited lodged a proof of debt in the sum of \$50,257 for the purpose of the First Meetings of Creditors.
- TX Australia Limited, in which Network Ten holds shares, for fees due. TX Australia Limited did not lodge a proof of for the purpose of the First Meetings of Creditors.
- Some directors of Holdings, for unpaid director fees (any part of their claim which has priority pursuant to section 556 of the Act will be a Pool B claim, and any non-priority amount will form part of Pool D).

The debts referred to above were incurred in the ordinary course of business pursuant to agreements between the relevant Ten Group company and the related entity, and have been verified by reference to the agreements, invoices and other information held in Ten Group's records.

Intercompany loans exist between the Ten Group companies. These have arisen over a long period of time, and are in part (but potentially not wholly) a result of Network Ten being the treasury company for the Ten Group, paying all costs on behalf of other Ten Group companies. We have not undertaken an investigation of the history of the loans which are recorded on the balance sheet of each of the Ten Group companies. For the purpose of the First Meetings of Creditors, Network Ten lodged a proof of debt in the sum of \$1 with each of the other Ten Group companies.

Ten Group companies, in relation to intercompany loans, are Excluded Creditors under the DOCA. Therefore, they will not be able to claim in the Creditors' Trust and their claims will not be extinguished by the DOCA.

As at the date of this report, we are not aware of any other related parties who may have claims.



8 Proposed Creditors' Trust

8.1 Purpose of a creditors' trust

A creditors' trust is a mechanism for the distribution of a fund to creditors of a company or group of companies, which accelerates a company's exit from external administration. A trust is formed for the benefit of the relevant creditors, and the trust funds (usually contributed by the proponent of the DOCA) are paid to the trust for distribution to creditors in accordance with a trust deed.

A creditors' trust is an arrangement pursuant to the Trustee Act 1925 (NSW) rather than the Act.

The DOCA proposal requires the use of a creditors' trust. The reason for a creditors' trust structure will be to allow the companies in the Ten Group to operate without the words 'Subject to DOCA' after each company's name, as it is believed that the inclusion of these words will hinder the ongoing success of the business. If a creditors' trust is not used, the Transaction will not complete as proposed. We do not believe creditors will be prejudiced by the use of a creditors' trust for the Ten Group companies.

8.2 Overview of the proposed Creditors' Trust

The Transaction proposes \$32.0 million ('the Trust Fund') will be paid into the Creditors' Trust by the Purchaser for the benefit of Admitted Creditors (refer to section 8.4.1). The trust deed which governs the distribution of the Trust Funds ('the Trust Deed') provides for the Trust Funds to be distributed via four pools, which are discussed in section 8.4 below.

The draft Trust Deed is attached as Appendix 14 and the final form of the Trust Deed will be appended to the DOCA when the DOCA is signed. Ongoing negotiation of the terms of the Trust Deed means it may change before the date of the Second Meetings of Creditors, however we do not expect any change to be material or impact on the estimated outcome for creditors. A final draft of the Trust Deed will be made available via the KordaMentha website no later than the day prior to the Second Meetings of Creditors, and will be available for review by creditors at the Second Meetings of Creditors.

The draft Trust Deed should be read in conjunction with the draft DOCA.

At the time the Creditors' Trust takes effect, the claims of creditors (except for the claims of Excluded Creditors) against the relevant Ten Group company will be extinguished, and each creditor will instead have an equivalent claim against the Creditors' Trust (except for Non-Participating Creditors). The Transaction Deed provides that all of the funds which will be available to the Creditors' Trust will be paid to the Trustees on Completion of the Transaction, at which time the Creditors' Trust will come into existence.

Creditors should note the pools which are created via the Trust Deed do not reflect the creditor ranking which would apply if the companies in the Ten Group were being wound up (i.e. in a liquidation). In a liquidation, all ordinary unsecured creditors would rank equally. Pursuant to the DOCA, Excluded Creditors and Non-Participating Creditors, as defined in the DOCA and discussed in section 7.2.3 of this report, will not be able to prove in respect of some or all of their claims in the Creditors' Trust.

Creditors should seek legal advice prior to the Second Meetings of Creditors if they are in any doubt as to what the Creditors' Trust means for them.



8.3 ASIC guidelines for creditors' trusts

In May 2005, ASIC issued Regulatory Guide 82 in respect to Creditors' Trusts, entitled 'External Administrations: Deeds of company arrangement involving a creditors' trust' ('the ASIC Guide'). A copy of the Guide can be downloaded from the ASIC website at <http://www.asic.gov.au/> or is available from our office upon request.

In accordance with the ASIC Guide, we set out below the information required to be made available to creditors where a DOCA provides for the use of a creditors' trust.

Issue	Comments
Reasons	The DOCA proposal requires the use of a creditors' trust and that certain claims against the Ten Group companies are extinguished and they become claims against the Creditors' Trust.
Key events	<p>The following are the key events:</p> <ol style="list-style-type: none"> 1. Creditor approval for each of the Ten Group companies to execute the DOCA – the Second Meetings of Creditors have been convened for 12 September 2017 2. Deed Administrators to commence process pursuant to section 444GA of the Act – this is expected to occur shortly after the Second Meetings of Creditors 3. Approval of the 444GA application by the Court – this is expected to take approximately one month from lodgement of the application, on an uncontested basis. Other conditions precedent, in particular FIRB approval, is expected to be achieved within the one month timeframe 4. Completion of the Transaction is to take place five business days after the last condition precedent is met. Assuming the section 444GA application is not contested, Completion is estimated to occur in mid October 2017 5. Completion would entail the following simultaneous components: <ol style="list-style-type: none"> a. Transfer of the shares in Holdings to the Purchaser b. Payment of the Trust Fund to the Trustee by the Purchaser c. Termination (effectuation) of the DOCA d. The Creditors' Trust coming into effect e. Extinguishment of each creditors' claims (other than Excluded Claims) against the relevant Ten Group company in exchange for a claim against the Creditors' Trust 6. Once the Trustees have adjudicated on claims by creditors, distribution of the Trust Fund to Admitted Creditors (see section 8.4.1). <p>In circumstances where Completion cannot occur, either because:</p> <ul style="list-style-type: none"> • the Court does not make an order granting leave to the Deed Administrators to transfer all the shares in Holdings (and an alternative structure providing the same outcomes for creditors has not been achieved) • the FIRB condition precedent cannot be achieved • the Purchaser cannot make the payments required under the Transaction Deed <p>the DOCA provides that the Deed Administrators must convene a meeting of creditors.</p>
Return to creditors	Refer to sections 8.1, 8.4 and 10.
Trustee particulars	It is proposed that the Administrators/Deed Administrators will become the Trustees of the Creditors' Trust. The Administrators are registered liquidators and have the relevant skills and experience to perform the required duties and functions. The Administrators consider that there is no conflict of interest in them acting as trustees and that they have adequate civil liability insurance (including professional indemnity and fidelity) that will cover conduct by them in their capacity as trustee of the proposed trust. Full details of our experience, qualifications and credentials can be found at www.kordamentha.com or from this office upon request.



Issue	Comments
Remuneration	<p>The Creditors' Trust will provide for payment of the following from Trust Funds in priority to any distribution to Admitted Creditors:</p> <ul style="list-style-type: none"> Any approved remuneration owing to the Deed Administrators and the Administrators which remains unpaid as at the date of the DOCA being terminated and the Creditors' Trust coming into effect. We do not anticipate any Administrators or Deed Administrators fees and expenses will be outstanding as at the date the DOCA is terminated. Remuneration and costs due to the Trustees. The Trustees' Remuneration will be based on the hours spent by the Trustees, calculated in accordance with the schedule titled KordaMentha Rates – National – FY18, which is enclosed as Appendix 13 to this report. <p>We have estimated the remuneration and costs of the Trustees to be \$0.5 million. This estimate assumes that the adjudication of creditor claims does not require litigation or protracted negotiations, and that the distributions from the Trust Fund occur in the timeframes proposed. It is not possible to estimate the quantum of Trustee fees which may otherwise be incurred.</p> <p>We do not consider that additional professional fees will be incurred as a result of the use of the Creditors' Trust, compared with the position if the Ten Group companies remain subject to a DOCA.</p> <p>In a DOCA, the approval of the Deed Administrators' remuneration is subject to provisions of the IPS which require that the remuneration be agreed by the Committee of Inspection or approved by resolution of creditors or by the Court and which allow – where remuneration is agreed by the Committee of Inspection or approved by resolution of creditors – for a creditor (among other parties) to apply to the Court to review the remuneration. On such an application, the Court must have regard to whether the Deed Administrators' remuneration is reasonable with regard to a list of specified criteria in IPS 60-12 and the Court can affirm, vary or set aside the Deed Administrators' remuneration.</p> <p>In a Creditors Trust, there is no equivalent statutory procedure in the Trustee Act 1925 (NSW) pursuant to which beneficiaries, the Committee of Creditors or the Court must agree or approve the Trustee's remuneration. A beneficiary can seek to review or challenge the Trustee's remuneration by application to the Supreme Court of New South Wales, including pursuant to Part 54 of the Uniform Civil Procedure Rules 2005.</p>
Indemnities	<p>The Trustees will be entitled to be indemnified from the Trust Fund if required.</p>
Powers	<p>The Trustees will have all the powers of a natural person or corporation in connection with the exercise of their rights and compliance with their obligations under the Creditors' Trust. The Trustees may exercise their rights and comply with their obligations under the Creditors' Trust in any manner they think fit.</p>
Claims	<p>Refer to section 8.4 of this report.</p>
Other creditor/beneficiary differences	<p>The Creditors' Trust provides for slight differences from the Act. Specifically, any appeal to the Trustees' decision to reject a claim of a Participating Creditor must be made within 14 days of the Trustees giving notice of rejection, or such longer period as the Trustees permit. In a liquidation, the Act (Regulation 5.6.54(1)(b)(i)) stipulates that the appeal must be made within 14 days of the liquidator giving notice of rejection, or such longer period as the court permits.</p> <p>We do not consider that this minor difference will have a material adverse effect on creditors.</p>
FEG	<p>As companies in the Ten Group will not be placed into liquidation, the employees will not be able to access FEG.</p>
Compliance opinion	<p>Based on our own investigations, there is nothing to indicate that the Purchaser will be unable to comply with its obligations under the Transaction. Importantly, Admitted Creditors' claims against the Ten Group are not extinguished until the funds to satisfy claims are received.</p>
Solvency statement	<p>The terms of the proposed DOCA provides that, upon effectuation, all pre-appointment claims against the Ten Group companies, other than the Excluded Creditors, will be extinguished in full. The Purchaser has provided a new working capital facility to the Ten Group, and has confirmed further funding will be provided as required to Ten Group to enable debts to be paid as and when they fall due.</p>



Issue	Comments
Tax (company/trust)	The creation of a Creditors' Trust creates the potential for some taxation issues to arise, as compared to an ordinary DOCA proposal (where the claims of Admitted Creditors are dealt with by the Ten Group). These may mean that the funds available to creditors are reduced in order to account for any taxation liabilities associated with the administration of the distribution process under a trust structure. We do not expect that there will be any material changes to the funds available for distribution as a result of the Creditors' Trust structure.
Tax (creditor/beneficiary)	There may be some implications for Admitted Creditors as a result of receiving a distribution from a trust in respect of a bad or doubtful debt, rather than from the debtor company being administered under a DOCA. Creditors are advised to seek their own tax advice as to their particular tax position – the Administrators are unable to provide advice on this issue.
Other	No other material aspects or implications have been identified at this stage.

The involvement of a Creditors' Trust creates some complexity for the Administrators (who will be required to act in a trustee capacity) and for creditors. Although many of the operative provisions of the Act will be incorporated into the Trust Deed (so as to minimise the effect of the change in legal structure being utilised), creditors' rights under the Creditors' Trust will not be 'statutory rights' under the Act, but will instead be rights under the Trustee Act 1925 (NSW) and in equity.

It is not anticipated that this will create any particular difficulties in this instance, as the objectives of the Creditors' Trust are fairly straightforward and it is not expected that the Creditors' Trust will endure for an unduly long period of time. However, creditors' rights are being fundamentally transformed and they should take this into account in assessing the merits of the DOCA proposal put forward.

Creditors should seek legal advice prior to the Second Meetings of Creditors if they are in any doubt as to what this means for them.

8.4 Claims in the Creditors' Trust

8.4.1 Admitted Creditors

The Admitted Creditors' of the Creditors' Trust will be those creditors who had a claim against a Ten Group company as at 14 June 2017, and whose proof of debt has been admitted by the Trustees. Excluded Creditors and Non-Participating Creditors will not be able to be Admitted Creditors.

8.4.2 Adjudication of creditors' claims

The Trust Deed provides the Trustees will adjudicate upon proofs of debt received from creditors who seek to become Admitted Creditors under the Creditors' Trust. The Creditors' Trust incorporates the relevant provisions of the Act to reflect the creditors' proof and dividend procedures under the Act, with certain modifications as are necessary, meaning proofs submitted by creditors will generally be adjudicated as if they were proofs submitted in a liquidation of the Ten Group companies. The Trustees will also have access to the books and records of the Ten Group necessary to determine claims.

8.4.3 Creditor pools

The Transaction Deed provides for \$32.0 million to be contributed to the Creditors' Trust. The terms of the Creditors' Trust and the distribution mechanism provides for four pools to be created for the benefit of creditors of Ten Group companies whose claims are admitted as creditors of the Creditors' Trust ('Admitted Claims') as follows:

- Pool A (key content providers):
 - This pool is for critical creditors who provide key content and have an ongoing content relationship with Ten Group. Each of the following creditors will be entitled to a defined return on their Admitted Claim from Pool A as set out below:
 - a. Endemol Shine Australia Pty Ltd – defined return of up to \$1,005,719
 - b. Warner Bros. Entertainment Australia Pty Ltd – defined return of up to \$2,301,631
 - c. FremantleMedia Australia Pty Ltd – defined return of up to \$424,908
 - d. ITV Studios Australia Pty Ltd – defined return of up to \$1,948,013



in respect of any amounts relating to content delivered or broadcast prior to appointment, but not including any amounts for which the creditor is an Excluded Creditor

- To the extent the funds available for Pool A exceed the Pool A claims, the surplus will be available to Pool B.
- Pool B (ongoing trade creditors):
 - This pool is for ongoing trading creditors of the Ten Group. A minimum of \$15,519,729 will be available to Pool B
 - Pool B will be applied in payment of:
 - a. Remuneration and costs of the Trustee in administering the Creditors' Trust, and any approved remuneration owing to the Deed Administrators and the Administrators which remains unpaid as at the date of the DOCA being terminated and the Creditors' Trust coming into effect. We do not anticipate any Administrators or Deed Administrators' fees and expenses will be outstanding at the termination of the DOCA. Remuneration and costs are estimated to be approximately \$0.5 million (see section 8.3)
 - b. Employee Priority Claims, being a claim (other than an Excluded Superannuation Debt) of:
 - i. A Ten Group employee
 - ii. The Department of Education, Employment and Workplace Relations in respect of FEG that would be entitled to be paid in priority to the payment of other unsecured Claims under section 556 of the Corporations Act if the relevant Deed Company was taken to be in liquidation on the Appointment Date. Known claims which may be Employee Priority Claims in Pool B are estimated to have a maximum value of \$0.6 million. This relates to one claim which is currently subject to litigation. The relevant Ten Group companies have actively defended this litigation, and it is likely that the claim if it were to be successful, would involve a claim on the Creditors' Trust for considerably less.
 - c. Pool B will then be applied in payment of Admitted Claims of creditors of Ten Group companies, other than those in Pools A, C and D, on a pro-rata basis. To the extent there is a surplus in Pool A or Pool D, the surplus will be available to pay Pool B claims. Known trade creditor claims which are likely to become Admitted Claims in Pool B are estimated to be \$13.2 million. However, there may be unknown claims which result in the Admitted Claims in Pool B exceeding this estimate
 - To the extent the funds available for Pool B exceed the Pool B claims, the surplus will be prorated to increase the funds available to Pool C and the non-Fox component of Pool D, on the basis of funds allocated to Pool C (being \$4.55 million) and the non-Fox component of Pool D.
- Pool C (financial, statutory and other creditors):
 - \$4.55 million will be available to Pool C, to provide a return to Pool C creditors on a pro-rata basis. To the extent the funds available for Pool B exceed the Pool B claims, part of the Pool B surplus will also be available to Pool C
 - Pool C will be applied to Admitted Claims by:
 - a. Australia and New Zealand Banking Group Limited
 - b. Westpac Banking Corporation Limited
 - c. Australian Taxation Office
 - d. Any claims by the Office of State Revenue in any state
 - e. Any Admitted Claims which arise as a result of litigation against Ten Group companies
 - Known claims which are likely to become Admitted Claims in Pool C are estimated to be \$13.4 million. The litigation claims referred to in section 3.10.5 are being defended by Ten Group, the extent of any claim is uncertain at this time, and no amount has been included for these claims in the estimate of \$13.4 million. Therefore his estimate may increase.
 - To the extent the funds available for Pool C exceed the Pool C claims, the surplus will be paid to the Purchaser.
- Pool D (onerous and terminated contracts):
 - \$6.25 million will be available to Pool D.
 - Pool D will firstly be used to meet any claim made by the Purchaser under the Transaction Deed relating to warranties (see section 8.6 of this report). No such claims are expected
 - Secondly, the following creditors will be entitled to return on their Admitted Claim from Pool D as set out below:



- a. Creditors whose contracts with Ten Group are considered to be onerous and/or have been terminated, as listed below (excluding Fox), and as defined as Pool D Creditors (excluding Fox) in the Creditors' Trust – \$2.83 million to be available, to fund a pro-rata return based on Admitted Claims of these parties
 - b. Fox, in respect of all claims – a fixed payment of up to \$3.42 million
- Claims of Pool D creditors have either already crystallised, or may arise if underlying contracts are terminated or varied. It is the intention of the Purchaser to negotiate with the Pool D creditors whose claims have not crystallised, in respect of future contract terms prior to termination of the DOCA. If these negotiations are successful, it may be that one or more of the Pool D creditors will become Excluded Creditors pursuant to the DOCA, as the creditor may agree in writing not to participate in distributions from the Creditors' Trust
 - The value of potential claims Pool D claims (excluding Fox) are estimated by the Ten Group at \$28.0 million, but this estimate may increase
 - The claim by Fox is estimated at approximately \$195.0 million, and is discussed in section 3.10.4 of this report
 - To the extent the funds available for each component of Pool D exceed the claims in each part of Pool D (for instance, if Fox did not claim, or other claims are less than \$2.83 million), the surplus will form part of Pool B.

Pool D creditors (excluding Fox)

Pool D Claims (excluding Fox) are defined as Pool D Pro Rata Claims and Pool D Pro Rata Creditors.

Pool D Pro Rata Claims are the claims of:

- AAL Aviation Limited pursuant to the Advertising Sites Licence with Eye Fly Sydney Pty Ltd and Ten Network Holdings Pty Ltd dated 23 December 2011
- any counterparty to any agreement under which TNHL guarantees the obligations of Eye Shop Pty Limited
- each director of a Group company, to the extent that the director's Claim does not attract a priority as an Employee Entitlement
- Fox Sports Australia Pty Ltd other than an Excluded Claim.

Any other claims of these parties are Pool B claims, not Pool D claims.

Pool D Pro Rata Creditors are all claims by:

- Formula One World Championship Limited
- GPT RE Limited
- McKinsey Recovery & Transformation Services Australia Co
- Miller Pyrmont Pty Limited
- P.N.K Investments Pty Limited
- The Roar Sports Media Pty Limited
- Time Target Pty Ltd



8.4.4 Summary of returns

The outcome for creditors under the DOCA/Creditors' Trust is shown below, assuming Completion of the proposed Transaction, and implementation of the DOCA and the Creditors' Trust as outlined in sections 6, 7 and 8. Estimated only based on current knowledge and is subject to change:

	Funds Available - \$ million	Estimated Claims \$ million	Estimated Outcome - cents in the dollar
Pool A - Defined Returns	5.7		
Total Estimated Pool A Creditors		5.7	100
Pool B	15.5		
Estimated Trustee Fees	0.5		
Pool B funds available for distribution	15.0		
Employee entitlements - High		0.6	100
Other estimated Pool B creditors - High		14.4	100
Pool C	4.6		
Estimated Pool C creditors		13.4	34
Pool D			
Pool D creditors	2.8	28.0	10
Fox - defined amount	3.4	N/A	N/A
Total Contribution	32.0		

Note: The above amounts have been rounded to the nearest one hundred thousand

The outcomes for creditors have been estimated based on known claims in relation to trade creditors (assuming the Transaction completes), and likely and/or possible contractual claims. The extent to which contractual claims will crystallise is uncertain as at the date of this report, and the value of these claims, should they arise, which would be admissible in the Creditors' Trust will be subject to legal opinion. Accordingly, the ultimate return to creditors may vary from the estimates above.

8.5 Meetings of creditors

The Trust Deed stipulates that the requirements of the Act relating to creditors' meetings, and the ability of the creditors to require a meeting to be held, will also apply to the Creditors' Trust.

8.6 Transaction Warranties

Pursuant to the Transaction Deed, certain warranties are provided by the Receivers and the Administrators, relating to the validity of their respective appointments, authority, that the obligations created are binding and the transaction contemplated will not result in default under agreements (to which the Receivers or Administrators are party) or violate any law.

The warranties extend for a 12-month period and any claims by the Purchaser arising as a direct result of a breach of the warranties have a total financial cap of \$5.0 million.

Any claim made by the Purchaser under the Transaction Deed relating to the warranties will met from Pool D.

We do not anticipate any claim being made by the Purchaser in respect of the warranties, however the Trustees will not be able to pay a final dividend to Pool D creditors until the warranty period has expired.

9 Alternatives available to creditors

9.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors. Our recommendation considers what is in the best interests of creditors with regard to repaying their existing debts.

There are three options available to creditors, who will vote in respect of each Ten Group company individually:

1. The Ten Group to execute the DOCA
2. The Administrations to end, or
3. Each company to be wound up.

We make the following comments in respect to each option:

9.1.1 Deed of Company Arrangement

The DOCA proposed by the Purchaser provides for a continuation of the business of the Ten Group. As Deed Administrators, we will continue to operate the business of the Ten Group after execution of the DOCA until Completion of the Transaction, at which time the DOCA will terminate and the Creditors' Trust will come into effect. Once the DOCA terminates, responsibility for the operation of the Ten Group will rest with the Purchaser.

Approval of the DOCA is dependent on the DOCA being approved by creditors of each of the 14 companies in Administration, or as otherwise agreed by the Purchaser.

9.1.2 Bringing the Administrations to an end

It is possible that creditors may consider ending the Administrations and returning control of the Ten Group companies to the existing directors:

- In relation to the Ten Group companies in Receivership, this outcome would result in the Receivers assuming operating control of the Ten Group business and pursuing a sale/recapitalisation of the Ten Group, and no external party being responsible for the claims of unsecured creditors. This course of action would likely result in individual creditors having to initiate legal proceedings for the recovery of their debts or petitioning to the court to have the companies wound up, in order to obtain repayment of their debt.
- In relation to the Ten Group companies not in receivership, this outcome would result in the directors of those companies resuming control of the companies. However, this outcome will not prevent creditors, such as the ATO (being the only known external creditor of these companies), from initiating legal proceedings for the recovery of its debts or petitioning to the court to have the companies wound up.

9.1.3 Winding up the Companies

Overview

At the Second Meetings of Creditors, creditors may resolve that any or all of the Ten Group companies be wound up. However, unless the Purchaser agrees otherwise, if creditors resolve for one company to be wound up, the DOCA will not proceed, and all companies will be wound up. Should creditors resolve to wind up the Ten Group companies, the companies will be placed into liquidation and each company is taken to have nominated the Administrators to be the Liquidators, if the creditors do not nominate a person to be the Liquidator.

If the companies go into liquidation, the Transaction will not complete and Purchaser's contribution to the Creditors' Trust will not be available to creditors.

Placing the Ten Group into liquidation will, in our view, have a material effect on the ongoing trading of the business, which would be detrimental to the sale of the Ten Group business as a going concern. Further, the fact that the Ten Group companies would be in liquidation may make it more difficult to effect a sale transaction. The likely outcome in a liquidation is discussed below.

We do not believe that it is in creditors' best interests to place the Ten Group into liquidation.



Liquidation outcome

As part of the sale/recapitalisation process conducted by the Receivers, bidders were able to nominate their preferred sale/recapitalisation structure. All bidders proposed a sale/recapitalisation structure involving a DOCA for the Ten Group, indicating it is the preferred sale/recapitalisation structure considering:

1. the type and complexity of the Ten Group's business and assets
2. the number of contracts underlying the business
3. the speed to transacting through a DOCA structure.

If the DOCA is not approved by creditors and the Ten Group companies are placed into liquidation, the Transaction will not complete. In the view of the Receivers and the Administrators, this will result in a lack of confidence in the Ten Group as a going concern, reduction in advertising revenue streams, and substantial erosion of value. As noted in section 3.8, the majority of Ten Group's assets are intangible, being its broadcasting licenses, programming rights, talent contracts and advertising agreements, all of which would be at considerable risk if the Ten Group companies are placed into liquidation.

Whilst a going concern sale of the Ten Group's business and assets might be achieved via an asset sale whilst the companies are in liquidation (rather than a DOCA-based transaction), the issues noted above, combined with the transaction complexity and unknown timeframe to complete conditions precedent would, in the view of the Receivers and the Administrators, result in a materially reduced price, and higher transaction costs. The extent of this reduction is difficult to estimate, however, based on the price achieved through the sale/recapitalisation process, it is possible the price would be less than the debt due to the New Secured Creditor, resulting in no return for unsecured creditors.

Further, based on the results of the investigation into the date of insolvency, and the finding that there is unlikely to be material (if any) recoveries relating to voidable transactions, trading whilst insolvent actions against directors, or breaches of director duties, it is highly unlikely there will be any liquidation-based recoveries available to increase the funds available to creditors in a liquidation.

For the reasons discussed above, we believe the outcomes for creditors in a going concern liquidation scenario compared to a DOCA scenario would be as follows:

1. Secured Creditors: reduced return in a liquidation scenario due to lower price being achieved, which based on the outcome of the sale/recapitalisation process, may be below the value of the New Secured Debt.
2. Employee creditors: Likely to be the same, assuming all employees would transition to the new owner of the business regardless of the transaction structure. To the extent employees do not transition, they are still likely to be paid in full, either through liquidation distributions or by FEG (see below).
3. Unsecured creditors: reduced return compared to a DOCA, as explained above. Dependent on actual realisations, there may be no return for unsecured creditors. Unsecured claims are also likely to be higher.

In relation to the three companies not party to the DOXG, being Ten Ventures Pty Limited, Ten Online Pty Limited and Ten Employee Share Plans Pty Limited, all are dormant and have no assets. Accordingly, in a liquidation, they would not be entitled to share in any sale proceeds.

As noted in Appendix 10, the only known external creditor of Ten Online Pty Limited and Ten Ventures Pty Limited is the ATO, as a result of the Ten Group's GST grouping. The ATO has the same claim against all other Ten Group companies.

If a going concern sale could not be achieved with the companies in liquidation, recoveries may be limited to realisation of receivables, plant and equipment, investments and the Ten Group's Brisbane property. It is also highly likely that, in a close down liquidation scenario, additional liabilities may be crystallised over that which may be crystallised in a DOCA, including additional entitlements for employees. Any crystallised employee entitlements would rank in priority to the claims of unsecured creditors, in accordance with the priorities set out in the Act, resulting in no return for unsecured creditors.



Our estimated liquidation outcome in a close down scenario is set out below, and has been prepared on a Ten Group basis, reflecting the economic reality of the DOXG.

Estimated return under liquidation scenario	\$ millions
Net recovery from assets subject to non-circulating security interests	15.0
Secured creditor claims on non-circulating assets	(142.7)
Surplus/(deficit) on assets subject to non-circulating security interests	(127.7)
Net recovery from assets subject to circulating security interests	48.3
Surplus/(deficit) available for priority creditors	48.3
Priority creditors (employees)	(59.0)
Surplus/(deficit) available for circulating secured interests	(10.7)
Balance of secured creditor claim	(127.7)
Surplus/(deficit) available for unsecured creditors	(138.5)
Unsecured creditors	(607.5)
Unsecured creditors – contingent claims	Unknown
Total surplus/(deficit)	(746.0)
Estimated distribution to secured creditor (cents in \$)	10
Estimated distribution to priority creditors (cents in \$)	82
Estimated distribution to unsecured creditors (cents in \$)	Nil

The value of the television licences owned by Ten Group companies is highly uncertain in a liquidation scenario, where a going concern sale is not achieved, and these licences may be cancelled by the regulator. In the close down scenario, we have not attributed any value to the television licences. Further, no value has been attributed to content inventory. We do not consider Ten Group would be able to assign or otherwise deal with this inventory once content contracts were terminated, which would occur in a close down liquidation scenario.

In a close down liquidation scenario:

- A substantial shortfall is estimated for the New Secured Creditor.
- The return to employees is estimated to be less than 100 cents in the dollar. In these circumstances, employees may be able to make a claim under the Fair Entitlement Guarantee. The Fair Entitlement Guarantee ('FEG') is a legislative safety net scheme operated by the Commonwealth Government for employees of insolvent entities that have been placed in liquidation. Under the scheme, you may be able to claim for unpaid amounts owing for wages, annual leave, long service leave, payment in lieu of notice and redundancy. FEG assesses your claim in conjunction with information provided to them by the liquidators.
- No return is estimated for unsecured creditors. Based on our analysis, asset recoveries would have to exceed our estimates by more than \$138.7 million before any funds would be available to unsecured creditors.
- The costs of administering the winding up of the Ten Group are difficult to estimate due to the size of the business, specialised nature and geographic spread of assets, and number of stakeholders. For the purpose of the analysis above, we have estimated liquidators' remuneration of \$2.5 million. If creditors resolve that the Ten Group companies be wound up, the Liquidators' remuneration will be based on the hours spent by the Liquidators, calculated in accordance with the schedule titled KordaMentha Rates – National – FY18, which is enclosed as Appendix 13 to this report, and would be subject to the approval of the committee of inspection of each Ten Group company (if one was appointed), creditors of each Ten Group company or the court, in accordance with the provisions of the Insolvency Practice Schedule (Corporations)
- The timing of a return to the secured creditor and employees is also uncertain, however is likely to be more than 12 months from the date of liquidation.
- The claims of related parties (which are discussed in section 7.2.4) are likely to increase compared to claims in a DOCA, as MCN may be able to make claims under its agreement with Ten Group, if that agreement was terminated.



Further detail on the estimated return under the close down liquidation scenario is provided at Appendix 16.

Statutory impact of liquidation

The statutory effects of the liquidation of the companies in the Ten Group include:

1. the moratorium available under the Voluntary Administration process will cease
2. the Liquidators will be empowered to recover potential voidable transactions, if any
3. the Liquidators will be required to conduct an investigation into the affairs of the Ten Group pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

9.2 Financial analysis of alternatives

The outcome for creditors under the DOCA/Creditors' Trust compared to liquidation is summarised below:

Creditor Type	DOCA/Creditors' Trust	Liquidation – going concern sale (estimated)	Liquidation – close down (estimated)
Secured creditor	100 cents in the dollar	Uncertain, but very likely to be less than 100 cents in the dollar	10 cents in the dollar
Employees	100 cents in the dollar	Uncertain, but potentially 100 cents in the dollar	82 cents in the dollar. Shortfall may be met by FEG
Trade and other creditors	Between 10 and 100 cents in the dollar, depending on pool	Nil	Nil

9.3 Opinion

It is our opinion that it would be in creditors' interests for each of the Ten Group companies to execute the DOCA. It is not in creditors' interests to wind up any company or to bring the Administrations to an end. As detailed in the financial analysis of the alternatives (section 9.2), the DOCA and Creditors' Trust will result in a better return to creditors than if the Ten Group companies were liquidated.

9.4 Reasons for recommendation

The reasons for our opinion are as follows:

1. The Transaction, which includes the DOCA, will result in the continuation of the Ten Group's business, and provide a better outcome for creditors.
2. Given the existing appointment of the Receivers to most of the Ten Group companies, bringing the Administrations to an end will not alter the current positions of the companies, as they will remain subject to an external administration. In relation to companies not in receivership, ending the Administrations will return control of the companies to their directors in circumstances which will not have materially changed from the point at which those same directors resolved to appoint voluntary administrators.
3. Placing the Ten Group companies into liquidation will result in a lower return being available to creditors than under the proposed DOCA. Further, as we are not aware of any offences in relation to the Ten Group, it is unlikely that placing any of the companies into liquidation will result in any recoveries that would be available for creditors.



10 Estimated return to creditors

10.1 Amount

The estimated return to all creditors, including those who have a right to claim in the Creditors' Trust, is as set out in the table:

Creditor type	Estimated dividend
Secured Creditor	Refinanced – 100 cents in the dollar
Employees	Continuing employment or 100 cents in the dollar. Any claims are estimated to be paid between September 2017 and December 2017
PPSR creditors	All priority claims which exist to be paid in full prior to DOCA termination
Key Content Providers (Pool A):	Estimated dividend of 100 cents in the dollar, estimated to be paid in December 2017
General Trade Creditors (Pool B):	Estimated dividend of 100 cents in the dollar, estimated to be paid in December 2017
Financial, statutory and other creditors (Pool C):	Estimated dividend of 34 cents in the dollar, estimated to be paid in December 2017
Onerous and Terminated Contracts (excluding Fox)(Pool D):	Estimated dividend of 10 cents in the dollar, estimated to be paid in or prior to October 2018
Fox (Pool D):	Contract to be renegotiated. If not, fixed payment of up to \$3.4 million, estimated to be paid in or prior to October 2018
CBS:	Excluded creditor – CBS will not have a claim in the Creditors' Trust

10.2 Timing

It is estimated that a first and final dividend to Pool A, B and C creditors will be paid in December 2017. A first and final dividend to Pool D creditors will be paid once the warranties referred to in section 8.6 have expired, which is estimated to be in October 2018.



11 Resolutions relating to changes in the Act

11.1 Resolutions relating to the Committee of Creditors

On 1 September 2017, a number of changes came into effect as part of the Insolvency Law Reform Act 2016 ('ILRA'). Several of these changes impact on committees of creditors formed for administrations and DOCAs, and will therefore be relevant for the current Network Ten Committee of Creditors, and a Committee of Inspection formed for the DOCA ('DOCA Committee'), should the DOCA be approved and creditors vote to form a DOCA Committee.

Pursuant to Section 1608 (1) of the Act, on 1 September 2017 the Committee of Creditors elected will become a committee of inspection, governed by the Insolvency Practice Schedule (Corporations)('IPS'). There is no effect to the change of name.

Pursuant to IPS 80-55, members of a committee of inspection of a company **must not directly or indirectly derive any profit or advantage from the external administration of the company**, unless creditors resolve otherwise. Committee members are taken to derive a profit or advantage from transactions (including a sale or purchase) entered into for or on account of the company.

The transitional provisions (section 1614 of the Act) provide that IPS 80-55 will apply to arrangements made from 1 September 2017, but IPS 80-55 does not apply to arrangements made before 1 September 2017.

Our current interpretation of IPS 80-55 and section 1614 of the Act means that, from 1 September 2017, unless creditors resolve otherwise:

1. Members of the Network Ten Committee of Creditors, or a DOCA Committee, cannot (directly or indirectly) enter into a sale/recapitalisation transaction in relation to Network Ten (or its related parties).
2. Members of the Network Ten Committee of Creditors, or a DOCA Committee, cannot (directly or indirectly) enter into a transaction with Network Ten or its creditors, from which the member (or a related party) will derive a profit or advantage, which is not pursuant to 'an arrangement made before 1 September 2017'.

All members of the Network Ten Committee of Creditors, by their nature, have an ongoing trading relationship with Network Ten, and therefore are likely to be deriving a profit or advantage from the external administration of Network Ten. This position would be the same for members of a DOCA Committee. We note CBS resigned as a member of the Committee of Creditors on 31 August 2017.

The remaining members of the Network Ten Committee of Creditors have requested they be allowed to continue dealing with Network Ten on a business as usual basis on the same or similar terms as to prior to the commencement of the external administration, and to continue as a member of the Network Ten Committee of Creditors, and have therefore asked that creditors be asked to pass a resolution that members of the Network Ten Committee of Creditors can derive a profit or advantage.

If the DOCA is approved by creditors at the Second Meetings of Creditors, it is our intention to execute the DOCA on the same day. However, in the circumstances where the DOCA, for some reason, cannot be signed on that day, or the meetings are adjourned, a resolution of creditors in relation to the Network Ten Committee of Creditors will be required, to ensure compliance with IPS 80-55.

Accordingly, at the Second Meeting of Creditors of Network Ten, the following resolution will be put to Network Ten creditors, to ensure compliance with the provisions of IPS 80-55 in relation to the Network Ten Committee of Creditors:

"That, in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the Network Ten Committee of Creditors (or a related entity of those members) are permitted to continue dealing with Network Ten and its creditors on a business as usual basis during the period of the of the Voluntary Administration of Network Ten."

Note that the members of the Network Ten Committee of Creditors cannot vote on this resolution.



At the Second Meetings of Creditors of all Ten Group companies, should creditors approve the DOCA and a DOCA Committee is formed, the following resolution will be put to creditors of each of the Ten Group companies, to ensure compliance with the provisions of IPS 80-55:

“That, in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the DOCA Committee of Inspection (or a related entity of those members) are permitted to continue dealing with the company and its creditors on a business as usual basis during the period of the Deed of Company Arrangement.”

Note that the members of the DOCA Committee cannot vote on this resolution.

11.2 Resolutions relating to Administrators’ disbursements

The ILRA introduces provisions (IPS 60-20) which prohibit an administrator (or a related entity, which could include an employee of the Administrators) deriving a profit or advantage from the administration of the company. This has been interpreted to include ‘internal disbursements’ which are disbursements not provided by an external third party at cost. This would include, in relation to Network Ten, KordaMentha staff per diem allowances and staff travel allowances. Creditors may approve the payment of these internal disbursements under the new legislation.

IPS 60-20 applies to external administrations which commenced prior to 1 September 2017 but where the disbursements are paid post 1 September 2017, unless there is an existing arrangement in place before 1 September 2017 (Section 1582 of the Act). At a meeting of the Committee of Creditors held on 17 August 2017, the Network Ten Committee of Creditors passed a resolution approving internal disbursements for the Administration period.

However, once the DOCA is executed (assuming it is approved by creditors), the current resolution will cease to have effect, as the DOCA will be a new external administration commencing after 1 September 2017. We therefore recommend creditors of each company pass the following resolution at the respective Second Meetings of Creditors:

‘That the Deed Administrators be allowed to be reimbursed for staff per diem allowances and staff travel allowances paid to staff at the rates as set out in accordance with the schedule titled KordaMentha Rates – National- FY18, which was attached as Appendix 13 to the report to creditors dated 4 September 2017 during the period of the DOCA, as incurred, but to a maximum amount of \$15,000.’

The \$15,000 cap included in the resolution is based on four employees being paid the maximum daily per diem of \$92.70 for an eight week period, which we estimate should be the maximum period of the DOCA. The rates used by KordaMentha for kilometre and travel allowances are at or less than the rates set by the Australian Taxation Office.



12 Remuneration of Administrators

The remuneration of the Administrators has been approved by the Committee of Creditors up to 13 August 2017 and a further Committee of Creditors meeting will be held prior to the Second Meetings of Creditors. At this meeting, we will seek approval for prospective (future) remuneration of the Administrators up to the date of the signing of the DOCA.

The DOCA Committee of Inspection, if elected, will have the power to approve the remuneration of the Deed Administrators for the DOCA period, as outlined in section 7.1.7.

The remuneration of the Trustees of the Creditors' Trust will be calculated and payable as set out in section 8.3.

13 Further information

Creditors requiring further information regarding the Administration can contact Link Market Services by email at tengroup@linkmarketservices.com.au or phone on 1300 853 816.

Dated: 4 September 2017



Mark Korda
Administrator



Jennifer Nettleton
Administrator



Jarrod Villani
Administrator

Enc.



Appendix 1 – Ten Group Companies in Administration and Receivership

Name	Receivers and Managers Appointed	ACN
Ten Network Holdings Limited	x	081 327 068
The Ten Group Pty Limited	x	057 564 708
Network Ten Pty Limited	x	052 515 250
Network Ten (Sydney) Pty Limited	x	008 664 962
Network Ten (Brisbane) Pty Limited	x	050 148 537
Network Ten (Melbourne) Pty Limited	x	008 664 953
Network Ten (Perth) Pty Limited	x	009 108 614
Network Ten (Adelaide) Pty Limited	x	007 577 666
Caprice Pty. Limited	x	008 655 847
Chartreuse Pty. Limited	x	008 655 874
Television & Telecasters (Properties) Pty. Limited		050 690 161
Ten Online Pty Limited		089 829 667
Ten Ventures Pty Limited		089 830 759
Ten Employee Share Plans Pty Limited		082 736 150

Appendix 2 – Declaration of independence, relevant relationships and indemnities



KordaMentha

Restructuring

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To the Creditors of the Ten Group

4 September 2017

Dear Sir/Madam

Ten Network Holdings Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 081 327 068 ('the Company') and Associated Entities (Collectively 'the Ten Group' - refer to Appendix A)

Declaration of independence, relevant relationships and indemnities ('DIRRI')

I refer to the updated DIRRI dated 22 June 2017 tabled at the First Meetings of Creditors of the Ten Group and circulated in correspondence to creditors dated 25 July 2017.

We have updated the DIRRI as a result of the Administrators now being party to an indemnity provided by CBS Studios, Inc. We have also noted the appointment of receivers and managers to a number of the Ten Group companies as detailed in Appendix A. No other updates to the DIRRI have been made or are required.

The updated DIRRI is attached as Appendix B, and has been lodged with ASIC today.

Yours faithfully



Mark Korda
Voluntary Administrator



Jennifer Nettleton
Voluntary Administrator



Jarrod Villani
Voluntary Administrator

Appendix A – the Ten Group Entities (all in Administration)

Name	Receivers and Managers Appointed	ACN
Ten Network Holdings Limited	x	081 327 068
The Ten Group Pty Limited	x	057 564 708
Network Ten Pty Limited	x	052 515 250
Network Ten (Sydney) Pty Limited	x	008 664 962
Network Ten (Brisbane) Pty Limited	x	050 148 537
Network Ten (Melbourne) Pty Limited	x	008 664 953
Network Ten (Perth) Pty Limited	x	009 108 614
Network Ten (Adelaide) Pty Limited	x	007 577 666
Caprice Pty. Limited	x	008 655 847
Chartreuse Pty. Limited	x	008 655 874
Television & Telecasters (Properties) Pty. Limited		050 690 161
Ten Online Pty Limited		089 829 667
Ten Ventures Pty Limited		089 830 759
Ten Employee Share Plans Pty Limited		082 736 150

Appendix B – Updated DIRRI

Sections 436DA, 449CA

Corporations Act 2001

Declaration of independence, relevant relationships and indemnities

Ten Network Holdings Ltd (Administrators Appointed)(Receivers and Managers Appointed) ACN 081 327 068 ('the Company') and Associated Entities (Collectively 'the Ten Group' - refer to Schedule 1)

This declaration requires us as the Practitioners appointed to the Ten Group to make declarations as to:

- our independence generally
- relationships, including:
 - the circumstances of the appointment
 - any relationships with the Ten Group and others within the previous 24 months
 - any prior professional services provided to the Ten Group within the previous 24 months
 - that there are no other relationships to declare
- any indemnities given, or up-front payments made, to us as the Practitioners.

This declaration is made in respect of us, Mark Korda, Jennifer Nettleton and Jarrod Villani ('the Administrators'), our partners and the KordaMentha Group, including KordaMentha Pty Ltd, 333 Capital Pty Ltd, KordaMentha Investment Management Pty Ltd, KM Risk Pty Ltd, KordaMentha Real Estate Pty Ltd, KM Develop Pty Ltd, KM Sales & Marketing Pty Ltd, KM Trustee Services Pty Ltd, KordaMentha Funds Management Pty Ltd, KM Design & Construct Pty Ltd, KordaMentha Pte Ltd and PT KordaMentha.

Independence

We, Mark Korda, Jennifer Nettleton and Jarrod Villani of KordaMentha, Level 24, 333 Collins Street, Melbourne, VIC 3000, and Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, and Level 14, 12 Creek Street, Brisbane QLD 4000 respectively, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Ten Group in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would preclude us from accepting this appointment.

Declaration of relationships

Circumstances of appointment

In late February 2017, KordaMentha was approached by Gilbert + Tobin as Legal advisor to the Ten Group, to provide assistance to the Ten Group in relation to assessing the Ten Group's financial position. In this role, we have:

- Held meetings with the Ten Group's management to obtain an understanding of the Ten Group's operations, financial position, legal and contractual obligations, and cash flows

- Prepared an administration plan for the Ten Group in the event the negotiations to reduce future studio commitments and other costs were not successful
- Attended meetings between the Ten Group, its financier, the guarantors of the Ten Group's banking facilities, and its advisors in relation to the above matters
- Discussed the provision of funding for the administration period with the guarantors.

During the course of the engagement we held 51 meetings with Ten Group directors and/or their advisors. A list of these meetings is attached as Schedule 2, which also provides further detail about the tasks undertaken by us.

We received remuneration in the amount of \$974,657.45 (excluding GST) for this advice. This remuneration was paid via Gilbert + Tobin in accordance with our engagement terms.

In our opinion, the referral of this engagement to KordaMentha by Gilbert + Tobin does not affect our independence for the following reasons:

- KordaMentha undertakes work from time to time on behalf of Gilbert + Tobin as do practitioners from other firms. This includes the appointment of KordaMentha's registered liquidators to companies as a formal appointment where Gilbert + Tobin has asked us to consent to act.
- We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Ten Group. This relationship has not impeded our independence.
- Referrals from lawyers, accountants, business advisors and government agencies are commonplace and do not impact on our independence in carrying out our duties as voluntary administrator.

In our opinion, the engagement does not affect our independence for the following reasons:

- The Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment
- The nature of the advice provided to the Ten Group is such that it would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation
- The pre-appointment advice will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the voluntary administration of the Ten Group in an objective and impartial manner.

Prior professional services to the Ten Group

Nature of the relationship

- KordaMentha was engaged by the Ten Group in late 2012 to undertake an independent financial forecast review, assess financial management tools and provide general financial advice. The engagement occurred over a period of approximately three weeks.
- KordaMentha was engaged by Baker & McKenzie in May 2011 to assist their clients, Ten Network Holdings Limited and Network Ten Pty Ltd, to review and provide comment on major contracts as well as to review and summarise the high-level financial trading results of Channel One.

Reasons why not an impediment or conflict

- In our opinion, these prior relationships do not result in a conflict of interest or duty as the nature of the reporting provided to the Ten Group would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation. In addition, these prior engagements occurred over four years ago.

We have not provided any other information or advice to the Ten Group, its directors or its advisors prior to our appointment beyond that outlined above in this declaration.

Relevant relationships

We, or a member or an associate of KordaMentha, have or have had over the preceding 24 months a relationship with the following parties:

Secured Creditors – Commonwealth Bank of Australia ('CBA')

Commonwealth Bank of Australia provides financial services to the Ten Group.

Nature of the relationship

- KordaMentha has had relationships with CBA, due to the nature of KordaMentha's business. This includes business advisory, consulting services and the appointment of KordaMentha's registered liquidators to companies as a formal insolvency appointment (in some cases by the secured creditor), where the secured creditor has provided banking facilities, loan facilities and/or leasing facilities to insolvent companies.

Reasons why not an impediment or conflict

- In our opinion, this relationship does not result in a conflict of interest or duty as KordaMentha has never undertaken any work for CBA in respect of the Ten Group.

Australian Taxation Office ('ATO')

Nature of the relationship

- KordaMentha undertakes work from time to time on behalf of the ATO. This includes the appointment of KordaMentha's registered liquidators to companies as a formal appointment where the ATO has asked us to consent to act as liquidators.

Reasons why not an impediment or conflict

- In our opinion, this relationship does not result in a conflict of interest or duty as we have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Ten Group. This relationship has not impeded our independence.

Other relevant relationships

Neither we, nor a member or an associate of KordaMentha, have identified any other relationships within the preceding 24 months with the Ten Group an associate of the Ten Group, a former insolvency practitioner appointed to the Ten Group or any person or entity that has a charge on the whole or substantially whole of the Ten Group's property.

Appointment of Receivers

On 30 June 2017, Philip Carter, Christopher Hill and David McEvoy of PPB Advisory ('the Receivers') were appointed as Receivers and Managers to certain companies in the Ten Group, as shown in Schedule 1.

Indemnities

A transaction has been entered into between CBS International Television Australia Pty Limited ('CBS'), Ten Network Holdings Limited, Network Ten Pty Limited, the Administrators and the Receivers. The transaction includes refinance of the existing secured creditors, the granting of new security in favour of CBS Studios, Inc, the transfer of shares in Ten Network Holdings Limited to CBS or its nominees, and a proposed Deed of Company Arrangement for Ten Group. As part of this transaction, the Administrators and Receivers have received an indemnity from CBS Studios,

Inc and CBS, for existing and future Administration liabilities, including operating costs and remuneration, however only to the extent these liabilities are unable to be paid from assets of the Ten Group.

There are no conditions as to the conduct or outcome of the administration attached to the provision of this indemnity.

Multiple company appointments

It is acknowledged that we have been appointed over 14 related companies and we have obligations to each of the companies individually (as defined in Section 435A of the Corporations Act 2001) and not to the Ten Group as a whole. As such it is acknowledged that potential conflicts could possibly arise in carrying out duties to each company. We are not aware of any such conflicts at this time. If a conflict does arise, we will keep creditors informed and take appropriate action to resolve the conflict.

General

Any relationships, indemnities or upfront payments disclosed in the declaration must not be such that the Practitioners are no longer independent. The purpose of the disclosures in the declaration is to disclose relationships that, while they do not result in the Practitioners having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioners nevertheless remain independent.

As required under the Corporations Act 2001 and the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Ten Group creditors. This declaration, along with any replacement declaration, will be lodged with the Australian Securities and Investments Commission as soon as practical.

Dated: 4 September 2017



Mark Korda
Voluntary Administrator



Jennifer Nettleton
Voluntary Administrator



Jarrod Villani
Voluntary Administrator

Schedule 1 – the Ten Group Entities (all in Administration)

Name	Receivers and Managers Appointed	ACN
Ten Network Holdings Limited	x	081 327 068
The Ten Group Pty Limited	x	057 564 708
Network Ten Pty Limited	x	052 515 250
Network Ten (Sydney) Pty Limited	x	008 664 962
Network Ten (Brisbane) Pty Limited	x	050 148 537
Network Ten (Melbourne) Pty Limited	x	008 664 953
Network Ten (Perth) Pty Limited	x	009 108 614
Network Ten (Adelaide) Pty Limited	x	007 577 666
Caprice Pty. Limited	x	008 655 847
Chartreuse Pty. Limited	x	008 655 874
Television & Telecasters (Properties) Pty. Limited		050 690 161
Ten Online Pty Limited		089 829 667
Ten Ventures Pty Limited		089 830 759
Ten Employee Share Plans Pty Limited		082 736 150

Schedule 2 – KordaMentha Meeting/Conference Call log

Project X

KordaMentha Meeting/Conference Call log

Date	KM attendees	External attendees	Agenda/Discussion
28/02/2017	Mark Korda, Mark Mentha and Scott Kershaw	Ten: David Gordon, Debbie Goodin Gilbert + Tobin	Discussion with independent directors on general background matters.
1/03/2017	Mark Mentha, Mark Korda and Scott Kershaw	Ten: David Gordon, Debbie Goodin Gilbert + Tobin	Discussion with independent directors on general background matters.
1/03/2017	Scott Kershaw and Ryan Rabbitt	Gilbert + Tobin	Discussion on general background matters. Discussion on engagement scope and approach.
3/03/2017	Mark Mentha, Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: David Gordon, Debbie Goodin Gilbert + Tobin	Discussion on general background matters. Discussion on engagement scope and approach.
6/03/2017	Scott Kershaw, Amrit Bahra, Ryan Rabbitt, Andrew Knight and Joan Uy	Gilbert + Tobin Ten: Paul Anderson, Dave Boorman	Discussion on general background matters. Discussion on engagement scope and approach.
7/03/2017	Scott Kershaw	Ten: Board of Directors	A proportion of the TEN Board of Directors Teleconference call, discussion on general background and scope and approach.
14/03/2017	Mark Korda, Scott Kershaw, Ryan Rabbitt and Joan Uy	Ten: Board of Directors	A proportion of the Ten Board of Directors call - update on progress of the contingency planning
14/03/2017	Amrit Bahra, Ryan Rabbitt and Joan Uy	Ten: Dave Boorman	Discussion on financial forecasts, content, Transformation Plan initiatives and other business matters.
14/03/2017	Scott Kershaw, Mark Korda and Amrit Bahra	Other Ten Group advisors	Other Ten Group advisors briefing on their work for Ten
16/03/2017	Scott Kershaw (by phone) and Ryan Rabbitt	Gilbert + Tobin Ten: Dave Boorman	Discussion on preliminary Contingency Plan findings.
17/03/2017	Ryan Rabbitt, Andrew Knight and Joan Uy	Ten: Dave Boorman and other Ten Group employee	Discussion on cash flow forecasting process, current output and treasury function.
17/03/2017	Scott Kershaw, Amrit Bahra and Ryan Rabbitt	Other Ten Group advisors	Other Ten Group advisors briefing on work done by Other Ten Group advisors for Ten
21/03/2017	Mark Korda and Scott Kershaw	Ten: Board of Directors	Update on Contingency Plan progress, discussion on management plan in relation to US studio negotiations.
22/03/2017	Scott Kershaw & Ryan Rabbitt	Gilbert + Tobin	Discuss Contingency Plan progress and shareholder guarantor matters.
23/03/2017	Mark Korda, Scott Kershaw (by phone) and Ryan Rabbitt	Ten: Board of Directors	Update on progress of the Contingency Plan.
28/03/2017	Mark Korda, Scott Kershaw, Ryan Rabbitt and Andrew Knight	Ten: Board of Directors Gilbert + Tobin Other Ten Group advisors	Update on Contingency Plan progress and discussion on access by shareholder guarantors and management's plan in relation to US studio negotiations.
29/03/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Other stakeholder advisors Gilbert + Tobin	Other stakeholder advisors briefing.
29/03/2017	Scott Kershaw and Ryan Rabbitt	Other Ten Group advisors Ten: Dave Gordon, Dave Boorman	Observe discussion between CFO and Auditor on audit opinion and options for preparation of 1H17 accounts regarding 'going concern' matters.
30/03/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Gilbert + Tobin	Discuss 6 April 2017 board meeting and Contingency Plan status
30/03/2017	Mark Korda (by phone), Scott Kershaw and Ryan Rabbitt	Ten: Paul Anderson, Dave Boorman and other Ten Group employee Other stakeholders Other stakeholder advisors Gilbert + Tobin	G+T presented a draft timeline for the Project X process, management presented Ten's current situation, the US studio strategy and Ten's request of the guarantors regarding funding, general Q&A.
31/03/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Gilbert + Tobin Other stakeholder advisors	General discussion of Ten matters including Contingency Plan.
31/03/2017	Ryan Rabbitt	Ten: Paul Anderson, Dave Boorman Other Ten Group advisors	Management discussion regarding US studio presentations.
4/04/2017	Scott Kershaw	Ten: Dave Boorman CBA	Management discussion of Ten's current financial status and overview of Contingency Planning
6/04/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin Other Ten Group advisors	Presentation of perspectives on insolvency by G+T. Update on Contingency Plan. Discussion regarding management's progress on shareholder guarantor and US studio negotiations.
7/04/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Paul Anderson, Dave Boorman Other stakeholder advisors Gilbert + Tobin	Management provided (i) an update on meetings with the US studios; and (ii) a review of the status and progress of the McKinsey work. In addition, the Contingency Plan was discussed at a high level.
13/04/2017	Ryan Rabbitt	Ten: Dave Boorman other Ten Group employee Other stakeholder advisors	Observe management presentation of financial model to Other stakeholder advisors.
18/04/2017	Ryan Rabbitt	Other stakeholder advisors Other Ten Group advisors	Discuss Ten financial model for suitability as a bidder model in the Contingency Plan.
19/04/2017	Ryan Rabbitt	Other stakeholder advisors Other Ten Group advisors	Discuss Ten financial model.

Date	KM attendees	External attendees	Agenda/Discussion
21/04/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin	Update on progress in relation to shareholder guarantors and US studio negotiations.
24/04/2017	Scott Kershaw and Ryan Rabbitt	Gilbert + Tobin	Discuss guarantor standstill requirements for the Contingency Plan.
26/04/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin	Discussion regarding progress of management's shareholder guarantor and US studio negotiations.
1/05/2017	Scott Kershaw and Ryan Rabbitt	Other stakeholder advisors Ten: Dave Boorman	Discuss Ten debt levels and forecasts movements.
2/05/2017	Scott Kershaw and Ryan Rabbitt	Ten: Paul Anderson, Dave Boorman CBA	Discuss 1H17 results and status update on Contingency Plan, studio discussions and Transformation Plan.
2/05/2017	Scott Kershaw (by phone) and Ryan Rabbitt	Other stakeholder advisors Ten: Dave Boorman	Management status update on studio discussions.
5/05/2017	Scott Kershaw and Ryan Rabbitt	Other stakeholder advisors Ten: Dave Boorman and other Ten Group employee	Management briefing on Transformation Plan and status.
9/05/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin	Update on Contingency Plan, discuss management's US studio negotiations.
11/05/2017	Scott Kershaw and Ryan Rabbitt	Other stakeholder advisors	Briefing on Contingency Plan and other matters.
16/05/2017	Scott Kershaw and Ryan Rabbitt	Other stakeholder advisors Ten: Paul Anderson, Dave Boorman and other Ten Group employee	Management status update on studio negotiations and terms.
17/05/2017	Ryan Rabbitt	Other stakeholder advisors Gilbert + Tobin Ten: Dave Boorman and other Ten Group employee	Management status update on Transformation Plan.
18/05/2017	Ryan Rabbitt	Other Ten Group Advisors	Discuss status of information memorandum and financial model for Contingency Plan.
22/05/2017	Ryan Rabbitt and Joan Uy	Ten: Dave Boorman and other Ten Group employees	Discuss requirements for Contingency Plan financial model.
22/05/2017	Scott Kershaw and Ryan Rabbitt	Ten: Dave Boorman CBA	Management update on status of studio discussions and Transformation Plan, Contingency Plan discussion
24/05/2017	Scott Kershaw and Ryan Rabbitt	Gilbert + Tobin	Discuss Contingency Plan standstill status and other matters.
25/05/2017	Mark Korda, Scott Kershaw and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin	Discussion regarding progress of shareholder guarantor and US studio negotiations.
30/05/2017	Mark Korda and Ryan Rabbitt	Other stakeholder advisors Ten: Paul Anderson, Dave Boorman and other Ten Group employee	Observe management discussion of studio deal status.
31/05/2017	Ryan Rabbitt	Other stakeholder advisors Ten: Dave Boorman and other Ten Group employee	Observe management discussion of studio deal status.
7/06/2017	Mark Korda and Ryan Rabbitt	Ten: Board of Directors Gilbert + Tobin	Discussion regarding progress of shareholder guarantor and US studio negotiations.
13/06/2017	Ryan Rabbitt and Joan Uy	Ten: Dave Boorman	Discussion regarding Ten Group cashflow
13/06/2017	Mark Korda and Ryan Rabbitt	CBA Gilbert + Tobin	Status update, discuss CBA position on Contingency Plan standstill and facility agreement.
13/06/2017	Mark Korda and Ryan Rabbitt	Other stakeholder advisors Gilbert + Tobin	Discuss recent guarantor correspondence, Ten board position, funding and VA strategy.
13/06/2017	Mark Korda and Ryan Rabbitt	Other stakeholder advisors Gilbert + Tobin CBA	Update CBA on afternoon meetings, discuss funding, insolvency appointment mechanics.

External Attendees	Company	Representing
David Gordon	Director (Chairman) ¹	Ten - Board of Directors
Debbie Goodin	Director (Independent) ²	Ten - Board of Directors
Andrew Robb	Director ²	Ten - Board of Directors
Peter Tonagh	Director ²	Ten - Board of Directors
Andrew Lancaster	Director ²	Ten - Board of Directors
Paul Anderson	Director ³ , Ten Group CEO	Ten
Dave Boorman	Director ³ , Ten Group CFO	Ten

1. David Gordon is a director of Ten Network Holdings Ltd as well as several of the subsidiary companies in Administration.

2. Debbie Goodin, Andrew Robb, Andrew Lancaster and Peter Tonagh are directors of Ten Network Holdings Ltd only.

3. Paul Anderson and David Boorman are not Directors of the HoldCo 'Ten Network Holdings Ltd' however do hold directorships with the 13 subsidiary entities in Administration.

Appendix 3 – Notice of Second Meetings of Creditors



Form 529

Corporations Act 2001

Notice of Second Meetings of Creditors of Companies under Administration

Ten Network Holdings Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 081 327 068 ('the Company') and Associated Entities (Collectively 'the Ten Group' - refer to Appendix 1)

Notice is hereby given that the second meetings of creditors of the Ten Group will be held concurrently, unless there are any objections, on Tuesday 12 September 2017 at Sydney Harbour Marriott, 30 Pitt Street, Sydney NSW 2000. Registration for all creditors and employees will open at 10.00am with the meeting commencing at 11.00am.

Agenda

1. The purpose of the meetings is:
 - a. to review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Ten Group
 - b. for the creditors of each of the Ten Group companies to resolve:
 - i. that the company execute the deed of company arrangement, or
 - ii. that the administration should end, or
 - iii. that the company be wound up.
2. The following further resolutions will be considered:
 - a. For creditors of Network Ten Pty Limited: 'That, in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the Network Ten Committee of Creditors (or a related entity of those members) are permitted to continue dealing with Network Ten and its creditors on a business as usual basis during the period of the Voluntary Administration of Network Ten.'
 - b. If the Ten Group companies resolve to execute a Deed of Company Arrangement, 'That a Committee of Inspection be formed comprising representatives as determined by creditors of Ten Group as a whole and that the Committee of Inspection have the powers and functions as if the Committee was a Committee of Inspection for a single company'.
 - c. 'That, in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the DOCA committee of Inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the Deed of Company Arrangement.'
 - d. 'That the Deed Administrators be allowed to be reimbursed for staff per diem allowances and staff travel allowances paid to staff at the rates as set out in accordance with the schedule titled KordaMentha Rates-National-FY18, which was attached as Appendix 13 to the report to creditors dated 4 September 2017, during the period of the DOCA, as incurred, but to a maximum amount of \$15,000.'
3. Any other business properly brought before the meetings.

Creditors wishing to vote at the meetings, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 5.00 pm on Sunday 10 September 2017.

You are not required to lodge a Proof of Debt if you have already done so unless you wish to amend your claim. Proofs of debt must be returned no later than 5.00 pm on Sunday 10 September 2017.

Proxy Forms and Proofs of Debt may be submitted as follows:

By Mail: Ten Group
C/-Link Market Services Limited
PO Box 3184
Rhodes NSW 2138

By facsimile: +61 2 9287 0309

By email: tengroup@linkmarketservices.com.au

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms can be found on our website www.kordamentha.com in the Creditor Information section.

Dated: 4 September 2017

A handwritten signature in black ink, appearing to read 'M. Korda', written in a cursive style.

Mark Korda
Administrator

Appendix 1

Listing of entities in the Ten Group

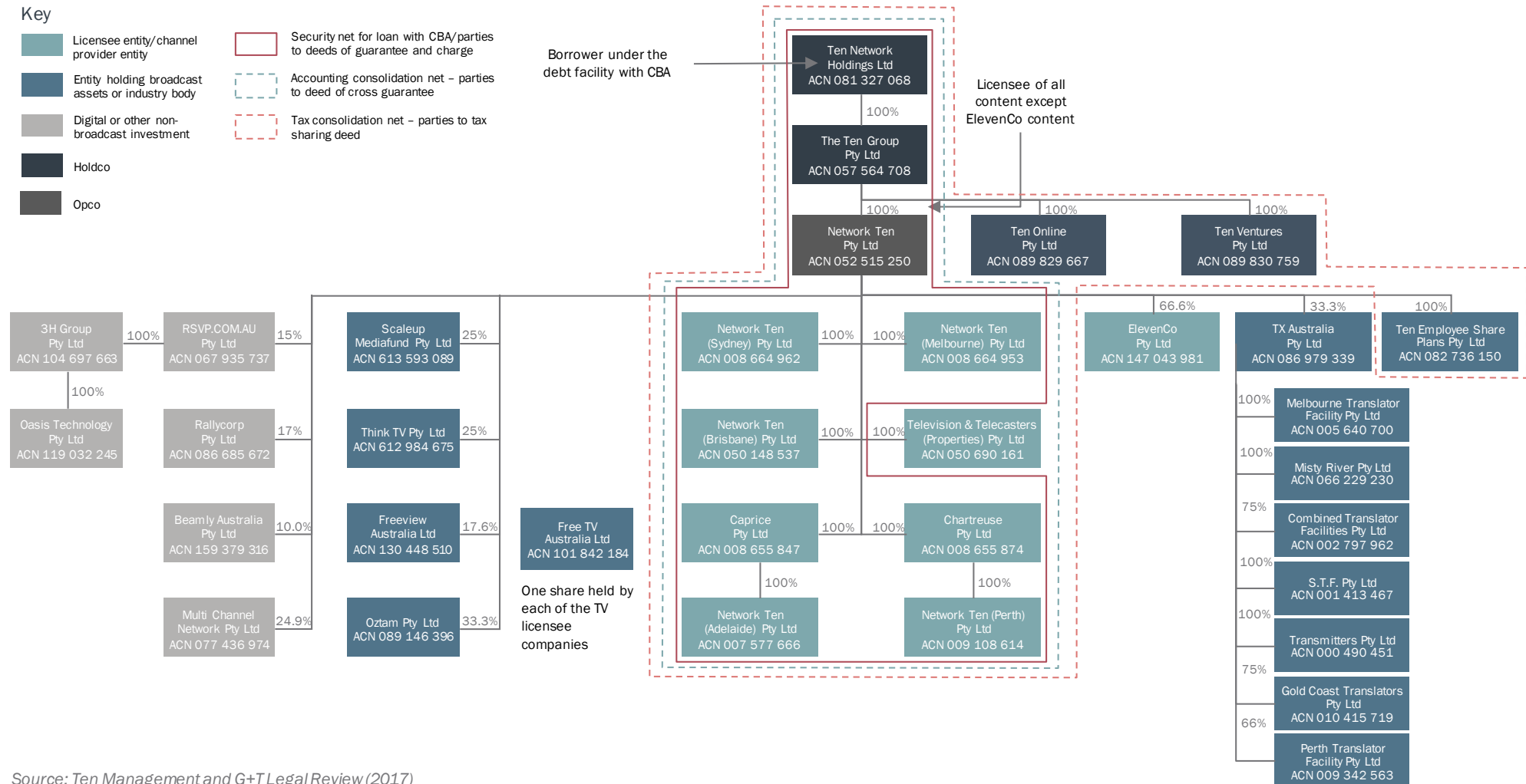
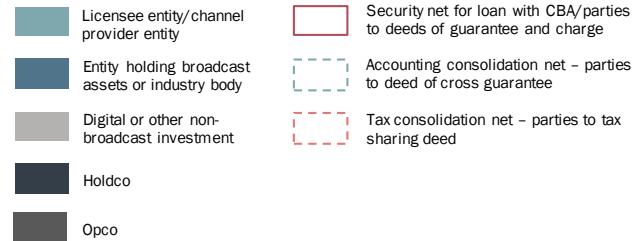
Name	Receivers and Managers Appointed	ACN
Ten Network Holdings Limited	x	081 327 068
The Ten Group Pty Limited	x	057 564 708
Network Ten Pty Limited	x	052 515 250
Network Ten (Sydney) Pty Limited	x	008 664 962
Network Ten (Brisbane) Pty Limited	x	050 148 537
Network Ten (Melbourne) Pty Limited	x	008 664 953
Network Ten (Perth) Pty Limited	x	009 108 614
Network Ten (Adelaide) Pty Limited	x	007 577 666
Caprice Pty. Limited	x	008 655 847
Chartreuse Pty. Limited	x	008 655 874
Television & Telecasters (Properties) Pty. Limited		050 690 161
Ten Online Pty Limited		089 829 667
Ten Ventures Pty Limited		089 830 759
Ten Employee Share Plans Pty Limited		082 736 150

Appendix 4 – Summary Receipts and Payments listing for the period 14 June 2017 to 27 August 2017

	Actual \$ (including GST)
Receipts	
Affiliate Fees	6,578,416
Advertising Revenue	145,791,550
Sundry	6,561,513
Bank Interest	11,426
Pre-appointment bank sweep	2,277,674
Total receipts	161,220,580
Payments	
Agency Rebate	(12,025,742)
Statutory Fees	(402,198)
Bank Charges	(956)
Trading Expenses	(1,504,077)
Insurance	(66,700)
IT Expenses	(636,854)
Legal Expenses	(205,988)
Motor Vehicle Expenses	(131,517)
Petty Cash	(22,194)
Programming Expenses	(95,396,990)
Rents and Rates	(1,967,820)
Restructuring Costs (including Administrators Disbursements and Legal Costs)	(882,309)
Staff Expenses	(13,243,833)
Security Trustee Fees	(192,393)
Sundry Expenses	(52,196)
Travel Expenses	(251,507)
Administrators' Fees	(2,296,352)
Withholding tax	(226,086)
Total Payments	(129,505,710)
Net Receipts and Payments	31,714,870
Funds held for Eleven Co	6,017,333
Total Net Receipts and Payments	37,732,203

Appendix 5 – Ten Group Corporate Structure

Key



Source: Ten Management and G+T Legal Review (2017)



Appendix 6 - Schedule of Ten Group Directorships

Company	David Gordon	Peter Tonagh	Andrew Lancaster	Andrew Robb	Debra Goodin	Paul Anderson	David Boorman
Ten Network Holdings Ltd	x	x	x	x	x		
The Ten Group Pty Ltd	x					x	x
Network Ten Pty Ltd	x					x	x
Ten Employee Share Plans Pty Ltd						x	x
Network Ten (Sydney) Pty Ltd	x					x	x
Network Ten (Melbourne) Pty Ltd	x					x	x
Network Ten (Brisbane) Pty Ltd	x					x	x
Television and Telecasters (Properties) Pty Ltd	x					x	x
Caprice Pty Ltd	x					x	x
Chartreuse Pty Ltd	x					x	x
Network Ten (Adelaide) Pty Ltd	x					x	x
Network Ten (Perth) Pty Ltd	x					x	x
Ten Online Pty Ltd						x	x
Ten Ventures Pty Ltd						x	x

Source: ASIC Company Searches



Appendix 7 – Copy of Court orders dated 30 August 2017





Federal Court of Australia

District Registry: New South Wales

Division: General

No: NSD1487/2017

**MARK KORDA, JENNIFER NETTLETON AND JARROD VILLANI AS JOINT
AND SEVERAL ADMINISTRATORS OF TEN NETWORK HOLDINGS LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
AND EACH OF THE OTHER COMPANIES NAMED IN THE SCHEDULE**
First Plaintiff

**TEN NETWORK HOLDINGS LIMITED (ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED) AND EACH OF THE OTHER
COMPANIES NAMED IN THE PART 1 OF THE SCHEDULE**
Second Plaintiff

**TELEVISION & TELECASTERS (PROPERTIES) PTY LIMITED
(ADMINISTRATORS APPOINTED) ABN 52 050 690 161 AND EACH OF THE
OTHER COMPANIES NAMED IN THE PART 2 OF THE SCHEDULE**
Third Plaintiff

ORDER

JUDGE: JUSTICE MARKOVIC

DATE OF ORDER: 30 August 2017

WHERE MADE: Sydney

THE COURT:

1. Orders that, until further order, pursuant to s 37AF of the *Federal Court of Australia Act 1976* (Cth) (**Federal Court Act**) and on the ground that the order is necessary to prevent prejudice to the proper administration of justice, exhibit CCH-12 to the affidavit of Christopher Clarke Hill sworn 29 August 2017 shall be made confidential and prohibited from disclosure to any person other than the Judge hearing the matter and the Judge's staff and assistants.
2. Orders that, until further order, pursuant to s 37AF of the Federal Court Act and on the ground that the order is necessary to prevent prejudice to the proper administration of justice, annexure JV-C to the affidavit of Jarrod Villani sworn 29 August 2017 shall be



made confidential and prohibited from disclosure to any person other than the Judge hearing the matter and the Judge's staff and assistants.

3. Orders that, pursuant to s 447A(1) of the *Corporations Act 2001* (Cth) (**Act**), Pt 5.3A of the Act is to operate in relation to each of the second and third plaintiffs such that if the indemnity of the administrators under s 443D of the Act from the second and third plaintiffs is insufficient to meet any amount for which the administrators may be liable arising out of or in connection with the Transaction Documents (including in respect of any monies borrowed, interest in respect of monies borrowed and borrowing costs), then the administrators will not be personally liable to repay such amount to the extent of that insufficiency.
4. Orders that, pursuant to s 588FM of the Act, in respect of any security interests created in connection with the New General Security Deed, the registration time for the collateral is fixed to be, for the purposes of s 588FL(2)(b)(iv) of the Act, the time that is the end of 20 business days after the New General Security Deed that gives rise to the security interest comes into force.
5. Directs that, pursuant to s 65-45 of the Insolvency Practice Schedule (Corporations) (**IPSC**), with effect on and from 1 September 2017:
 - (a) the first plaintiffs are not required to maintain a separate administration account in relation to each of the second and third plaintiffs as otherwise required by operation of Div 65 of the IPSC; and
 - (b) section 65-5 of the IPSC is to operate in relation to the second and third plaintiffs such that the administrators must pay all money received by them on behalf of, or in relation to any one or more of the second and third plaintiffs, into one of two administration accounts described in paragraphs 10 and 11 of the affidavit of Jarrod Villani sworn on 29 August 2017 headed "Intermingling Affidavit" within 5 business days after receipt;
 - (c) section 65-15 of the IPSC is to operate in relation to the second and third plaintiffs such that the administrators must not pay any money into the two administration accounts if the moneys are not received by the administrators on behalf of, or in relation to, one or more of the second or third plaintiffs or ElevenCo Pty Ltd;



- (d) section 65-25 of the IPSC is to operate in relation to the second and third plaintiffs such that the administrators must not pay any money out of the two administration accounts otherwise than:
 - (i) for purposes related to the external administration of any one or more of the second and third plaintiffs;
 - (ii) for purposes related to the operation of ElevenCo Pty Ltd; or
 - (iii) in accordance with the Act.
6. Orders that direction 5 shall take effect on and from 1 September 2017.
7. Orders that the administrators are to notify creditors of these Orders by:
 - (a) within 2 business days of the date of these Orders:
 - (i) causing them to be published on the creditor information section of the website maintained by the administrators' firm, KordaMentha, in respect of the administration of the Ten Group;
 - (ii) sending a copy of the Orders to those persons identified in paragraphs 44 and 45 of the affidavit of Jarrod Villani sworn 29 August 2017 in the same manner as is referred to in those paragraphs; and
 - (b) annexing a copy of the sealed Orders or, if they are not available, a copy of the draft orders, to the report required to be sent to all creditors of the Ten Group under s 439A of the Act.
8. Orders that the costs of the application be costs in the administrations of the second and third plaintiffs.

THE COURT NOTES THAT:

9. For the purpose of Order 3 above, "Transaction Documents" has the same meaning as it has in the transaction deed dated on or around 27 August 2017 between Ten Network Holdings Limited (Administrators Appointed) (Receivers and Managers Appointed), Network Ten Pty Limited (Administrators appointed) (Receivers and Managers Appointed), Christopher Clarke Hill, Philip Patrick Carter and David Laurence McEvoy in their capacity as receivers and managers of Ten Network Holdings Limited (Administrators Appointed) (Receivers and Managers Appointed), Mark Korda, Jenny Nettleton and Jarrod Villani in their capacity as administrators of Ten Network Holdings



Limited (Administrators Appointed) (Receivers and Managers appointed), CBS International Television Australia Pty Ltd and CBS Studios, Inc.

10. For the purposes of Order 4 above, "New General Security Deed" means the General Security Deed dated on or about 27 August 2017 between the second plaintiffs and CBS Studios, Inc.

Date that entry is stamped: 31 August 2017

Wamid Soden
Registrar



SCHEDULE

No. NSD 1487/2017

Federal Court of Australia
District Registry: New South Wales
Division: General

IN THE MATTER OF TEN NETWORK HOLDINGS LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED) ABN 14 081 327 068 AND EACH OF THE COMPANIES LISTED IN THE SCHEDULE

Part 1

Network Ten Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 91 052 515 250

Network Ten (Sydney) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 41 008 664 962

Network Ten (Brisbane) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 14 050 148 537

Network Ten (Perth) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 96 009 108 614

Network Ten (Adelaide) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 65 007 577 666

Network Ten (Melbourne) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 39 008 664 953

The Ten Group Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 50 057 564 708

Caprice Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 82 008 655 847

Chartreuse Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ABN 88 008 655 874

Part 2

Television & Telecasters (Properties) Pty Limited (Administrators Appointed) ABN 52 050 690 161

Ten Online Pty Limited (Administrators Appointed) ABN 83 089 829 667

Ten Ventures Pty Limited (Administrators Appointed) ABN 64 089 830 759

Ten Employee Share Plans Pty Limited (Administrators Appointed) ACN 082 736 150

Appendix 8 – Historical financial performance

Profit and loss statement

\$'000	FY15	FY16	1H17
Revenue	654,139	689,494	339,735
Other Income	1,793	1,891	863
Net Gain on sale of investments	1,311	23,128	-
Legal settlement receipt		-	1,255
Television costs	(655,620)	(683,664)	(349,422)
Out-of-home costs	(26,543)	(15,455)	-
Impairment of intangible assets	(251,157)	(135,179)	(214,523)
Provision of onerous contracts	(6,754)	-	-
Restructuring costs	(6,283)	(2,230)	(1,300)
Write down of other assets	-	(10,977)	-
Finance costs	(16,669)	(19,802)	(9,265)
Share of net profit of associates accounted for using equity method	733	1,135	920
(Loss) before income tax	(305,050)	(151,659)	(231,737)
Income tax (expense)/benefit	(3,400)	(2,742)	(143)
(Loss) of the period	(308,450)	(154,401)	(231,880)
(Loss)/Profit is attributable to:			
(Loss)/Profit is attributable to owners of the Company	(312,248)	(156,806)	(232,191)
Profit attributable to non-controlling interests	3,798	2,405	311
(Loss) of the period	(308,450)	(154,401)	(231,880)
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in FV of cash flow hedges	1,023	1,263	859
Exchange differences on translation of foreign operations	(2,206)	(20,242)	-
Income tax relating to these items	(307)	(379)	(258)
Total comprehensive (loss) for the period, net of tax	(309,940)	(173,759)	(231,279)
Total comprehensive (loss) attributable to members of Ten Network Holdings Ltd	(313,738)	(176,164)	(231,590)
Total comprehensive profit attributable to non-controlling interests	3,798	2,405	311
Total comprehensive (loss) for the period, net of tax	(309,940)	(173,759)	(231,279)

Balance sheet

\$'000	31 August 2015	31 August 2016	28 February 2017
Current Assets			
Cash and cash equivalents	14,370	14,778	15,269
Receivables	110,523	104,739	83,143
Program rights	175,357	154,025	183,966
Other current assets	7,771	5,682	3,082
Total Current Assets	308,021	279,224	285,460
Non-Current assets			
Program rights	5,315	2,735	3,068
Equity accounted investments	18,856	10,014	11,037
Property, plant and equipment	44,864	42,166	42,567
Intangible assets	481,697	346,518	131,995
Total Non-Current Assets	550,732	401,433	188,667
Total Assets	858,753	680,657	474,127
Current Liabilities			
Trade creditors	203,786	152,338	195,397
Provisions	35,080	16,308	14,940
Borrowings	-	-	73,775
Other current liabilities	350	-	887
Total Current Liabilities	239,216	168,646	284,999
Non-Current Liabilities			
Trade creditors	30,461	19,462	19,547
Borrowings	154,904	90,200	-
Provisions	18,462	15,972	15,065
Other current liabilities	4,222	3,602	1,939
Total Non-current liabilities	208,049	129,236	36,578
Total Liabilities	447,265	297,882	321,577
Net Assets			
Contributed Equity	2,781,647	2,927,864	2,927,864
Reserves	(1,188,778)	(1,206,772)	(1,205,117)
Accumulated Losses	(1,182,127)	(1,338,933)	(1,571,124)
Non-Controlling Interests	746	616	927
Total Equity	411,488	382,775	152,550

Cash flow statement

\$'000	FY15	FY16	1H17
Cash flows from operating activities			
Receipts from customers (GST inclusive)	714,469	760,492	396,916
Payments to suppliers and employees (GST inclusive)	(761,960)	(808,827)	(366,539)
Net interest received/(paid)	(1,738)	(1,091)	(526)
Income tax received/(paid)	(5,783)	(1,972)	1,265
	(55,012)	(51,398)	31,116
Cash flows from investing activities			
Proceeds from government grant	5,601	-	-
(Acquisition)/proceeds on disposal of property, plant and equipment	(8,167)	(9,200)	(6,084)
Deferred consideration received	15,000	-	-
Dividends received	1,000	1,200	702
Proceeds from sale of investments	1,169	642	-
Other cash flows from investing activities	220	(262)	(105)
	14,283	(7,620)	(5,487)
Cash flows from financing investments			
Net proceeds from issue of shares	-	146,217	-
Dividends paid	(4,665)	(2,535)	-
Proceeds from borrowings	325,000	321,034	175,000
Repayment of borrowings	(280,000)	(402,914)	(200,000)
Refinancing of costs	(26)	-	-
	40,309	61,802	(25,000)
Net cash inflows/(outflows) for the year	120	2,784	629

Appendix 9 – Summary of RATAs

AUD	Ten Network Holdings Limited			Note	The Ten Group Pty Limited		
	valuation	Est realisable value			valuation	Est realisable value	
Assets not specifically secured	478,733,587	Unknown	1	254,417,064	251,316,460	6	
Assets subject to specific security interests (net of specific security interests)	None	Unknown		-	Unknown		
Total assets	-	Unknown		-	Unknown		
Less payable in advance of secured parties	(48,955,097)	Unknown	2	None	Unknown		
circulating security interest over assets	(96,784,875)	Unknown	3	None	Unknown		
parties	None	Unknown		None	Unknown		
Balances owing to partly secured parties	Unknown	Unknown		Unknown	Unknown		
Balances owing to unsecured creditors	(204,165,845)	Unknown	4	(8,149,958)	Unknown	7	
Contingent assets	None	Unknown		None	Unknown		
Contingent liabilities	(108,138,958)	Unknown	5	None	Unknown		
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown		

AUD	Network Ten Pty Limited			Note	Network Ten (Sydney) Pty Limited		
	valuation	Est realisable value			valuation	Est realisable value	
Assets not specifically secured	119,908,616	123,200,969	8	46,677,354	47,677,354	14	
Assets subject to specific security interests (net of specific security interests)	83,246		9	None	Unknown		
Total assets				None	Unknown		
Less payable in advance of secured parties	(48,955,097)	Unknown	10	None	Unknown		
circulating security interest over assets	(96,784,875)	Unknown	11	None	Unknown		
parties	None	Unknown		None	Unknown		
Balances owing to partly secured parties	Unknown	Unknown		Unknown	Unknown		
Balances owing to unsecured creditors	(120,574,949)	Unknown	12	(39,222,891)	(39,222,891)	15	
Contingent assets	None	Unknown		None	Unknown		
Contingent liabilities	(949,000)		13	None			
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown		

AUD	Network Ten (Brisbane) Pty Limited			Note	Network Ten (Melbourne) Pty Limited		
	valuation	Est realisable value			valuation	Est realisable value	
Assets not specifically secured	20,679,909	20,679,909	16	38,523,172	38,523,172	18	
Assets subject to specific security interests (net of specific security interests)	None	Unknown		236	236	19	
Total assets	None	Unknown					
Less payable in advance of secured parties	None	Unknown		None	Unknown		
circulating security interest over assets	None	Unknown		None	Unknown		
parties	None	Unknown		None	Unknown		
Balances owing to partly secured parties	Unknown	Unknown		Unknown	Unknown		
Balances owing to unsecured creditors	(3,338,055)	(3,338,055)	17	(4,436,460)	(4,436,460)	20	
Contingent assets	None	Unknown		None	Unknown		
Contingent liabilities	None			None			
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown		

AUD	Network Ten (Perth) Pty Limited			Network Ten (Adelaide) Pty Limited		
	Book or cost valuation	Est realisable value	Note	Book or cost valuation	Est realisable value	Note
Assets not specifically secured	11,081,715	11,001,277	21	9,165,423	9,151,084	22
specific security interests)	-	-		1,196	1,783	23
Total assets						
Less payable in advance of secured parties	None	Unknown		None	Unknown	24
Less amounts owing and secured by debenture or circulating security interest over assets	None	Unknown		None	Unknown	
Less preferential claims ranking behind secured parties	None	Unknown		None	Unknown	
Balances owing to partly secured parties	Unknown	Unknown		Unknown	Unknown	
Balances owing to unsecured creditors	N/A	N/A		2,332,150	Unknown	25
Contingent assets	None	Unknown		None	Unknown	
Contingent liabilities	None			None		
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown	

AUD	Caprice Pty. Limited			Chartreuse Pty. Limited		
	Book or cost valuation	Est realisable value	Note	Book or cost valuation	Est realisable value	Note
Assets not specifically secured	36,620,727	36,620,727	26	12,209,812	12,209,812	27
specific security interests)	-	-		None	Unknown	
Total assets				None	Unknown	
Less payable in advance of secured parties	None	Unknown				
Less amounts owing and secured by debenture or circulating security interest over assets	None	Unknown		None	Unknown	
Less preferential claims ranking behind secured parties	None	Unknown		None	Unknown	
Balances owing to partly secured parties	Unknown	Unknown		Unknown	Unknown	
Balances owing to unsecured creditors	None	Unknown		None	Unknown	
Contingent assets	None	Unknown		None	Unknown	
Contingent liabilities	None			None		
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown	

AUD	Television & Telecasters (Properties) Pty.			Ten Online Pty Limited		
	Book or cost valuation	Est realisable value	Note	Book or cost valuation	Est realisable value	Note
Assets not specifically secured	4,047,553	7,059,900	28	None	None	29
specific security interests)	None	Unknown		None	Unknown	
Total assets	None	Unknown		None	Unknown	
Less payable in advance of secured parties				None	Unknown	
Less amounts owing and secured by debenture or circulating security interest over assets	None	Unknown		None	Unknown	
Less preferential claims ranking behind secured parties	None	Unknown		None	Unknown	
Balances owing to partly secured parties	Unknown	Unknown		None	Unknown	
Balances owing to unsecured creditors	N/A	N/A		None	Unknown	
Contingent assets	None	Unknown		None	Unknown	
Contingent liabilities	None			None		
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown	

AUD	Ten Ventures Pty Limited		Note	Ten Employee Share Plans Pty Limited		Note
	Book or cost valuation	Est realisable value		Book or cost valuation	Est realisable value	
Assets not specifically secured	132,965	132,965	30	-	-	31
specific security interests)	None	Unknown		None	Unknown	
Total assets	None	Unknown		None	Unknown	
Less payable in advance of secured parties	None	Unknown		None	Unknown	
Less amounts owing and secured by debenture or circulating security interest over assets	None	Unknown		None	Unknown	
Less preferential claims ranking behind secured parties	None	Unknown		None	Unknown	
Balances owing to partly secured parties	None	Unknown		None	Unknown	
Balances owing to unsecured creditors	Unknown	Unknown		None	Unknown	
Contingent assets	None	Unknown		None	Unknown	
Contingent liabilities	None			None		
Estimated surplus/(deficiency) subject to the costs of the Administration	Unknown	Unknown		Unknown	Unknown	

General comments in relation to the Ten Group RATAs

- The RATAs have been prepared by the directors based on the books and records of the Ten Group as at 13 June 2017.
- Adjustments to the accounts and consolidation entries are made at year end and may not have been taken into account when preparing the RATA's.
- Estimating the realisable value of assets is difficult based on the nature of the assets.
- The Administrators have undertaken their own analysis of the assets and liabilities of the Ten Group.
- The Secured debt is included in two entities, although it is secured over the assets of 10 entities.
- Employee entitlements have been included in Network Ten only, and not in other employing entities.

Notes to RATA

1. Assets are a consolidation of the subsidiaries assets and include receivables, program rights, investments and TV licenses.
2. Employee entitlements include annual leave, long service leave, pay in lieu of notice and redundancy.
3. CBA facility of \$90 million and capitalised interest and commitment fees. This does not include shareholder guarantor fees.
4. Includes trade creditors, program creditors and statutory creditors (eg ATO).
5. Includes bank guarantees
6. Assets include receivables from MCN and an interest in Television &Telecasters (Properties) Pty Limited
7. Unsecured creditors include commission (\$2.4 m) and corporate accruals (\$6.2 m). Commission is for transformation related incentive accruals for short term incentive participants. Corporate accruals consist of various legal claims, professional fees and provisions.
8. Assets include debtors, programming rights and plant and equipment.
9. Includes priority payments to PPSA creditors.
10. Includes priority employee entitlements of annual leave, long service leave, pay in lieu of notice and redundancy for all employees in the Ten Group.
11. CBA facility of \$90 million and capitalised interest and commitment fees. This does not include shareholder guarantor fees.
12. Includes trade creditors, program creditors and statutory creditors (eg ATO)
13. Includes bank guarantees
14. Material assets are TV licenses

15. Creditors are ACMA (\$7.7m) and APRA (\$31.5m). APRA amount is high due to expenses and payments being coded to different companies. This is offset upon consolidation.
16. Material assets are TV licenses
17. Single creditor is ACMA (\$3.4m)
18. Material asset is TV license
19. PPSA creditor.
20. Single creditor is ACMA (\$4.4m).
21. Material asset includes TV licenses and Property Plant and Equipment and an intercompany payable which has erroneously been included in assets.
22. Assets include TV Licenses, plant and equipment and sundry debtors.
23. Includes PPSA creditors.
24. Employee entitlements have been included in Network Ten.
25. Creditors include APRA, ATO and OSR, License Fees.
26. Asset is an investment in Network Ten (Adelaide) Pty Limited.
27. Investment in Network Ten (Perth) Pty Limited.
28. Assets include a property in Mount Coot-tha, and an intercompany tax receivable. Valuation based in annual insurance valuation.
29. This is a dormant entity with no assets or liabilities stated.
30. Assets include investments in Digital Coast Eventures and EyeCorp. These investments have been wound up and sold respectively. Plant and equipment of \$11,150 was included but we have subsequently been advised that this is incorrect and there are no assets in this entity.
31. This is a dormant company with only an intercompany liability, which has not been included.



Appendix 10 – Creditors by company

The table below shows the estimated value of creditors in each Ten Group company, based on known claims. The value of claims against each company will be determined through a proof of debt process.

Entity	Total estimated creditor amount	Key Creditors
Ten Network Holdings Limited		
Secured	\$142.7 million	
Unsecured	\$9.7 million	Includes New Secured Creditor and a small number of other creditors, including ATO
The Ten Group Pty Limited	\$10.7 million	Swap liabilities, ATO GST
Network Ten Pty Limited		
Employees	\$12.3 million	Annual leave and long service leave accrual for employees of this company.
Other Creditors	\$601.0 million	The majority of creditors trade with this company, including content counterparties. Includes estimated contractual claims
Network Ten (Sydney) Pty Limited	\$1.7 million	APRA fees and a small number of other creditors, ATO GST
Network Ten (Brisbane) Pty Limited	\$10.0 million	APRA fees, ATO GST
Network Ten (Melbourne) Pty Limited	\$10.2 million	APRA fees, ATO GST,
Network Ten (Perth) Pty Limited		
Employees	\$0.7 million	Annual leave and long service leave accrual for employees of this company
Other Creditors	\$9.8 million	APRA fees, ATO GST, PAYG debt, OSR
Network Ten (Adelaide) Pty Limited		
Employees	\$1.1 million	Annual leave and long service leave accrual for employees of this company. Does not include the \$0.6 million claim noted in section 3.10.2
Other Creditors	\$9.7 million	APRA fees, ATO GST, ATO PAYG, OSR
Caprice Pty. Limited	\$9.3 million	Holding entity – ATO GST and intercompany
Chartreuse Pty. Limited	\$9.3 million	Holding entity – ATO GST and intercompany
Television & Telecasters (Properties) Pty. Limited	\$9.3 million	Dormant entity – ATO GST and intercompany
Ten Online Pty Limited	\$9.3 million	Dormant entity – ATO GST and intercompany
Ten Ventures Pty Limited	\$9.3 million	Dormant entity – ATO GST and intercompany
Ten Employee Share Plans Pty Limited	Unknown	Dormant entity –intercompany only

- The New Secured Creditor is included in Holdings, however is guaranteed by 10 Companies and over the assets of 10 Companies.
- The ATO debt in relation to unpaid GST is included in Holdings, as the head of the GST group, however the ATO has claimed against all companies (except Ten Employee Share Plans Pty Limited) for unpaid GST. There are also ATO PAYG debts due by the three employing entities.
- Intercompany creditors have not been included in the estimated creditor amount.

Appendix 11 - Limited report by Peter Gothard



**Ten Network Holdings Ltd
(Administrator Appointed)
(Receivers and Managers
Appointed)
ACN 081 327 068
and Associated Entities**

Limited Report by Peter Gothard for
inclusion in the Administrators' Report
pursuant to Section 439A of the
Corporations Act 2001

30 August 2017

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In reviewing this Report, creditors should note:

- This Report is based upon my preliminary investigations to date. Any additional material issues that are identified after the issue of this Report may be the subject of a further written report and/or tabled at the Second Meeting.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. I reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to me between the date of this Report and the date of the Second Meeting (except where otherwise stated).
- This Report has been completed in accordance with the Orders made by the Federal Court of Australia on 18 July 2017 and prepared to the same level of detail as would ordinarily be prepared by an administrator for the purposes of a Section 439A report.
- This Report has been prepared for the Ten Group on a consolidated basis. I have not been provided with information for the individual companies in the Ten Group. Solvency would ordinarily be considered on a company by company basis. If I was provided with sufficient information to assess solvency on an entity by entity basis the views expressed in this Report may change. The majority of the companies in the Ten Group are parties to a Deed of Cross Guarantee and as a result, the consideration of solvency on a consolidated basis for those companies is appropriate. The three companies within the Ten Group which are outside the Deed of Cross Guarantee were largely dormant or non-trading entities.

Term	Description
439A Report	The report prepared by the Administrators pursuant to Section 439A of the Act
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	Mark Korda, Jarrod Villani and Jennifer Nettleton of KordaMentha
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
Associated Entities	Refer list of companies at Annexure A
ATO	Australian Taxation Office
CBA	Commonwealth Bank of Australia
Code	ARITA Code of Professional Practice
Directors	Refer list at Annexure B
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
Facility	\$200m revolving cash facility provided by the CBA and guaranteed by the Shareholder Guarantors
Fort Street	Fort Street Advisers Pty Ltd
FY	Financial year
HY	Half year
McKinsey	McKinsey & Company
Moelis	Moelis & Co
Orders	Orders made by the Federal Court of Australia on 18 July 2017
Second Meeting	Second meeting held pursuant to Section 439A of the Act, where creditors determine the future of the Company
Shareholder Guarantors	Illyria Nominees Television Pty Ltd as trustee for the Illyria Investment Trust No. 4 (Illyria), Birketu Pty Ltd (Birketu) and Consolidated Press Holdings Pty Limited (CPH)
Studios	CBS Television Studios and Fox Entertainment Group
Ten Group	Ten Network Holdings Ltd (Administrators Appointed) (Receivers and Managers Appointed) and the Associated Entities
Receivers	Christopher Hill, Phil Carter and David McEvoy of PPB Advisory

1 Key findings

This section addresses the purpose this report and my key findings. Full details are available throughout this Report.

1.1 Purpose of this Report

The purpose of this Report is to consider the matters set out in Regulation 5.3A.02 of the Corporations Regulations 2001 (Cth) and any other provision or law which may result in a recovery for creditors in a liquidation of the Ten Group. This Report is prepared pursuant to the Orders to the same level of detail as would ordinarily be prepared by an administrator for the purposes of a Section 439A report.

1.2 When did the Ten Group become insolvent?

Based on the information available to me, it is my preliminary view that the Ten Group became insolvent on 13 June 2017.

1.3 Insolvent trading

I have been advised by the Ten Group that no agreements were executed by any Ten Group company on Tuesday 13 June 2017 or the long weekend preceding that day (Saturday 10 June to Monday 12 June 2017). The Ten Group has also advised that no liabilities were incurred during that period other than those in the ordinary course of business.

A liquidator, if appointed, would examine any liabilities incurred from 13 June 2017 until the appointment of the Administrators to determine whether there was any basis for a claim for compensation for insolvent trading against the Directors.

1.4 Breaches of duties

From the information available to me, I have not identified any evidence of any breaches of Sections 180 to 184 of the Act by the Directors, officers or advisors to the Ten Group.

1.5 Voidable transactions

Based on my conclusion that the Ten Group became insolvent on 13 June 2017, I have identified two payments totalling \$1,223,931.17 made on 13 June 2017 that may constitute unfair preference payments to creditors of the Ten Group. No unfair preference payments appear to have been made to KordaMentha or Gilbert+Tobin.

My investigations have not identified any other voidable transactions that may be recoverable by a liquidator for the benefit of creditors.

2 Introduction

This section provides information on the Ten Group and the purpose and basis of this Report.

2.1 Appointment of Voluntary Administrators

On 14 June 2017, the Administrators were appointed as joint and several Administrators of the Ten Group by the Directors under Section 436A of the Act.

2.2 Appointment of Receivers and Managers

Following the Ten Group being placed into Voluntary Administration, on 30 June 2017, the Receivers were appointed as Receivers and Managers of ten of the companies in the Ten Group under the terms of the security provided to the CBA.

2.3 Purpose and basis of this report

On 18 July 2017, the Federal Court of Australia made Orders that require me to:

- Prepare a limited report for inclusion in the 439A Report (to be prepared by the Administrators) which considers the matters set out in Regulation 5.3A.02 of the Corporations Regulations 2001 (Cth) and any other provision or law which may result in a recovery for creditors in a liquidation of the Ten Group, including but not limited to:
 - Any claims arising from the conduct of the directors, officers, advisors (including Gilbert+Tobin) and / or KordaMentha as prospective administrators of each companies in the Ten Group prior to the appointment of the Voluntary Administrators; and
 - Whether the remuneration received by KordaMentha in respect of work undertaken by KordaMentha prior to the appointment of the Voluntary Administrators are voidable preferences;
- Supervise the conduct of the Administrators so as to satisfy myself that they are acting consistently with their statutory duties and fiduciary obligations as administrators of the Ten Group in relation to any claims which I may identify that the Administrators may pursue or should further investigate.
- Apply to the Court for directions or orders if I deem it necessary or appropriate to do so.

This Report informs creditors about the preliminary investigations undertaken by me to date. The views formed in this Report may be subject to change. Any additional material issues that are identified after this Report may be subject to a further written report.

This Report has been prepared primarily from information obtained from the Ten Group's books and records which have been provided to me by the Administrators. I have not undertaken an audit of the information that has been provided to me.

To complete my Report, I have utilised information from:

- The ASIC;
- The PPSR;
- The Ten Group's book and records;
- Discussions with the Administrators and the Receivers;
- Discussions with advisors to the Ten Group;
- Limited enquiries made with the Board of Directors;
- Other public information sources.

In the time available, and given the demands on key Ten Group personnel in their dealings with the Administrators and the Receivers, I have not conducted any interviews of Directors, key management, guarantors or lenders to the Ten Group. I do not consider that this limitation has materially impacted my ability to complete the investigation.

3 Statutory investigations

This section provides creditors with information on the preliminary investigations undertaken by me in accordance with the Orders and the outcome of my assessment as to when the Ten Group became insolvent.

3.1 Nature and scope of review

The Orders require me to prepare a limited report for inclusion in the 439A Report which considers the matters set out in Regulation 5.3A.02 of the Corporations Regulations 2001 (Cth) and any other provision or law which may result in a recovery for creditors in a liquidation of the Ten Group, including but not limited to:

- Any claims arising from the conduct of the directors, officers, advisors (including Gilbert+Tobin) and / or KordaMentha as prospective administrators of each companies in the Ten Group prior to the appointment of the Voluntary Administrators; and
- Whether the remuneration received by KordaMentha in respect of work undertaken by KordaMentha prior to the appointment of the Voluntary Administrators are voidable preferences.

The provisions of Regulation 5.3A.02 Act require an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances for the purpose of identifying whether there are any transactions that appear to be voidable transactions in respect of which, money, property or other benefits may be recoverable by a liquidator.

These investigations centre on transactions that a liquidator might seek to void or otherwise challenge to assist creditors to assess whether it would be in their best interests for:

- the Ten Group to execute a DOCA;
- the administration of the Ten Group to end; or
- the Ten Group to be wound up.

I have completed this investigation to the level which would ordinarily have been completed by an Administrator based on the information provided to me and to the extent possible in the time available.

A liquidator may recover funds from certain voidable transactions or through other avenues including action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A deed administrator does not have recourse to voidable transactions.

My knowledge of the Ten Group's affairs comes principally from the following sources:

- Discussions with the Administrators and the Receivers.
- Monthly management accounts for FY14 to FY17.
- Financial reports including half year reports for FY13 to HY17
- Board packs and minutes for the period 16 February 2016 to 14 June 2017.
- ASX announcements.
- Weekly dashboard reports from 1 January 2017 to the date of the Administrators' appointment.
- Employee entitlements calculations prepared by the Administrators.
- Accounts payable reports for the period 23 December 2016 to 3 July 2017.
- Details of material bank and other financing arrangements.
- Communications between the Ten Group and its advisors.
- Communications between the Ten Group and its lenders.
- Communications between the Ten Group and its Shareholder Guarantors.

- Letters of engagement, communications, documents and reports between the Ten Group, Gilbert+Tobin and KordaMentha.
- Invoices rendered by KordaMentha to Gilbert+Tobin and details of payment of those invoices.
- Invoices rendered by Gilbert+Tobin to the Ten Group and details of payment of those invoices.
- The Affidavit of Mark Anthony Korda dated 13 July 2017 and Exhibit marked “MK-1” referred to in that Affidavit.
- Discussions with Gilbert & Tobin and Moelis.
- Limited enquiries of members of the Board of Directors.
- Searches obtained from relevant statutory authorities.
- Publicly available information.

3.2 Key dates and events leading up to the appointment of the Administrators

The following key events have been identified from my review of the board minutes and packs for the Ten Group:

Date	Event
12 October 2016	CBA confirms it would consider an extension of the Facility on a fully guaranteed basis.
19 October 2016	McKinsey engaged to implement transformation plan.
13 January 2017	CPH requests suspension of provision of information to it in its capacity as a Shareholder Guarantor.
15 February 2017	Directors adopt McKinsey transformation plan and discuss possible approaches to the Shareholder Guarantors for a short-term rollover extension and / or longer term renewal as well as alternative refinancing options.
7 March 2017	Update on transformation plan presented to Directors. Gilbert+Tobin propose to engage KordaMentha to provide advice and assistance to Gilbert+Tobin in advising the Directors and the Ten Group regarding Studio output agreement negotiations, arrangements with the Shareholder Guarantors and fall-back scenarios if the Shareholder Guarantors do not support an extension of the Facility.
28 March 2017	Illyria and Birketu are seeking information about the Ten Group’s proposal to restructure its output agreements with the Studios and the impact on financial forecasts.
6 April 2017	Directors consider the going concern assessment for the HY17 financial report. Gilbert+Tobin and PricewaterhouseCoopers provided advice on solvency considerations for the purposes of the going concern assessment. The Directors confirmed that they were currently satisfied that the Ten Group was solvent and had reasonable prospects of remaining solvent. KordaMentha report that active discussions are continuing with Illyria and Birketu.
11 April 2017	Studios are engaged and working with management to consider proposed content model.
21 April 2017	Studios continue to engage with management on Ten Group proposals. KordaMentha continuing to work on fall-back administration plan but have been assured that Illyria and Birketu will manage the CPH position.
26 April 2017	Management advises the Board that they believe forecast improvements from cost savings and revenue initiatives in the transformation plan are achievable. Financial Report for HY17 approved. Directors resolve that the going concern basis is reasonable and that the notes to the Financial Report should refer to the requirement for

Date	Event
	<p>a new facility of approximately \$250m depending on the outcome of several factors including:</p> <ul style="list-style-type: none"> – the delivery of cost and revenue initiatives identified in the transformation plan currently underway; – renegotiation of material programming contracts; and – the reduction in the Federal Government imposed licence fees.
2 May 2017	Email received from CPH advising that it will not extend or renew its guarantee of the Facility when it expires on 23 December 2017.
9 May 2017	Directors request that the Shareholder Guarantors be pressed for a draft term sheet contemplating continuing support for a three-year facility of \$200m (plus an amount for payment of the guarantor fees due on expiry of the existing facility) by 12 May 2017.
12 May 2017	Letter from Fort Street on behalf of Illyria and Birketu advising that they are continuing to consider options for proposed extension/increase in their guarantee commitments to \$100m each for a further 2 years. No formal decision yet made but work is ongoing and productive.
25 May 2017	<p>Shareholder Guarantors have not provided a term sheet or any other substantive response.</p> <p>Directors appoint Moelis as debt advisor to help consider alternative refinancing proposals.</p>
7 June 2017	Presentation by Moelis to Board as to progress on their mandate to ‘soft sound’ prospective alternative financiers to refinance debt on the basis of the transformation plan, the renegotiated Studio contracts and license fee relief (no minutes sighted or available).
9 June 2017	Letter received at 6.43pm from Fort Street advising that Illyria and Birketu will not extend, or increase and extend, their guarantees in respect of the Facility.
10 June 2017	Presentation to Board by Moelis confirming confidence that alternative finance could be raised based on the transformation plan, the renegotiated Studio contracts and license fee relief (no minutes sighted or available).
12 June 2017 (Public Holiday) (Meeting at 8.30am)	<p>Directors note that there is no event of default and therefore the Facility remains available. It is noted that the next bi-monthly drawdown from the existing Facility is scheduled for 13 June to meet employee and freelancer payroll, BAS obligations and third party creditors in the ordinary course.</p> <p>Directors awaiting confirmation from one of the Studios to proposed renegotiated terms – response due by 8am on 13 June 2017. Directors agree to wait 24 hours before considering further action.</p> <p>Moelis confirms good prospects for refinancing based on the transformation plan, the renegotiated Studio contracts and license fee relief. Minutes indicate that Moelis has received strong engagement from interested financiers including expressions of interest in pursuing a refinancing strategy.</p>
12 June 2017 (Public Holiday)	Letter received at 9.13pm from Fort Street advising that Illyria and Birketu reserve their rights regarding damages if the Directors permit further drawdowns under the Facility.
13 June 2017	No response received overnight from remaining Studio to proposed terms.

Date	Event
	<p>Considering the letter from Fort Street, Directors agree not to drawdown on the Facility to meet mid-month expenses and agree to pay employee and freelancer payrolls from existing cash reserves.</p> <p>Resolved to seek an immediate trading halt from the ASX for 48 hours to enable preparation for the possible appointment of an administrator.</p>
14 June 2017	Appointment of Administrators at 11.15am.

3.3 Director and officers' responsibilities

Sections 180 to 184 of the Act set out the duties, obligations and responsibilities imposed on Directors which are designed to promote good governance and ensure that Directors act in the interests of the Ten Group. These duties include:

- Duty of care and diligence;
- Duty of good faith;
- Duty not to make improper use of position; and
- Duty not to make improper use of information.

The Directors of the Ten Group retained experienced advisors to assist the transformation plan for the Ten Group and the negotiations in relation to the refinancing options available to them. The Directors took specific ongoing advice in relation to their obligations and the discharge of their duties having particular regard to the going concern basis for the preparation of the HY17 financial report and the ongoing discussions with the Shareholder Guarantors and the Studios.

Based on the material provided to me for this review, I have not identified any offences the Directors, officers or advisors of the Ten Group (including Gilbert+Tobin and KordaMentha) may have committed under the provisions of the Act.

3.4 The Ten Group's solvency

For a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, the Ten Group's insolvency must be established at the relevant time.

There are two primary tests used in determining solvency, at a particular date, namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators.

I have summarised below the insolvency indicators adopted by the Courts and the ASIC together with my comments in relation to the Ten Group:

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
Endemic shortage of working capital - balance sheet test			
Working capital deficiency	Yes	31 March 2017	The working capital position significantly worsened as at 28 February 2017 (HY17) due to the reclassification of the Facility from a non-current liability to a current liability to reflect the scheduled 23 December 2017 expiry date.

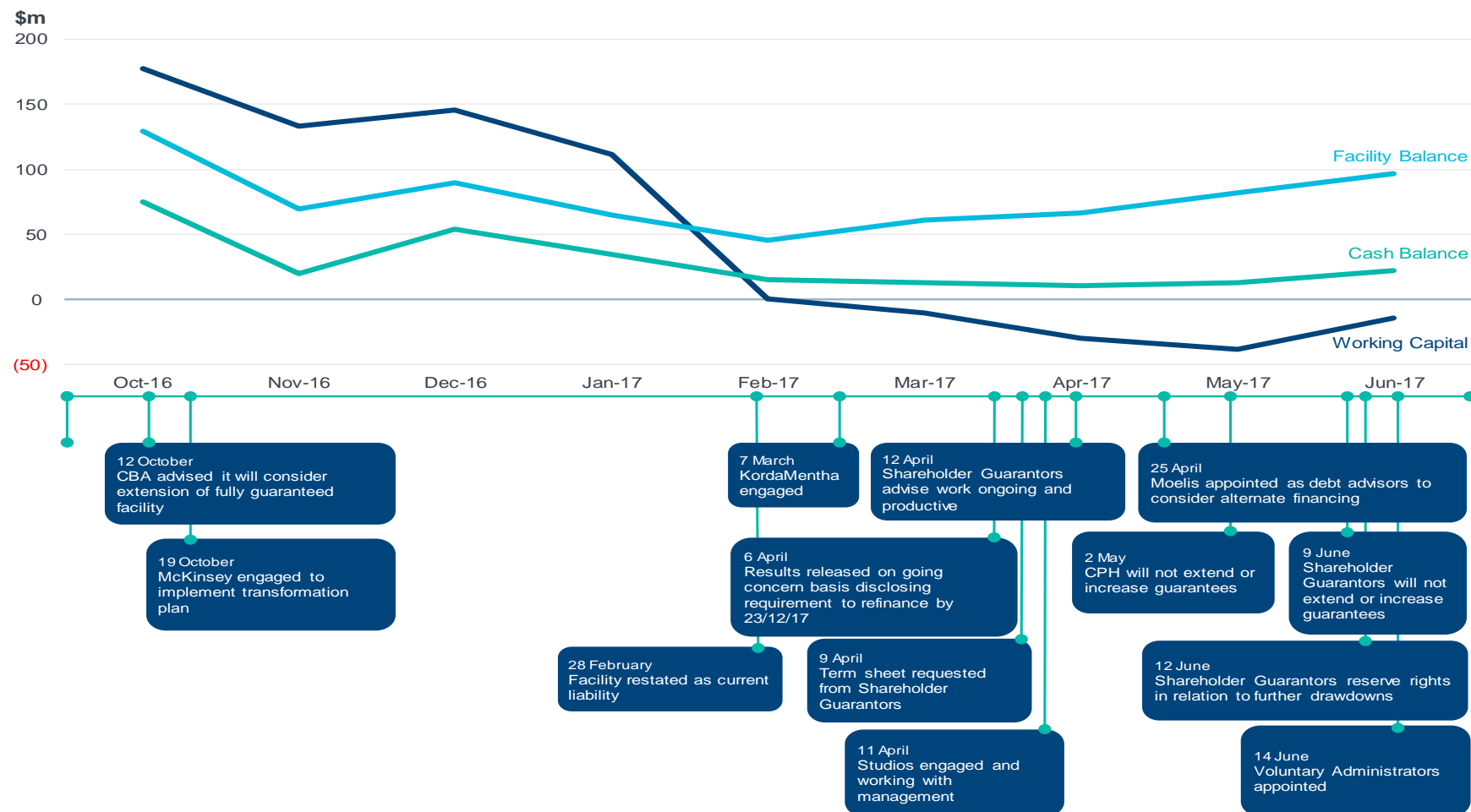
Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
			<p>By 31 March 2017 the Ten Group had a deficiency in working capital which continued until the appointment of the Administrators.</p> <p>Based on the Financial Reports (FY - 31 August), the Ten Group recorded the following working capital ratio and position:</p> <ul style="list-style-type: none"> – FY15 ratio: 1.29 position: \$68.8m – FY16 ratio: 1.66 position: \$110.1m – HY17 ratio: 1.00 position: \$461k – 31/03/17 Management Accounts ratio: 0.96 position: (\$10.4m) – 30/06/17 Management Accounts ratio: 0.95 position: (\$14.3m)
Net asset deficiency	No	N/A	<p>The Ten Group had reported a net asset surplus up to the date of the appointment of the Administrators.</p> <p>Based on the Financial Reports (FY - 31 August), the Ten Group recorded the following net asset position:</p> <ul style="list-style-type: none"> – FY15 \$411.4m – FY16 \$382.8m – HY17 \$152.6m – 30/06/17 Management Accounts \$138.3m
Ageing of creditors	No	N/A	<p>I have been advised by the Administrators that the Ten Group's accounting system did not report on the ageing of creditors.</p> <p>I have reviewed the accounts payable trial balance reports for the period 23 December 2016 to the date of the appointment of the Administrators which shows unpaid invoices by date for each supplier. The unpaid invoices are generally for the current month and the prior month depending on the date the report is produced. There is no evidence of chronic arrears in creditor payments.</p>
Inability to extend finance facilities and breaches of covenants	Yes	13 June 2017	<p>The Facility had a limit of \$200m and I have sighted no evidence that the limit was breached.</p> <p>The Facility was guaranteed by the Shareholder Guarantors and was for a four-year term which was expiring on 23 December 2017.</p> <p>In October 2016, the CBA had indicated a willingness to consider an extension of the Facility on a fully guaranteed basis or a split facility option with a portion guaranteed and a portion not guaranteed.</p> <p>The records I have reviewed indicate that the Directors and key management of the Ten Group</p>

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
			<p>were working towards agreeing terms for a new facility or a refinance with another lender including ongoing dialogue with the Shareholder Guarantors and the key content providers to secure funding for the future.</p> <p>The Ten Group continued to operate with the ongoing support of the Shareholder Guarantors under the terms of the Facility which was in place until 23 December 2017.</p> <p>On 2 May 2017, CPH advised that it would not extend or renew its guarantee of the Facility when it expires on 23 December 2017.</p> <p>On 12 May 2017, Birketu and Illyria advised that they were continuing to consider options for a proposed extension/increase in their guarantee commitments to \$100m each for a further 2 years. No formal decision yet made but work was ongoing and productive.</p> <p>On the evening of 9 June 2017, Birketu and Illyria advised that they would not extend or increase their guarantee commitments beyond the Facility maturity date. At that time, the Directors were of the view that there was no event of default and that the Facility remained available to meet ordinary operating requirements.</p> <p>On the evening of 12 June 2017, two of the Shareholder Guarantors placed the Directors on notice that they would pursue claims for damages if the Directors permitted any further drawdown on the Facility.</p>
Inability to meet other financial commitments / default on finance agreements	No	N/A	I have not sighted any evidence that the Ten Group was unable to meet other financial commitments or had defaulted on any finance agreements.
Availability of other cash resources – cash flow test			
Profitability / trading losses	Yes	31 August 2015	The Ten Group has been loss making since at least FY15 when it incurred losses of \$312.2m. The loss in FY15 included a \$251.2m television license impairment charge. The results for FY16 and HY17 (losses of \$156.8m and \$232.2m respectively) similarly reflected television license impairment charges of \$135.2m and \$214.5m to recognise those intangible assets at their recoverable amount.
Cash flow difficulties	Yes	13 June 2017	The Ten Group utilised the Facility to fund operations. The Facility fluctuated from month to month depending on working capital requirements. At the date of appointment of the Administrators, the drawn balance of the Facility was \$96.8m (including capitalised interest of \$6.8m) with headroom of \$103m available for use. The Ten Group also had

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
			<p>cash reserves at 30 June 2017 of \$21.8m and receivables of \$120.5m.</p> <p>Cash flow statements were prepared and reviewed monthly as part of the management accounts prepared by the Ten Group.</p> <p>Cash flow forecasts through to the date of maturity of the Facility on 23 December 2017 reflect peak funding requirements of approximately \$180m in August/September 2017.</p> <p>From the timeline of events at section 3.2, it is apparent that the Directors undertook several initiatives to address the cash flow position including:</p> <ul style="list-style-type: none"> – Commencement of discussions in October 2016 with the CBA regarding the renewal and/or extension of the Facility; – Engagement of McKinsey in October 2016 to undertake the transformation plan; – Commencement of discussions with the major Studios in March 2017 to renegotiate the contracts for the supply of content programming material which would deliver significant cost savings. <p>On 26 April 2017, in considering the going concern basis for the Half Year Financial Report, the Directors agreed that it was necessary to disclose that the:</p> <ul style="list-style-type: none"> – Facility was due to mature on 23 December 2017; – Ten Group was currently seeking to secure an amended or new borrowing facility with extended maturity and expanded size; – Size of the new facility to be requested had the potential to be approximately \$250m depending on delivery of cost and revenue initiatives from the transformation plan, renegotiation of Studio contracts and a reduction in licence fees; – Directors consider that the Ten Group is reliant on the provision of sufficient further guarantees by the Shareholder Guarantors and/or new financiers. <p>On 25 May 2017, the Directors appointed Moelis as debt advisor to help consider alternative refinancing proposals.</p> <p>The 9 June 2017 letter from Birketu and Illyria cast some doubt on the Ten Group's ability to repay the Facility. However, the Board were advised that the Facility remained available to them to use in the ordinary course.</p> <p>On 10 June 2017, the Board were advised by Moelis, that there were good prospects of achieving</p>

Insolvency indicator	Present	Date relevant to insolvency	Administrators' comments
			<p>a full refinance of the Facility from alternative financiers prior to the maturity of the Facility.</p> <p>The 12 June 2017 letter from Illyria and Birketu advised that Directors would be pursued personally for compensation if further drawdowns were made under the Facility that had the effect of increasing their actual guarantee exposure.</p>
Access to alternative sources of finance (including equity capital)	No	13 June 2017	<p>Moelis was engaged on 25 May 2017 to progress discussions with parties on alternative refinancing proposals. These discussions were ongoing at 9 June 2017 but were, inter alia, linked to reaching agreement with the Studios. CBS had reached agreement with the Ten Group which was conditional on terms being accepted by Fox. The Board had requested Fox to confirm their acceptance of the proposed new terms by 8am on 13 June 2017. This confirmation was not received by that date.</p> <p>While the efforts of Moelis were in their early stages and no offer capable of acceptance had been received, the Board were advised by Moelis on 10 June and again on 12 June, that a formal process could be run which, subject to agreement being reached with the Studios, was reasonably likely to achieve a full refinance of the Facility prior to its expiry.</p> <p>The documents available to me do not identify any attempt to secure additional equity capital.</p>
Ability to dispose of non-core assets	No	N/A	<p>From the documents provided to me, it is not apparent that any steps were taken by management to sell any non-core assets or that any such assets were available for sale.</p>
Overdue Commonwealth and State taxes	No	N/A	<p>The Administrators have advised that the only liabilities for Commonwealth and State taxes related to the current period.</p>
No forbearance from creditors / legal action threatened or commenced by creditors	No	N/A	<p>I have been advised by the Administrators that there were no statutory demands, writs or winding up applications pending against the Ten Group and that the Ten Group had not entered any payment arrangements with any creditors.</p> <p>The Ten Group had been in ongoing discussions with the Studios to reduce future programming costs. While those discussions progressed the Ten Group adhered to the payment obligations under the existing contracts.</p>

3.5 Solvency timeline



3.6 Preliminary conclusion as to solvency

Having regard to the above analysis, it is my preliminary view that the Ten Group became insolvent on 13 June 2017. At this point in time, the Ten Group was on notice that the Shareholder Guarantors would not continue to support the Facility beyond its maturity date and would hold the Directors personally liable if they failed to prevent drawdowns on the Facility. The Directors had no alternative financing options available to them as of that date and do not appear to have had any other reasonable grounds to expect the Ten Group to be able to remain solvent.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine if the Ten Group became insolvent at that time.

4 Potential liquidator recoveries

This section informs creditors about potential recoveries for insolvent trading and voidable transactions that occurred prior to the appointment of the Administrators, and where property of the Company was disposed of or dealt with, which may be recovered by a liquidator.

4.1 Insolvent trading

4.1.1 Directors' liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, a director could also be imprisoned for up to five years.

This action is not a right that is available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- A person must be a director of a company at a time when the company incurs a debt;
- The company must be insolvent at the time or becomes insolvent by incurring the debt; and
- The director must have reasonable grounds for suspecting that the company is insolvent or would become insolvent.

4.1.2 Directors' defences

The defences available to directors contained in Section 588H are:

- The directors had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred;
- The directors relied on another competent and reliable person to provide information about whether or not the company was insolvent;
- The directors were ill or for some other good reason did not take part in the management of the company; and
- The directors took reasonable steps to prevent the incurring of debt.

4.1.3 Pursuing an insolvent trading claim

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date to quantify the loss to the company.

The costs of proceeding with an insolvent trading action must be considered.

I have been advised by the Ten Group that no agreements were executed by any Ten Group company on Tuesday 13 June 2017 or the long weekend preceding that day (Saturday 10 June to Monday 12 June 2017). The Ten Group has also advised that no liabilities were incurred during that period other than those in the ordinary course of business.

A liquidator, if appointed, would examine any liabilities incurred from 13 June 2017 until the appointment of the Administrators to determine whether there was any basis for a claim for compensation for insolvent trading against the Directors.

4.1.4 Directors' ability to pay a liquidator's claims

I have not made any assessment as to the financial capacity of the Directors to meet any potential liquidator action.

4.1.5 Holding company liability

Section 588V of the Act provides that a holding company may be held liable for the debts of a subsidiary in certain circumstances.

The substantive elements of Section 588V are:

- The corporation is the holding company at the time when the company incurs a debt;
- The subsidiary is insolvent at that time, or becomes insolvent by incurring that debt;
- The holding company, or one or more of its directors, is aware at that time that there are grounds for suspecting the subsidiary is insolvent; or
- Having regard to the nature and extent of the holding company's control of the subsidiary's affairs, then it would be reasonable to expect that:
 - The holding company would be aware of the subsidiary's financial position; or
 - The holding company's directors would also be aware of the subsidiary's financial position.

The defences the holding company may rely upon are set out in Section 588X and are essentially the same as those a director may rely upon under Section 588H.

Furthermore, the Courts have held that, as a defence to such proceedings, a holding company can off-set any claim by a liquidator under Section 588W against monies owing under an intercompany loan account.

For the reasons set out at section 4.1.3, additional work would need to be completed by a liquidator to determine if there is any basis for a claim against Ten Network Holdings Limited as holding company to The Ten Group Pty Limited and its subsidiaries. In any event, I note that the holding company and its main operating subsidiaries are part of a cross-guaranteed group.

4.2 Voidable transactions

A liquidator has the power to void certain transactions which are either not beneficial, or are detrimental, to a company or its creditors. An administrator must identify any transactions that appear to be voidable by a liquidator.

Enclosed at **Annexure C** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to void, which include:

- Unfair preference payments;
- Uncommercial transactions;
- Unfair loans;
- Unreasonable director related transactions;
- Inappropriate related party transactions;
- Creation of circulating security interests within 6 months of commencement of Administration; and
- Transactions for the purpose of defeating creditors.

For the purposes of examining voidable transactions, the Liquidator would review transactions that occurred during the relevant period (as prescribed under the Act), taking into consideration the "relation back day". The relation back day for the Ten Group is 14 June 2017 being the date of appointment of the Administrators.

4.2.1 Unfair preferences

An unfair preference payment is a transaction, generally occurring in the six months prior to the relation back day, between the company and a creditor, resulting in the creditor receiving from the company, in relation to an unsecured

debt owed to the creditor, a greater amount than it would have received in relation to the debt in a winding up of the company. This period is extended up to four years for transactions entered into with a related entity.

A transaction can only be considered an unfair preference if the company was insolvent at the time the transaction took place, or the company became insolvent because of the transaction.

Unfair preference payments are voidable against a liquidator, and further investigations will be undertaken in the liquidation to determine the likelihood of action for the recovery of unfair preference payments being successful. I note that successful action for unfair preference payments includes establishing the date of insolvency, and the costs of pursuing an unfair preference payment can sometimes outweigh the potential returns.

A creditor may be able to defend a claim for an unfair preference payment if it can be proven that:

- They received no benefit because of the transaction; or
- In relation to the benefit received, it was received in good faith; and
 - At the time the benefit was received, they had no reasonable grounds for suspecting that the company was insolvent at that time or would become insolvent; and
 - A reasonable person in their circumstances would have had no such grounds for so suspecting.

Consideration of payments to KordaMentha

In accordance with the Orders, I make the following observations:

- KordaMentha were engaged by Gilbert+Tobin. The engagement letter was dated 3 March 2017 and signed by Gilbert+Tobin on 2 May 2017. KordaMentha completed their work from 7 March 2017 to 13 June 2017.
- The engagement letter provided for the prepayment of \$250,000 which I have been advised was held in the KordaMentha Trust Account and applied in payment of the final invoices rendered by KordaMentha. KordaMentha has advised that the balance of any unbilled time was written off.
- KordaMentha issued thirteen invoices to Gilbert+Tobin between 21 March 2017 and 13 June 2017 totalling \$1,099,151.52 inclusive of GST.
- The board pack for the meeting of Directors held on 21 April 2017 included a summary of invoices received from advisors. That summary included the first five invoices rendered by KordaMentha totalling \$577,998.20 and a notation regarding the \$250,000 prepayment to KordaMentha by the Ten Group.
- In addition, the accounts payable report for Ten Group as at 26 May 2017 disclosed two further invoices payable for work undertaken by KordaMentha in the period 1 to 14 May 2017 in the sum of \$152,407.39.
- Notwithstanding the engagement by Gilbert+Tobin, the invoices for work undertaken by KordaMentha were passed onto and paid directly to KordaMentha by the Ten Group.

Having regard to the preliminary conclusion as to solvency set out at section 3.6, I do not consider that the payments made to KordaMentha by the Ten Group are recoverable by a liquidator as unfair preference payments. However, if the date of insolvency is determined to be a date earlier than 13 June 2017, then further scrutiny of the payments made to KordaMentha would be warranted.

Consideration of payments to Gilbert+Tobin

In accordance with the Orders, I make the following observations:

- Gilbert+Tobin were engaged by the Ten Group to provide general corporate advice from time to time including advice as to Directors' duties and liabilities, assistance with negotiations with certain suppliers and potential recapitalisation or other corporate events generally. The engagement letter was dated 20 May 2014 and signed by the Ten Group on 2 June 2014.
- Gilbert+Tobin issued seven invoices to the Ten Group between 30 November 2016 and 31 March 2017 totalling \$209,100.24 inclusive of GST which were paid by the Ten Group between 15 December 2016 and 30 May 2017.

- In addition, the accounts payable report for Ten Group as at 3 July 2017 disclosed four unpaid invoices for Gilbert+Tobin issued between 30 September 2016 and 28 April 2017 for work undertaken in the period 30 August 2016 to 27 October 2016 and 2 March 2017 to 25 April 2017 in the sum of \$262,252.41.

Having regard to the preliminary conclusion as to solvency set out at section 3.6, I do not consider that the payments made to Gilbert+Tobin by the Ten Group are recoverable by a liquidator as unfair preference payments. However, if the date of insolvency is determined to be a date earlier than 13 June 2017, then further scrutiny of the payments made to Gilbert+Tobin would be warranted.

Consideration of payments to other creditors

A review of the banking records for the Ten Group between 13 June 2017 and the date of the appointment of the Administrators has identified two payments made on 13 June 2017 which may constitute unfair preference payments as follows:

- \$970,931.17 for insurance renewal premiums for certain insurance policies for the year ended 31 May 2018; and
- \$253,000 for programming fees.

A Liquidator, if appointed, would need to undertake further enquiries to ascertain whether these payments did constitute unfair preference payments including whether the creditor could rely on any of the defences set out in section 4.2.1 above.

4.2.2 Uncommercial transactions

An uncommercial transaction is a transaction which a reasonable person in the place of the company would not have entered into, considering the benefits and the detriment to the company, the respective benefits to the other parties involved and any other related matters.

A liquidator must investigate transactions deemed to be uncommercial, in the period two years prior to the date of administration.

Based on the limited books and records in my possession, and having regard to my conclusions as to solvency at section 3.6, I have not identified any transactions which would constitute uncommercial transactions.

4.2.3 Unfair loans

A liquidator must investigate loans to the company which may be considered unfair due to extortionate interest rates or charges.

My investigations have not identified any unfair loans to the Ten Group.

4.2.4 Unreasonable director-related transactions

Section 588FDA of the Act refers to “unreasonable director-related transactions” and requires the liquidator to investigate such transactions, having regard to the detriment to the Company (if any) suffered because of the transaction.

The transaction must have been unreasonable, and entered into during the four years prior to the relation back day, regardless of the solvency at the time the transaction occurred. These can include remuneration, bonuses, loans, loan forgiveness and asset transfers to company officers with the four-year period ending on the relation-back date

Based on the limited books and records in my possession, I have not identified any transactions which would constitute unreasonable director-related transactions.

4.2.5 Voidable charges

A circulating security interest is voidable if the security interest was created during the six months ending on the relation back day, and the security interest was created to secure borrowings that were advanced prior to the creation of the security interest.

My investigations have not identified any voidable charges.

4.3 Summary of potential liquidator recoveries

Based on my conclusion that the Ten Group became insolvent on 13 June 2017, I have identified two payments totalling \$1,223,931.17 that may constitute unfair preference payments to creditors of the Ten Group. No unfair preference payments appear to have been made to KordaMentha or Gilbert+Tobin.

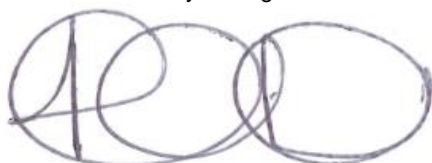
My investigations have not identified any other voidable transactions that may be recoverable by a liquidator for the benefit of creditors.

5 Further information and enquiries

The ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au.

I will advise creditors in writing of any additional matter that comes to my attention after the release of this Report, which in my view is material to creditors' consideration.

Dated this 30th day of August 2017

A handwritten signature in blue ink, appearing to read 'Peter Gothard', written over a set of three overlapping circles.

Peter Gothard
Partner

A – Associated entities

Company name	ACN
The Ten Group Pty Ltd	057 564 708
Network Ten Pty Ltd	052 515 250
Ten Employee Share Plans Pty Ltd	082 736 150
Network Ten (Sydney) Pty Ltd	008 664 962
Network Ten (Melbourne) Pty Ltd	008 664 953
Network Ten (Brisbane) Pty Ltd	050 148 537
Television & Telecasters (Properties) Pty Ltd	050 690 161
Caprice Pty Ltd	008 655 847
Chartreuse Pty Ltd	008 655 874
Network Ten (Adelaide) Pty Ltd	007 577 666
Network Ten (Perth) Pty Ltd	009 108 614
Ten Online Pty Ltd	089 829 667
Ten Ventures Pty Ltd	089 830 759
(All Administrators Appointed) (All Receivers and Managers Appointed except for Ten Employee Share Plans Pty Ltd, Television & Telecasters (Properties) Pty Ltd, Ten Online Pty Ltd and Ten Ventures Pty Ltd)	

B – List of directors

Company name	Directors
Ten Network Holdings Ltd	David Gordon, Peter Tonagh, Andrew Lancaster, Andrew Robb, Debra Goodin
The Ten Group Pty Ltd	David Gordon, Paul Anderson, David Boorman
Network Ten Pty Ltd	David Gordon, Paul Anderson, David Boorman
Ten Employee Share Plans Pty Ltd	Paul Anderson, David Boorman
Network Ten (Sydney) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Network Ten (Melbourne) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Network Ten (Brisbane) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Television & Telecasters (Properties) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Caprice Pty Ltd	David Gordon, Paul Anderson, David Boorman
Chartreuse Pty Ltd	David Gordon, Paul Anderson, David Boorman
Network Ten (Adelaide) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Network Ten (Perth) Pty Ltd	David Gordon, Paul Anderson, David Boorman
Ten Online Pty Ltd	Paul Anderson, David Boorman
Ten Ventures Pty Ltd	Paul Anderson, David Boorman

Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437C	Performing or exercising a function or power as an officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.



To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Appendix 12 - Draft Deed of Company Arrangement



Draft: 4 September 2017

Mark Korda, Jenny Nettleton and Jarrod Villani in
their capacity as joint and several deed
administrators of the Deed Companies

The companies listed in **schedule 1**

CBS International Television Australia Pty Ltd

Deed of Company Arrangement

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Date

Parties

Mark Korda, Jenny Nettleton and Jarrod Villani, in their capacity as joint and several deed administrators of the Deed Companies of C/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, email: jnettleton@kordamentha.com (attention: Jennifer Nettleton), telephone: +61 2 8257 3000 (**Trustees**)

The companies listed in schedule 1 of C/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, email: jnettleton@kordamentha.com (attention: Jennifer Nettleton), telephone: +61 2 8257 3000 (**Deed Companies**)

CBS International Television Australia Pty Ltd of Level 4, Kyle House, 27-31 Macquarie Place, Sydney NSW 2000, email: stephen.white@cbs.com (attention: Stephen White), telephone: +61 2 9274 4444 (**Deed Proponent**)

Background

- A On 14 June 2017, Mark Korda, Jenny Nettleton and Jarrod Villani were appointed as administrators of the Deed Companies pursuant to Part 5.3A of the Corporations Act.
- B The Deed Proponent proposed a deed of company arrangement in respect of the Deed Companies under which the Deed Proponent has agreed to make available \$32m for creditors of the Deed Companies pursuant to a Creditors' Trust conditional upon orders being made by the Court to transfer all of the shares in TNHL to the Deed Proponent pursuant to the Section 444GA Order.
- C At meetings held on 12 September 2017 and convened pursuant to section 439A of the Corporations Act, the Creditors of each of the Deed Companies resolved that the company execute the deed of company arrangement proposed by the Deed Proponent under section 444B(2)(b) of the Corporations Act.
- D The Deed Companies, the Deed Administrators, and the Deed Proponent have agreed to execute this Deed to give effect to the resolution in recital C.
- E The Deed Administrators have consented to be the administrators of this Deed.
- F Subject to the terms of this Deed, this Deed binds all creditors of the Deed Companies, in accordance with section 444D of the Corporations Act and also binds the Deed Companies, and their Officers and Members in accordance with section 444G of the Corporations Act.

Agreed terms

1 Definitions and interpretation

1.1 Definitions

The meaning of the terms used in this Deed are set out below:

Administration Liabilities	All amounts, debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments in respect of which the Administrators and Deed Administrators are entitled to be indemnified under clause 16.2 .
Administration Period	The period of time commencing on the Appointment Date and concluding on the Commencement Date.
Administrators	Jointly and severally, Mark Korda, Jenny Nettleton and Jarrod Villani in their capacity as administrators of the Deed Companies and any successor to that office appointed pursuant to the Corporations Act.
Alternative Asset Sale Conditions Precedent	Satisfaction of all conditions precedent (if any) to the Alternative Asset Sale Contract.
Alternative Asset Sale Contract	A contract for the sale of Assets on the terms provided for under the agreement referred to at clause 5.3(b) .
Appointment Date	14 June 2017.
ASIC	The Australian Securities and Investment Commission.
ASIC Relief	Such exemptions and modifications from Chapter 6 of the Corporations Act granted by ASIC pursuant to section 655A of the Corporations Act as are necessary to permit the transfer the TNHL Shares to the Deed Proponent.
Assets	All the undertakings, property and assets of the Deed Companies.
Business Day	Any day other than a Saturday, Sunday, public holiday or bank holiday in New South Wales, Australia, New York or Amsterdam.
Claim	A debt payable by, and all claims against a Deed Company (present or future, certain or contingent, ascertained or sounding only in damages), being a debt or claim that would be admissible to proof against any Deed Company in accordance with Division 6 of Part 5.6 of the Corporations Act, as if that Deed Company had been wound up and the

winding up was taken to have commenced on the Appointment Date, and, but for the operation of section 553B of the Corporations Act, any fine or penalty to which the Deed Company is subject or liable to be subject arising out of circumstances occurring prior to the Appointment Date.

‘Claim’:

- (a) includes a Claim of a Secured Creditor; but
- (b) does not include an Excluded Claim.

Commencement Date	The date that this Deed is executed by the Administrators, the Deed Companies and the Deed Proponent.
Committee	The Committee of Inspection referred to in clause 14 .
Completion	Completion of the implementation steps in clauses 11.1 and 11.2 .
Conditions Precedent	Each of the conditions in clause 5.1 .
Controller	Has the same meaning as in the Corporations Act.
Corporations Act	The <i>Corporations Act 2001 (Cth)</i> .
Costs	Includes costs, charges, fees, government charges, taxes and expenses, including those incurred in connection with advisers, incurred in connection with the performance of the Administrator’s and Deed Administrators’ duties, obligations and responsibilities under the Corporations Act and the Deed during the Administration Period and the Deed Period but does not include Administration Liabilities.
Court	The Federal Court of Australia.
Creditor	Any person who would have been entitled to prove in a winding up of a Deed Company, if the Deed Companies had been wound up and the winding up was taken to have commenced on the Appointment Date.
Deed	This deed of company arrangement as amended from time to time.
Deed Administrators	Jointly and severally, Mark Korda, Jenny Nettleton and Jarrod Villani in their capacity as administrators of the Deed and any successor to that office appointed pursuant to the Corporations Act.
Deed Company	Each of the companies set out in schedule 1 .
Deed Period	The period commencing on the Commencement Date and ending on the Termination Date.
Directors	The directors of the Deed Companies from time to time.

Employee	Any current or former employee of a Deed Company.
Employee Entitlement	The Claim of any Employee that would rank for payment in priority to the payment of other unsecured Claims under section 556 of the Corporations Act if the relevant Deed Company was taken to be in liquidation on the Appointment Date.
Encumbrance	<p>Any:</p> <ul style="list-style-type: none"> (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any 'security interest' as defined in sections 12(1) or (2) of the PPSA; or (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment, or any agreement to create any of them or allow them to exist.
Enforcement Process	Has the same meaning as in the Corporations Act.
Excluded Claim	<p>Any:</p> <ul style="list-style-type: none"> (a) Insured Claim; (b) an Intra-Group Claim; (c) Claim (as that term is defined, but for the exception of Excluded Claim) in respect of which the Creditor has agreed in writing with the Administrators or Deed Administrators not to participate in distributions from the Trust Fund; or (d) Claim (as that term is defined, but for the exception of Excluded Claim) arising under an Excluded Contract, but does not include a Excluded Contract Pre-appointment Claim.
Excluded Contract	Any contract set out in schedule 2 , or any other contract which the Deed Administrators agree in writing is an

Excluded Contract, provided that prior to Completion:

- (a) the Creditor has not exercised any right to terminate the relevant contract or any other default right arising as a consequence of the appointment of the Administrators to a Deed Company, or any other insolvency event in respect of the Deed Company, or otherwise; and
- (b) if the Creditor has a right to terminate the relevant contract, the Creditor has waived or waives at or by Completion any event of default or breach by the relevant Deed Company which occurred on or prior to the Commencement Date or which may occur during the Deed Period or as a result of Completion insofar as the Creditor would be entitled to terminate the contract or claim any liquidated or unliquidated amount by way of damages or compensation.

Excluded Contract Pre-appointment Claim

A Claim (as that term is defined, but for the exception of Excluded Claim) under an Excluded Contract for an amount that:

- (a) is payable in respect of program content delivered and broadcast by the Deed Companies prior to the Appointment Date;
- (b) relates to goods or services supplied prior to the Appointment Date; or
- (c) was due and owing prior to the Appointment Date, other than by CBS International Television Australia Pty Ltd, CBS Broadcasting, Inc., or Showtime Distribution B. V.

Excluded Creditor

A Creditor in respect of an Excluded Claim.

Excluded Superannuation Debt

A Superannuation Debt (as defined in **clause 11.5(a)**) in respect of which the Deed Administrators make a determination under **clause 11.5(a)**.

FATA

The *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Fund Amount

The sum of the Pool A Amount, the Pool B Amount, the Pool C Amount and the Pool D Amount, being \$32 million.

Implementation Date

The fifth Business Day (or such other period as is agreed in writing by the parties to this Deed) after the earlier of:

- (a) the satisfaction, or waiver by the Deed Proponent, of all of the Conditions Precedent;
- (b) the satisfaction, or waiver by the Deed Proponent, of all of the Alternative Asset Sale Conditions Precedent.

Insolvency

Has the meaning of that term in the Corporations Act

Practice Rules

Insolvency Practice Schedule Has the meaning of that term in the Corporations Act

Insured Claim A Claim (as that term is defined, but for the exception of Excluded Claim) which a Creditor has against a Deed Company, which would have been entitled to priority in a liquidation of the Deed Company under section 562 of the Corporations Act, where:

- (a) the Claim is not otherwise an Excluded Claim;
- (b) that Deed Company is insured against that Claim under a contract of insurance (not being a contract of reinsurance) entered into before the Appointment Date; and
- (c) an amount in respect of that Claim would be payable by the insurer to the Deed Company under the contract of insurance,

but only to the extent of such part of the Claim as would be discharged by the payment from the insurer and provided that the Creditor complies with the requirements of **clause 10** in connection with such claim.

Intra-Group Claim Any Claim (as that term is defined, but for the exception of Excluded Claim) which a Deed Company has against any other Deed Company.

Legal Personal Representative A trustee or executor appointed to the Deed Administrators upon death, incapacity, insanity or any combination of them.

Member Has the meaning given to that term in section 9 of the Corporations Act.

New Shareholder The Deed Proponent or another entity owned by the Purchaser or its affiliates notified by the Deed Proponent to The Receiver no later than five Business Days prior to the Implementation Date.

Non-Participating Creditors A Creditor which is one of the following (other than to the extent that they have an Excluded Contract Pre-appointment Claim):

- (a) the Excluded Creditors;
- (b) the Subordinated Creditors; or
- (c) any Creditor in respect of a Claim that would have been an Excluded Claim had that Creditor satisfied the proviso set out in the definition of 'Excluded Contract',

(and is a "Non-Participating Creditor" only to the extent of,

and in respect of, any Excluded Claim or a Claim of the kind referred to in paragraph (c) above, and not in respect of any other Claim).

Officer	Has the meaning as defined in section 9 of the Corporations Act.
Owner	Any person who is the legal or beneficial owner (including a lessor) of property in the possession of a Deed Company as at the Appointment Date.
Pool A Amount	Has the meaning given to that term in the Trust Deed.
Pool B Amount	Has the meaning given to that term in the Trust Deed.
Pool C Amount	Has the meaning given to that term in the Trust Deed
Pool D Amount	Has the meaning given to that term in the Trust Deed.
PPSA	The <i>Personal Properties Securities Act 2009</i> (Cth).
Receivers	Christopher Clarke Hill, Philip Partick Carter and David Laurence McEvoy in their capacity jointly and severally as receivers and managers of TNHL.
Record Date	The second Business Day after the satisfaction or waiver of all of the Conditions Precedent in clause 5.1 or such other date as is agreed in writing by the Deed Administrators and the Deed Proponent.
Regulations	The <i>Corporations Regulations 2001</i> (Cth).
Related Body Corporate	Has the meaning that 'related body corporate' has in the Corporations Act.
Remuneration	The remuneration payable to the Administrators or Deed Administrators for work performed by them, their partners, employees or agents with respect to acting as administrators of the Deed Companies or as administrators of this Deed as determined in accordance with clause 14.1 of this Deed and section 449E of the Corporations Act or Division 60 of the Insolvency Practice Schedule (as applicable).
Section 439C Resolution	The resolution referred to in recital C .
Section 444GA Application	The application to be commenced in Court by the Deed Administrators to seek leave of the Court pursuant to section 444GA(1)(b) of the Corporations Act for the transfer of the TNHL Shares to the New Shareholder.
Section 444GA Order	An order of the Court granting the leave sought in the Section 444GA Application.
Secured Creditor	Any Creditor with the benefit of a Security Interest at the

	Appointment Date over all or any Assets of a Deed Company securing all or any part of the Creditor's Claim.
Security Interest	Any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment which provides for and secures the payment of any debt or monetary liability or the performance of any obligation and any 'security interest' as defined in sections 12(1) or (2) of the PPSA.
Share Register	The share register of TNHL
Subordinated Claim	A Claim which is a 'subordinate claim' as defined in section 563A of the Corporations Act (as if references to 'the company' in that definition were references to 'a Deed Company'), except to the extent that that Claim is also an Insured Claim (in which case, for the purposes of this Deed and only to the extent that the Creditor is able to obtain payment from an insurer in accordance with clause 9 of this Deed, the Claim will be treated as an Insured Claim).
Subordinated Creditor	A Creditor in respect of and to the extent of that Creditors' Subordinated Claim.
Sunset Date	15 December 2017 or such other date as agreed between the Transaction Parties
Termination Date	The date upon which the Deed is terminated.
TNHL	Ten Network Holdings Limited (Administrators Appointed) (Receivers and Managers Appointed).
TNHL Shareholders	The holders of the TNHL Shares as at the Record Date.
TNHL Shares	All of the shares in TNHL.
Transaction	The transaction between the Transaction Parties pursuant to which, inter alia, the Deed Proponent has agreed to make available \$32 million for creditors of the Deed Companies pursuant to a Creditors' Trust conditional upon orders being made by the Court to transfer all of the shares in TNHL to the Deed Proponent pursuant to the Section 444GA Order.
Transaction Parties	TNHL, Network Ten Pty Limited (Administrators Appointed)(Receivers and Managers Appointed), the Receivers, the Administrators, the Deed Proponent, and CBS Studios, Inc.
Trust	The Ten Group Creditors' Trust to be established under the Trust Deed.

Trust Creditors	All the Creditors other than the Non-Participating Creditors.
Trust Deed	The trust deed to be entered into between the Deed Companies, and the Deed Administrators in their capacity as joint and several deed administrators of the Deed Companies substantially in the form of that contained in schedule 3 , which creates the Trust.
Trust Fund	Has the same meaning as under the Trust Deed.
Trustees	The trustees of the Ten Group Creditors' Trust established under the Trust Deed.

1.2 Interpretation

In the Deed, unless the subject or context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this Deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Deed will be construed adversely to a party because that party was responsible for the preparation of this Deed or that provision;

- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Deed (including an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Corporations Act, Regulations, the Insolvency Practice Schedule, or the Insolvency Practice Rules, this Deed prevails to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of the Deed Companies and any other obligation binding on the Deed Companies, the provisions of this Deed prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which will be borne by the Deed Companies.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, that act, matter or thing will be done on the immediately succeeding Business Day.

1.6 Bar to Claims

As and from the Implementation Date, this Deed may be pleaded and tendered by:

- (a) the Deed Companies against any person having or asserting a Claim released, discharged and extinguished by **clause 7.4**; and
- (b) the recipient of any release or covenant contained in this Deed, as an absolute bar and defence to any legal proceeding brought or made at any time in respect of a claim, release or covenant as the case may be.

1.7 Exclusion of Prescribed Provisions

The prescribed provisions contained in Schedule 8A of the Regulations do not apply to this Deed.

1.8 Required Provisions

To the extent that the Corporations Act requires any provision to be included in this Deed which is not expressly included in this Deed, such provision will be

deemed to be included in this Deed, and all persons bound by this Deed agree to sign all documents and do all things necessary to include such a provision in this Deed, the costs of which will be borne by the Deed Companies.

2 The objectives of the arrangement

The objectives of the arrangement set out in this deed are to establish a single trust fund from which certain creditors of the Deed Companies can be paid through the Trust.

3 Operation

3.1 Commencement Date

This Deed will commence and take effect on the Commencement Date.

3.2 Interim Effect

To the extent that a person would be bound by this Deed if it had already been executed, the person must not, at any time after the Section 439C Resolution is passed but before this Deed is executed, do anything inconsistent with the terms of this Deed, except with the leave of the Court.

4 Execution by all Parties

- (a) This Deed is subject to and conditional upon the execution of this Deed by each person named as a party to it.
- (b) If as a result of a failure by the Deed Proponent to execute this Deed, this Deed has not come into full force and effect on or prior to the expiration of 15 Business Days (or such further period as the Court allows) after the Section 439C Resolution is passed, then this Deed will terminate automatically.
- (c) The Administrators must execute this Deed on or prior to the expiration of 15 Business Days (or such further period as the Court allows) after the Section 439C Resolution is passed.
- (d) If the Administrators do not execute this Deed within the period specified in **clause 4(c)**, the Administrators consent to the grant of injunctive relief to enforce the Administrators' obligations under that clause.

5 Conditions Precedent

5.1 Conditions Precedent to Completion

The operation of **clause 11** is conditional upon all of the following events taking place by the Sunset Date (or such later date as may be agreed between the Deed Proponent and the Deed Administrators):

- (a) each of the following conditions have been satisfied or waived by agreement in writing of the Transaction Parties:

- (i) **FIRB:** Either:
 - (A) the Deed Proponent has received a written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the Transaction (whether unconditionally or subject to conditions acceptable to the Deed Proponent, acting reasonably); or
 - (B) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the Transaction under the FATA; or
 - (C) if an interim order is made under the FATA in respect of the Transaction, the subsequent period for making a final order prohibiting the transfer of shares in TNHL without a final order being made;
- (ii) **ASIC and ASX:** ASIC and ASX Limited or the Australian Securities Exchange (as required) have issued or provided such consents or approvals or done such other acts which the parties agree in writing are reasonably necessary or desirable to implement the Transaction, including the ASIC Relief; and
- (iii) **Deed:** the Deed has been executed by all parties to it, and the Deed Administrators have obtained the Section 444GA Order; and
- (b) the Deed Administrators and the Deed Companies execute the Trust Deed.

5.2 Obligation to satisfy Conditions Precedent

To the extent that it is within the relevant party's control, that party must use reasonable endeavours to ensure that the Conditions Precedent are satisfied.

5.3 Consequence of non-satisfaction of the Conditions Precedent

If by the Sunset Date:

- (a) each of the Conditions Precedent is not satisfied by the Sunset Date (or such later date as may be agreed between the Deed Proponent and the Deed Administrators) or (in the case of the Condition Precedent in **clause 5.1(a)**) waived by the Deed Proponent giving written notice to the Deed Administrators identifying the condition or conditions it waives; or
- (b) the Transaction Parties have not entered into an agreement:
 - (i) providing for the sale and transfer of some or all of the Assets;
 - (ii) providing for the payment of the Fund Amount on substantially the same terms as set out in this Deed; and
 - (iii) otherwise substantially on the same terms as set out in this Deed and the Trust Deed, including the treatment of the Trust Creditors and the Excluded Creditors,

the Deed Proponent will cease to be bound by this Deed and the Deed Administrators will convene a meeting of Creditors to determine the future of the Deed Companies.

6 The Officers and Members

6.1 Effect of the Deed on Officers of the Deed Companies

- (a) During the Deed Period, unless authorised in writing by the Deed Administrators, the Directors and Officers of the Deed Companies cannot perform or exercise, and must not purport to perform or exercise, a function or power as an Officer of the Deed Companies.
- (b) During the Deed Period, the Directors must:
 - (i) co-operate with and assist the Deed Administrators in the performance by the Deed Administrators of their obligations under this Deed;
 - (ii) carry out and perform such operations, functions, powers and other matters as may be delegated to them by the Deed Administrators; and
 - (iii) perform their obligations pursuant to the Deed.

6.2 Effect of this Deed on Members

Other than as provided in **clauses 11.2(a)(i) and 8(d)**, as and from the Commencement Date and until the Termination Date, any Member of the Deed Companies and any Creditor holding any Encumbrance over any shares in a Deed Company (including the TNHL Shares) must not, without the prior written consent of the Deed Administrators:

- (a) transfer or deal with any shares in a Deed Company (including the TNHL Shares); or
- (b) exercise shareholder rights over any shares in a Deed Company (including the TNHL Shares) in a way that is contrary to the objects of this Deed.

7 Moratorium and Release

7.1 Binding Effect

The Deed binds:

- (a) in accordance with section 444D of the Corporations Act, all Creditors who have a Claim; and
- (b) in accordance with section 444G of the Corporations Act, the Deed Companies, their Officers and Members and the Deed Administrators.

7.2 No Limitation

Nothing in the Deed limits the rights in law or equity of the Deed Administrators:

- (a) to make an application under section 444F of the Corporations Act; or
- (b) to apply for orders or directions pursuant to the Corporations Act (including, without limitation, section 447A(1) or section 447D of the Corporations Act or 90-15 of the Insolvency Practice Schedule).

7.3 Moratorium

During the Deed Period and subject to **clause 10** in relation to Insured Claims, no Creditor, in relation to that Creditor's Claim, Officer or Member may:

- (a) make or proceed with an application for an order to wind up the Deed Companies;
- (b) institute, revive or continue any action, suit, arbitration, mediation or proceeding against the Deed Companies or in relation to the property of the Deed Companies;
- (c) institute, revive or continue with any Enforcement Process against the property of the Deed Companies;
- (d) take any action whatsoever to seek to recover any part of its Claim;
- (e) exercise any right of set off or defence, cross claim or cross action to which that Creditor would not have been entitled had the Deed Companies been wound up on the Appointment Date;
- (f) commence or take any further step in any arbitration against the Deed Companies or to which the Deed Companies are a party in relation to any matter arising or occurring before the Appointment Date;
- (g) in the case of a Secured Creditor, enforce its Security or take possession, sell or otherwise recover property subject to its Security; or
- (h) otherwise enforce any right it may have or acquire.

7.4 Release Upon Completion

Subject to **clause 7.7**, each Creditor agrees that on Completion, its Claims are extinguished and released.

7.5 Execution of all necessary documents

Each Creditor must, if required by the Deed Companies or the Deed Administrators, execute any document that the Deed Companies or a Deed Administrator may require from time to time to give effect to the releases in **clause 7.4**.

7.6 Bar to Claims

Subject to section 444D of the Corporations Act, this Deed may be pleaded by the Deed Companies or the Deed Administrators against any person having a Claim against the Deed Companies as an absolute bar and defence to any legal proceeding brought at any time in respect of that Claim.

7.7 Conversion of Claims

- (a) Subject to **clause 7.8**, the Deed Administrators and the Creditors agree that, upon all Claims being released pursuant to **clause 7.4**, each Trust Creditor who had a Claim, will be entitled to make a claim against the

Trust Fund, in accordance with the Trust Deed, which is equal in amount to their released Claim.

- (b) Each Creditor accepts their right to prove under the Trust Deed against the Trust Fund in full satisfaction and complete discharge of all Claims which they have or claim to have against the Deed Companies as at the Appointment Date.

7.8 Non-Participating Creditors

The Non-Participating Creditors are not entitled to participate in or receive any distribution from, and will not prove to recover any Claim for the purposes of, or in relation to, the Trust Fund, other than in respect of an Excluded Contract Pre-appointment Claim.

8 Secured Creditors

- (a) Nothing in this deed will restrict the right of a Secured Creditor to realise or otherwise deal with its security to the extent permitted by section 444D(2) of the Corporations Act.
- (b) Subject to **clause 8(c)**, each Secured Creditor who votes in favour of the Section 439C Resolution will be subject to the restrictions in **clause 7.3** and must not do anything to permit, procure or facilitate any security trustee for that Secured Creditor to do anything inconsistent with the restrictions in **clause 7.3**.
- (c) The restrictions in **clause 7.3** will cease to apply to a Secured Creditor who votes in favour of the Section 439C Resolution on the earliest to occur of the following:
 - (i) the conditions in **clause 5.1** are not satisfied within the period referred to in **clause 5.3**; and
 - (ii) the termination of this Deed for any reason prior to Completion.
- (d) For the avoidance of doubt, any party advancing funds on a secured basis after the Appointment Date for the purposes of the Transaction is not a Creditor for the purpose of this Deed.

9 Owners of Property in the possession of a Deed Company

- (a) Nothing in this Deed will restrict a right that an Owner who does not vote in favour of the Section 439C Resolution has in relation to the property of that Owner under section 444D(3) of the Corporations Act.
- (b) An Owner of property in the possession of a Deed Company who is an Excluded Creditor in relation to the lease or other agreement affecting the relevant property and who votes in favour of the Section 439C Resolution waives any event of default or breach by the relevant Deed Company of any agreement to which that Deed Company and the Owner

is a party which occurred on or prior to the Commencement Date or which may occur during the Deed Period, insofar as the Owner would be entitled to terminate the agreement or take possession of or otherwise recover the property the subject of the agreement.

10 Insured Claims

10.1 Rights of Creditors who have Claims covered by insurance

If insurance is held by or on behalf of the Deed Company in respect of an Insured Claim:

- (a) the Creditor may, in relation to its Insured Claim and notwithstanding that Completion has occurred, take action to recover the amount due in respect of the Claim against the Deed Company, but such action must not exceed what is necessary to obtain payment from the insurer;
- (b) to the extent that the Creditor is able, by settlement, arbitral award or judgment, to obtain payment from the insurer on account of the Claim, the Creditor may retain that amount in full satisfaction of its right to receive a distribution from the Trust Fund in respect of that Claim;
- (c) the Deed Company is not required to provide assistance to a Creditor in relation to a Claim under this clause or take any action in response to enforcement action taken by a Creditor in accordance with this clause; and
- (d) where a Creditor intends to take enforcement action in relation to a Claim under this clause:
 - (i) the Creditor must, prior to taking any enforcement action in relation to the Claim, provide the Deed Company with an indemnity in the form of **schedule 4 (Creditor Indemnity)** prior to, or during, any enforcement action in relation to the Claim;
 - (ii) if requested by the Deed Company, provide the Deed Company with evidence, to the reasonable satisfaction of the Deed Company, that the Creditor will be (and will continue to be) in a financial position, or have access to sufficient funds, to enable it to satisfy the Creditor Indemnity; and
 - (iii) the Deed Company may plead this Deed as a bar to any enforcement action taken by a Creditor in relation to the Claim in circumstances where the Creditor has not, prior to commencing that enforcement action, given the Creditor Indemnity referred to in **clause 10.1(d)(i)** to the Deed Company.

10.2 Release of Insured Claims where payment not obtained from insurer

To the extent that the Creditor is unable to seek or obtain payment on account of its Insured Claim from the insurer (including, without limitation, by reason of any excess or deductible applicable to the insurance policy, or failure by the

Deed Company to take action) this Deed operates as a complete release and bar to that part of the Creditor's Claim which has not been met by the insurer.

11 Implementation

11.1 Payment of Fund Amount

On the Implementation Date, the Deed Proponent must pay the Fund Amount at the direction of the Deed Administrators to the Trustees to be administered under the Trust as the Trust Fund.

11.2 Transfer of TNHL Shares

- (a) In the event of the satisfaction of the Conditions Precedent in accordance with **clause 5.1** and subject to **clause 11.1** having been complied with, on the Implementation Date, the Deed Administrators must, pursuant to the Section 444GA Order, transfer the TNHL Shares to the New Shareholder free from any Encumbrance or Security Interest; by:
- (i) delivering to the New Shareholder duly completed share transfers, executed on behalf of the TNHL Shareholders by the Deed Administrators, for registration (**Share Transfers**);
 - (ii) the New Shareholders duly executing the Share Transfers, attending to the stamping of the Share Transfers (if required) and delivering the Share Transfers to the Deed Administrators for registration; and
 - (iii) immediately following receipt of the executed Share Transfers from the New Shareholder, entering, or procuring the entry of, the name of the New Shareholder in the Share Register in respect of all the Shares transferred to the New Shareholder in accordance with this Deed.
- (b) In the event of the satisfaction of the Alternative Asset Sale Conditions Precedent, the Deed Companies must complete the transfer of the Assets as provided for in the Alternative Asset Sale Contract.

11.3 Implementation steps to be simultaneous as far as possible

- (a) The actions to take place as contemplated by **clauses 11.1** and **11.2** are interdependent and must take place, as nearly as possible, simultaneously.
- (b) If any of the implementation steps in **clauses 11.1** and **11.2** is not completed, the parties must take such actions and steps as are necessary to put each of the parties in the same position as if none of the implementation steps in **clauses 11.1** and **11.2** had occurred.

11.4 Trust Creditors' available assets

The only property of the Deed Companies that is available to pay the Trust Creditors' Claims is the assets of the Trust Fund.

11.5 Consistency with the Corporations Act

- (a) For the purposes of section 444DA of the Corporations Act, any Employee will retain a priority until Completion in respect of the assets of the Deed Companies under the Deed Administrators' control, and thereafter, in respect of the assets of the Trust Fund at least equal to that they would have been entitled to if the property of the Deed Companies had been applied in accordance with sections 556, 560 and 561 of the Corporations Act.
- (b) For the purposes of section 444DB of the Corporations Act, the Deed Administrators (in their capacity as Trustees) must determine that a debt (or part thereof) by way of superannuation contribution (**Superannuation Debt**) is not admissible to proof as a Trust Creditor Claim if:
 - (i) that debt (or that part of the debt) by way of superannuation guarantee charge:
 - (A) has been paid; or
 - (B) is, or is to be admissible against the Deed Companies; and
 - (ii) the Deed Administrators are satisfied that the superannuation guarantee charge is attributable to the Superannuation Debt.
- (c) If the Deed Administrators make a determination in accordance with **clause 11.5(a)**, the Superannuation Debt is to be treated as extinguished as against the Deed Companies.

12 Deed Administrators' Appointment

12.1 Appointment

The Deed Administrators are appointed joint and several administrators of the Deed.

12.2 Acceptance of Appointment

The Deed Administrators:

- (a) accept the appointment as administrators of the Deed; and
- (b) agree to act as administrators of the Deed during the Deed Period or until the Deed Administrators retire or are removed from office in accordance with the Deed or the Corporations Act.

12.3 Deed Administrators are agents

In exercising the powers conferred by the Deed and carrying out the duties arising under the Deed, the Deed Administrators will act as agent for and on behalf of the Deed Companies.

12.4 Management

- (a) The Deed Administrators will retain day to day management and control of the Deed Companies until the Termination Date to the exclusion of the Directors of the Deed Companies.

- (b) Until Completion or the earlier termination of this Deed, the Deed Administrators must continue to manage the Deed Companies in the ordinary course of business and must not dispose of any asset other than in the ordinary course of business provided that nothing in this clause will require the Deed Administrators to incur any expense or liability unless they are satisfied that they will be adequately indemnified under **clause 16** in respect of that expense or liability.

12.5 Joint and several

The rights, powers and privileges of the Deed Administrators may be exercised by them jointly and severally.

12.6 Deed Administrators' resignation

Any Deed Administrator may resign at any time by giving not less than 14 days' prior written notice to the Deed Companies unless that resignation would result in there being no remaining Deed Administrator in which event the Deed Administrator must:

- (a) convene meetings of Creditors of each of the Deed Companies in accordance with **clause 17(a)** for the purpose of nominating a replacement deed administrator;
- (b) assign to a replacement deed administrator nominated by the Creditors the Deed Administrators' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in **clause 12.6(b)**.

13 Powers of the Deed Administrators

13.1 General Powers

Subject to **clause 12.4**, the Deed Administrators are entitled to exercise all the rights, powers, privileges, authorities and discretions which are conferred by the Deed Companies' constitutions or otherwise by law on the Deed Companies' Directors to the exclusion of the Deed Companies' Directors, provided that the Deed Administrators will not be responsible for such statutory obligations that may continue to be imposed on the Directors of the Deed Companies during the Deed Period.

13.2 Additional Powers

Without limiting the powers in **clause 13.1**, and for the purpose only of administering this Deed, the Deed Administrators have the following powers:

- (a) to remove from office a Director;
- (b) to appoint a person as a director of the Deed Companies, whether to fill a casual vacancy or not;
- (c) to enter upon or take possession of the property of the Deed Companies;
- (d) to lease or let on hire property of the Deed Companies;
- (e) to insure property of the Deed Companies;

- (f) to insure the Deed Administrators for actions taken during the Deed Period;
- (g) to repair or renew property of the Deed Companies;
- (h) to call in, collect or convert into money the property of the Deed Companies;
- (i) to administer the assets available for the payment of Claims in accordance with the provisions of this Deed;
- (j) to borrow and grant security;
- (k) to bring, prosecute and defend in the name and on behalf of the Deed Companies or in the name of the Deed Administrators any actions, suits or proceedings;
- (l) to refer to arbitration any question affecting the Deed Companies;
- (m) to resolve any dispute of any nature commercially;
- (n) to make payments to any secured creditor of the Deed Companies and any person who is an Owner;
- (o) to convene and hold meetings of the Members or Creditors of the Deed Companies for any purposes the Deed Administrators think fit;
- (p) for the purpose of giving effect to the sale and recapitalisation of the Deed Companies, novate, release, repudiate, terminate or disclaim in writing all contracts (except Excluded Contracts) entered into by the Deed Companies;
- (q) to appoint agents to do any business or to attend to any matter or affairs of the Deed Companies that the Deed Administrators are unable to do, or that it is unreasonable to expect the Deed Administrators to do, in person;
- (r) to engage or discharge employees on behalf of the Deed Companies;
- (s) to appoint a solicitor, accountant or other professionally qualified person to assist the Deed Administrators;
- (t) to permit any person authorised by the Deed Administrators to operate any account in the name of the Deed Companies;
- (u) to do all acts and execute in the name and on behalf of the Deed Companies all deeds, receipts and other documents, using the Deed Companies' common or official seal when necessary;
- (v) subject to the Bankruptcy Act 1966, to prove in the bankruptcy of any contributory or debtor of the Deed Companies or under any deed executed under that act;
- (w) subject to the Corporations Act, to prove in the winding up of any contributory or debtor of the Deed Companies or under any scheme of arrangement entered into, or deed of company arrangement executed, under the Corporations Act;

- (x) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of the Deed Companies;
- (y) to take out letters of administration of the estate of a deceased contributory or debtor, and do any other act necessary for obtaining payment of any money due from a contributory or debtor, or the estate of a contributory or debtor, that cannot be conveniently done in the name of the Deed Companies;
- (z) to defend any application for the winding up of the Deed Companies;
- (aa) to control the Deed Companies' business, property and affairs;
- (bb) to carry on the business of the Deed Companies on such terms and conditions and for such purposes and times and in such manner as the Deed Administrators think fit subject only to the limitations imposed by this Deed;
- (cc) to perform any function and exercise any power that the Deed Companies or any of their Officers could perform or exercise if the Deed Companies were not subject to this Deed;
- (dd) to compromise any Claims brought by or against the Deed Companies on such terms as the Deed Administrators think fit and to take security for the discharge of any debt forming part of the property of the Deed Companies;
- (ee) in accordance with the Section 444GA Order, to transfer shares in TNHL;
- (ff) to do anything that is incidental to exercising a power set out in this clause; and
- (gg) to do anything else that is necessary or convenient for the purpose of administering this Deed.

13.3 Solicitors and Consultants

- (a) The Deed Administrators may engage solicitors and consultants, and the Deed Companies will pay all costs of any solicitors and consultants engaged by the Deed Administrators.
- (b) The Deed Administrators may delegate their powers under this **clause 13** including by way of appointing agents and authorises such agents to act on behalf of the Deed Administrators or the Deed Companies.

13.4 No Personal Liability

- (a) Subject to the Corporations Act and to the extent permitted by law, in the performance or exercise, or purported performance or exercise, of any of the Administrators' functions, powers and duties in the Administration Period, the Deed Administrators will not be personally liable for:
 - (i) any debt, liability or other obligation which the Administrators may incur on behalf of any of the Companies; or

- (ii) any loss or damage caused by any act, default or omission by the Administrators or on behalf of the Administrators in the performance of the Administrators' powers, functions and duties.
- (b) Subject to the Corporations Act, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrators' functions, powers and duties under this Deed, the Deed Administrators will not be personally liable for:
 - (i) any debt, liability or other obligation which the Deed Administrators may incur on behalf of any of the Deed Companies pursuant to this Deed; or
 - (ii) any loss or damage caused by any act, default or omission by the Deed Administrators or on behalf of the Deed Administrators in the performance of the Deed Administrators' powers, functions and duties under this Deed.

13.5 Calling for proofs of debt and particulars of claims

The Deed Administrators may exercise any of the powers conferred on the Trustees by **clause 6.3** of the Trust Deed for the purpose of commencing the process for the adjudication of Claims under the Trust Deed, which exercise will be treated for all purposes under the Trust Deed as if those powers had been exercised by the Trustees after the commencement of the Trust.

14 Committee of Inspection

- (a) For the purposes contemplated by this Deed, and to assist the Deed Administrators, the Creditors of the Deed Companies may resolve to form a Committee of Inspection in accordance with subsection 80-15 of the Insolvency Practice Schedule.
- (b) The Committee of Inspection will have a minimum of 5 members and a maximum of 10 members.
- (c) The members of any Committee of Inspection (or any related entity of those members) are permitted to continue dealing with the Deed Companies and their creditors on a business as usual basis during the period of the external administration.
- (d) The Deed Administrators will consult with the Committee of Inspection prior to agreeing any variation of the Sunset Date.
- (e) The Committee of Inspection may approve the remuneration of the Deed Administrators in accordance with section 449E of the Corporations Act or Division 60 of the Insolvency Practice Schedule (as applicable).

15 Reporting

Except as required by law, the Deed Administrators are not required to report to Creditors. However, the Deed Administrators:

- (a) will report to the Committee from time to time through the Deed Period to inform them of the progress of the Section 444GA Application and the operation of the business of the Deed Companies generally;
- (b) will advise all creditors of the date of termination of the DOCA and the Creditors' Trust becoming effective;
- (c) may, in their absolute discretion, otherwise report to Creditors during the Deed Period at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of the Creditors.

16 Deed Administrators' remuneration and indemnity

16.1 Remuneration

The Deed Administrators are entitled to their Remuneration and their Costs, as approved in accordance with the Corporations Act, on the basis of the time spent by the Deed Administrators, their partners and staff in the performance of services in connection with or in relation to the administration of the Deed Companies under Part 5.3A of the Corporations Act and this Deed and such time will be charged at the Deed Administrators' standard rates, from time to time, for work of that nature.

16.2 Indemnity

The Deed Administrators and Administrators (whether or not they are still acting in either capacity) are entitled to be indemnified by the Deed Companies until Completion, and after Completion from the Trust Fund, for

- (a) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments whatsoever arising out of or in any way connected to the administration of the Deed Companies or their role as Administrators and incurred or sustained in good faith and without negligence;
- (b) any amount which the Administrators are, or would but for the transactions contemplated by this Deed be, entitled to be indemnified out of the assets of the Deed Companies for, in accordance with the Corporations Act, at law or in equity, including any amounts payable pursuant to section 443A, section 443B or section 443BA of the Corporations Act;
- (c) any debts, liabilities, damages, losses and remuneration to which the statutory indemnity under section 443D of the Corporations Act applies;
- (d) any amount for which the Administrator's or Deed Administrators are entitled to exercise a lien at law or in equity on the property of the Deed Companies;
- (e) their Remuneration and Costs; and

- (f) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of the Deed and incurred or sustained in good faith and without negligence.

16.3 Continuing Indemnity

The indemnity in the Deed is a continuing indemnity and will endure for the benefit of the Legal Personal Representatives despite the removal of the Deed Administrators and the appointment of new Deed Administrators or the termination of the Deed for any reason whatsoever.

16.4 Indemnity not to be affected or prejudiced

The indemnity under **clauses 16.2** and **16.3** will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Deed Administrators and extends to cover any actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Deed Administrators or defect in the approval or execution of the Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Deed Administrators may have against the Deed Companies or any other person to be indemnified against the Costs, and liabilities incurred by the Deed Administrators in the performance of, or incidental to, any of the powers or authorities conferred on the Deed Administrators by the Deed or otherwise.

16.5 Deed Administrators' lien

Until Completion, the Deed Administrators and Administrators (whether or not they are still acting in either capacity) are entitled to exercise a lien over the Deed Companies' assets for all amounts in respect of which they are entitled to an indemnity from the Deed Companies under **clause 16.2**.

16.6 Priority

The Deed Administrators' right of indemnity under **clause 16.2** and their lien under **clause 16.5** have priority over the claims of all Creditors.

17 Application of the Corporations Act, Regulations and Insolvency Practice Schedule to Creditors' Meetings

- (a) The Deed Administrators may convene a meeting or meetings of Creditors at any time in accordance with section 445F of the Corporations Act or Division 75 of the Insolvency Practice Schedule (as applicable), and must convene such a meeting or meetings when required to do so under section 445F(1)(b) of the Corporations Act or Division 75 of the Insolvency Practice Schedule (as applicable).
- (b) The provisions of this Deed may be varied by resolution of Creditors passed at a meeting of Creditors convened in accordance with **clause**

17(a), but only if the variation is not materially different from a proposed variation set out in the notice of meeting.

18 Termination of the Deed

18.1 Termination on effectuation of Deed

The Deed will terminate on Completion.

18.2 Automatic Termination of Deed

This Deed automatically terminates in respect of the Deed Companies upon the happening of any one of the following events:

- (a) the court makes an order terminating this Deed under section 445D of the Corporations Act; and
- (b) the Creditors of the Deed Companies pass a resolution terminating this Deed in accordance with sections 445C(b) and 445CA of the Corporations Act.

18.3 Notice of Effectuation of Deed

Upon termination in accordance with the provisions of **clause 18.1**, the Deed Administrators or one of them must immediately certify, in writing that the terms of this Deed have been fulfilled and, as soon as practicable, must lodge with ASIC a notice substantially in the following form in respect of each of the Deed Companies:

‘We, [***name of administrators***] of [***address***] as administrators of the deed of company arrangement executed on [date], CERTIFY that the deed has been wholly effectuated in respect to [***insert relevant Deed Company***].’

and the execution of each of the notices (in respect of each Deed Company) terminates, in respect of that Deed Company, this Deed and all Claims of Creditors of the Deed Companies will be extinguished, discharged and released if not extinguished or released earlier under the Deed.

18.4 Effect of Termination

In accordance with section 445H of the Corporations Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.

18.5 Severance

If any part of this Deed is or becomes illegal, ineffective, invalid or unenforceable, that part will be severed from this Deed and that severance will not affect the effectiveness, validity or enforceability of the remaining part of this Deed.

18.6 Consequences of Automatic Termination of the Deed

Upon termination of the Deed under **clause 18.2** and if section 446AA of the Corporations Act does not apply:

- (a) the Deed Companies will be taken to have passed special resolutions under section 491 of the Corporations Act that each of the Deed

Companies (respectively) be voluntarily wound up and that the Deed Administrators be the Deed Companies' liquidators;

- (b) Regulation 5.3A.07 of the Regulations (as though it had not been repealed) will apply; and
- (c) the Deed Companies will be wound up.

18.7 Tax obligations of the Administrators in the period after termination

- (a) Three business days prior to the Implementation Date the Administrators will estimate the amount required to be remitted on account of:
 - (i) GST;
 - (ii) Pay As You Go tax withholding amounts;
 - (iii) Fringe benefits tax,to the Australian Taxation Office on behalf of the Deed Companies for the period for the Administration Period and the Deed Period (together **Future Tax Estimate**).
- (b) The Deed Companies will pay the Trustees at Completion the amount of the Future Tax Estimate.
- (c) In the event that the actual amounts required to be remitted on behalf of the Deed Companies for the period for the Administration Period and the Deed Period is less than the Future Tax Estimate, the Administrators will pay the surplus to the Deed Companies.
- (d) In the event that the actual amounts required to be remitted on behalf of the Deed Companies for the period for the Administration Period and the Deed Period is more than the Future Tax Estimate, the Deed Companies will pay the Administrators the shortfall on demand on 7 days' notice in writing.

18.8 Survival of clauses

Despite any other provision of this Deed, **clauses 7, 8, 9, 10, 16, 18, and 19** survive the termination of this Deed.

19 General

19.1 Variation

Subject to the provisions of the Corporations Act, a variation of any term of this Deed must be in writing and signed by all parties to this Deed.

19.2 Assignment

Rights arising out of or under this Deed are not assignable by a party without the prior written consent of the other parties.

19.3 Power of Attorney

Each of the Deed Companies hereby irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to exercise or refrain from

exercising (in the Deed Administrators' absolute discretion) any and all of the Deed Companies' rights or powers in relation to or in connection with its right, title and interest in the Assets and the Deed Companies will make, do and provide all things and documents reasonably necessary to give proper effect to this clause.

19.4 Creditor's Power of Attorney

Each Creditor irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to execute any document to give effect to the releases in **clause 7.4**.

19.5 Member's Power of Attorney

Each Member irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to execute any document which is necessary or desirable to give effect to the Section 444GA Order and **clause 11**.

19.6 Further Assurances

Each party and each person bound by this deed must, at its own expense, do all things and execute all documents necessary to give full effect to this Deed and the transactions contemplated by it.

19.7 Governing Law

This deed is governed by the law in force in the State of New South Wales.

19.8 Waiver

No party to this Deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this **clause 19.8** are set out below.

conduct Includes delay in the exercise of a right.

right Any right arising under or in connection with this Deed and includes the right to rely on this clause.

waiver Includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

19.9 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this Deed by signing any counterpart.

20 Notices

20.1 Notice to be in writing

Any notice or document required to be given to or served upon any of the parties pursuant to or in connection with the Deed must be in writing. .

20.2 Signing of Notice

Any notice or document may be given or signed on behalf of the party giving or serving the same by a director, secretary or other duly authorised person thereof.

20.3 How notice must be given and when notice is received

- (a) Any notice or document must be given by one of the methods set out in the table below.
- (b) A notice or document is regarded as given and received at the time set out in the table below.

However, if this means the notice or document would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the notice or document will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
-------------------------	---

By hand to the nominated address	When delivered to the nominated address
----------------------------------	---

By pre-paid post	When it would have been delivered in the ordinary course of post
------------------	--

By email to the nominated email address (set out in the details for each party to this Deed)	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been addressed to the addressee).
--	--

20.4 Notice must not be given by electronic communication

A notice or document must not be given by electronic means of communication (other than email in accordance with **clause 20.3**).

Schedule 1

Deed Companies

- 1 Ten Network Holdings Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 081 327 068
- 2 The Ten Group Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 057 564 708
- 3 Network Ten Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 052 515 250
- 4 Network Ten (Sydney) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 664 962
- 5 Network Ten (Brisbane) Pty Limited (administrators appointed) (receivers and managers appointed) ACN 050 148 537
- 6 Network Ten (Melbourne) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 664 953
- 7 Network Ten (Perth) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 009 108 614
- 8 Network Ten (Adelaide) Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 007 577 666
- 9 Caprice Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 655 847
- 10 Chartreuse Pty Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 008 655 874
- 11 Television and Telecasters (Properties) Pty Limited (Administrators Appointed) ACN 050 690 161
- 12 Ten Online Pty Limited (Administrators Appointed) ACN 089 829 667
- 13 Ten Ventures Pty Limited (Administrators Appointed) ACN 089 830 759
- 14 Ten Employee Share Plans Pty Limited (Administrators Appointed) ACN 082 736 150

Schedule 2

Excluded Contracts

No.	Counterparty	Contract	Series name (if applicable)
1	7PM Holdings Pty Ltd Roving Operations Pty Ltd	Format Licence Deed between 7PM Holdings Pty Ltd, Roving Operations Pty Ltd and Network Ten Pty Ltd, which commenced 25 July 2016. Production Services Deed between 7PM Holdings Pty Ltd, Roving Operations Pty Ltd and Network Ten Pty Ltd dated 23 February 2016.	The Project
2	AAL Aviation Pty Limited	Any agreement other than Advertising Sites Licence between AAL Aviation Limited, Eye Fly Sydney Pty Ltd and Ten Network Holdings Pty Ltd dated 23 December 2011.	
3	BBL Distribution, Inc	Program License Agreement between BBL Distribution, Inc. and Network Ten Pty Limited dated 18 February 2015.	Bold & Beautiful, The – (run of series)
4	Bramley Properties Pty Ltd	Gold Coast Bureau lease between Bramley Properties Pty Ltd and Network Ten Pty Ltd dated 1 May 2009 (commencement date) for the location at Level 8, 1 Gateway 50 Appel St, Surfers Paradise Queensland with a term of 1 May 2009 to 30 April 19.	
5	Brightcove Inc	Tenplay video content delivery (made up of two agreements): <ol style="list-style-type: none">Brightcove Master Service Agreement between Brightcove Inc and Network Ten Pty Ltd dated 13 February 2013 (Ten execution date)Video Cloud – Enterprise Edition Renewal Order between Brightcove Inc and Network Ten Pty Ltd dated 24 January 2017 (fully executed).	

6	Bulletproof Networks	Managed Hosting Agreement between- Bulletproof Networks and Network Ten Pty Ltd dated 12 September 2016 (Agreement expired on 30 June 2017)	
7	Castaway Television Productions Limited	Format Licence between Castaway Television Productions Limited and Network Ten Pty Ltd dated 12 December 2016.	Australian Survivor Format Licence
8	CBS Broadcast International, CBS Enterprises, a division of CBS Broadcasting Inc.	Free Television Output License Agreement between CBS Broadcast International, CBS Enterprises, a division of CBS Broadcasting Inc. and Network Ten Pty Limited dated 16 November 2006 as amended from time to time (currently 1 Amendment).	
9	CBS International Television Australia Pty Limited	Free Television Output License Agreement between CBS International Television Australia Pty Limited and Network Ten Pty Limited dated 15 November 2006 as amended from time to time. (currently 16 Amendments)	
10	CBS International Television Australia Pty Limited	Library Program License Agreement between CBS International Television Australia Pty Limited and Network Ten Pty Limited dated 28 December 2015 as amended from time to time (currently 1 amendment).	
11	Commonwealth of Australia Represented by the Department of Parliamentary Services	Canberra Lease under Deed of Variation 1 between Commonwealth of Australia Represented by the Department of Parliamentary Services and Network Ten Pty Limited dated 1 January 2015.	
12	Cricket Australia	Domestic Free to Air Television Agreement between Cricket Australia and Network Ten Pty Ltd dated 3 June 2013.	Cricket: Big Bash League
13	Dradgin Pte Ltd	Lease for commercial premises (Perth) between Dradgin Pte Ltd and Network Ten Pty Ltd dated on or around May 2016.	
14	Endemol Shine Australia Pty Ltd	Production Services Agreement between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd dated 7 December 2015.	Australian Survivor Production Services

15	Endemol Shine Australia Pty Ltd Shine (Aust) Pty Ltd	Production Agreement for Series 4 to 7 between Shine (Aust) Pty Ltd and Network Ten Pty Ltd dated 25 August 2015, and extended by Production Agreement for Series 9 to 13 between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd, which is undated.	Masterchef
16	Endemol Shine Australia Pty Ltd	Production & Licence Agreement between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd dated 1 February 2017.	Offspring
17	Ericsson Australia Pty Ltd	Captioning Agreement between Ericsson Australia Pty Ltd and Network Ten Pty Ltd dated 1 January 2017 (commencement date)	
18	Ericsson Television Limited	Gold Support Agreement (agreement # 120 519) between Ericsson Television Limited and Network Ten Pty Ltd dated 24 May 2012 (execution date) (as amended 25 th June 2014)	
19	Essential Media Pty Limited	Body Hack s2 Production & Licence Agreement between Network Ten Pty Limited and Essential Media Pty Limited dated 11 April 2017	BodyHack - Series 2
20	Fox Sports Australia Pty Limited	FTA Rights Agreement between Fox Sports Australia Pty Limited and Network Ten Pty Limited dated 18 August 2015	Rugby
21	Fox Sports Australia Pty Limited	Heads of Agreement between Fox Sports Australia Pty Limited and Network Ten Pty Limited dated 20 December 2016	Football Federation of Australia
22	Foxtel Management Pty Ltd	Foxtel Program Licence Agreement between Foxtel Management Pty Ltd and Network Ten Pty Ltd dated 7 May 2015, as amended and extended by the Option Exercise and Amendment dated 30 March 2017.	Gogglebox
23	Foxtel Management Pty Ltd	Foxtel Licence Agreement between Foxtel Management Pty Ltd and Network Ten Pty Ltd (Administrators Appointed) dated 30 June 2017	Commonsense
24	FOXTEL Management Pty Ltd	Retransmission Deed between FOXTEL Management Pty Ltd and Network Ten Pty Ltd dated 7 August 2007, as amended by Retransmission Variation Deed dated 28 April 2010 and extended by Extension letter dated 23 June 2011. This expired 6 August 2017.	

25	Foxtel Management Pty Limited (for and on behalf of the FOXTEL Partnership)	Letter agreement between Foxtel Management Pty Limited (for and on behalf of the FOXTEL Partnership) and Network Ten Pty Limited dated on or about 22 June 2011 regarding the retransmission of Ten's Eleven Channel, as amended from time to time. This agreement expired 6 August 2017.	
26	Fremantle Media Australia Pty Ltd	Deal Memo setting out program licence agreement between Fremantle Media Australia Pty Ltd and Network Ten Pty Ltd dated 26 November 2014.	Neighbours
27	Fremantle Media Australia Pty Ltd	Production & Licence Agreement between Fremantle Media Australia Pty Ltd and Network Ten Pty Ltd dated 28 August 2015, as extended by the Option Exercise emails dated 24 July 2015 and 28 April 2016.	Family Feud
28	Goodman Australia Industrial Trust No 3	Sydney office lease Office Lease (1 Saunders Street, Pyrmont, New South Wales) between Goodman Australia Industrial Trust No 3 and Network Ten Pty Ltd dated 23 December 2011 (commencement date).	
29	Have You Been Paying Attention? Pty Ltd	Licence Agreement between Have You Been Paying Attention? Pty Ltd and Network Ten Pty Ltd dated 8 March 2017.	Have You Been Paying Attention?
30	Interactive Pty Ltd	Master Services Agreement between Interactive Pty Ltd and Network Ten Pty Ltd dated 10 July 2013.	
31	ITV Global Entertainment Limited	(a) (seasons 19-20 produced in 2016) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd dated 13 June 2016 (b) (seasons 21-22 produced in 2017) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd dated 31 May 2017 (c) (seasons 23-24 produced in 2018) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd – UNSIGNED but option has been exercised for seasons 23-24 (d) (seasons 25-26 produced in 2019) Licence	Graham Norton Show, The (series 19-26) 2017-2021

Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd – UNSIGNED (not yet received. This will contain an option for the licence of seasons 27-30 produced in 2020-2021)

32	ITV Studios Australia Pty Ltd	Production & Licence Agreement between ITV Studios Australia Pty Ltd and Network Ten Pty Ltd dated 3 August 2016.	I'm A Celebrity Get Me Out Of Here!
33	Lingo Pictures Pty Ltd ESA Productions 4 Pty Ltd	Production & Licence Agreement between Lingo Pictures Pty Ltd, ESA Productions 4 Pty Ltd and Network Ten Pty Ltd dated 16 January 2017.	Wake in Fright
34	Metraweather (Australia) Pty Ltd	Weather XT Licence Agreement between Metraweather (Australia) Pty Ltd and Network Ten Pty Limited dated 1 February 2015, as subsequently amended and varied.	
35	Microsoft Operations Pte Ltd	Microsoft Volume Licensing (Direct Server and Cloud Enrollment) between Microsoft Operations Pte Ltd and Network Ten Pty Ltd dated 1 January 2015 (commencement date), and the associated Microsoft Products and Services Agreement (Volume Licensing) between Microsoft Operations Pte Ltd and Network Ten Pty Ltd.	
36	Mirvac Funds Limited as Responsible Entity of the Mirvac Property Trust, assigned to Newmark Capital Limited as trustee for the Newmark Como Property	Melbourne office lease Commercial lease (Part Level 3, Levels 4-6 and Part Roof, 620 Chapel Street, South Yarra) between Mirvac Funds Limited as Responsible Entity of the Mirvac Property Trust and Network ten Pty Limited dated 10 September 2009. Mirvac assigned this to Newmark Capital Limited as trustee for the Newmark Como Property on 28 June 2016.	
37	Nielsen Television audience Measurement Pty Limited	Regional Television Audience Measurement Data Sublicence Agreement between Nielsen Television audience Measurement Pty Limited and Network Ten Pty Limited dated 30 June 2016.	
38	Nielsen Television Audience	Software Licence and Services Agreement between Nielsen Television Audience	

	Measurement Pty Limited	Measurement Pty Limited and Network Ten Pty Limited dated 1 March 2016.	
39	Oracle Corporation Australia Pty Ltd	Oracle License and Services Agreement between Oracle Corporation Australia Pty Ltd and Network Ten Pty Ltd dated 30 April 2009, as renewed from time to time.	
40	OzTAM Pty Limited	Video Player Measurement Service Access and Licence Agreement between OzTAM Pty Limited and Network Ten Pty Limited dated 10 April 2017.	
41	Playmaker Media Pty Ltd Playmaker TWG2 SPV Pty Ltd	Production & Licence Agreement between Playmaker Media Pty Ltd, Playmaker TWG2 SPV Pty Ltd and Network Ten Pty Ltd dated 28 June 2017. Development Agreement between Playmaker Media Pty Ltd and Network Ten Pty Ltd dated 20 July 2016.	The Wrong Girl
42	Ricoh Australia Pty Ltd	Ricoh Network Managed Services (made up of two agreements): 1. Network Monitoring Service Agreement between Ricoh Australia Pty Ltd and Network Ten Pty Ltd dated 1 September 2015; and 2. Netsupport contract between Ricoh Australia Pty Ltd and Network Ten Pty Ltd dated 1 September 2015	
43	SintecMedia WEM Ltd (f/k/a Pilat Media Limited)	IBMS Support Services provided under Maintenance Agreement between SintecMedia WEM Ltd (f/k/a Pilat Media Limited) and Network Ten Pty Ltd dated 11 October, 2000 as amended from time to time. This agreement expired 31 March 2017.	
44	Sony Pictures Television UK Rights Limited	Format Licence Agreement between Sony Pictures Television UK Rights Limited and Network Ten Pty Ltd dated 15 October 2014.	Shark Tank
45	Techtel Pty Limited	Techtel AP Electronic News Production System Software Licence Agreement between Techtel Pty Limited and Network Ten Pty Limited dated 23 August 1999	
46	Techtel Pty Ltd (trading as Harmonic)	Techtel (Harmonic) Service Level Agreement between Techtel Pty Ltd (trading as Harmonic)	

and Network Ten Pty Limited

47	Telstra Corporation Limited	Business Services Agreement for Data Services between Telstra Corporation Limited and Network Ten Pty Limited dated 18 October 2016 Business and all Service Schedules made under it, as varied from time to time.	
48	TVSN Channel Pty Ltd	Channel Supply Agreement between TVSN Channel Pty Ltd and Network Ten Pty Ltd dated 30 June 2016.	
49	TX Australia Pty Ltd Nine Network Australia Pty Ltd Seven Network (Operations) Pty Ltd	Shareholders Agreement between TX Australia Pty Ltd, Nine Network Australia Pty Ltd, Seven Network (Operations) Pty Ltd and Network Ten Pty Ltd dated 14 December 1999, as amended by Shareholders Amending Agreement dated 20 October 2010.	
50	Universal Studios International B.V. (subsequently assigned to Universal Studios Limited)	ROS Law & Order Franchise License Agreement between Universal Studios International B.V. (subsequently assigned to Universal Studios Limited) and Network Ten Pty Limited dated 16 January 2009	Law & Order SVU (run of series)
51	Vizrt Australia Pty Ltd	Support and Maintenance Agreement between Vizrt Australia Pty Ltd and Network Ten Pty Ltd dated 1 June 2016.	
52	Warner Bros. International Television Production Australia Pty Ltd	Production & Licence Agreement between Warner Bros. International Television Production Australia Pty Ltd and Network Ten Pty Ltd dated 14 December 2015, as extended by the Option Exercise email dated 25 October 2016.	Bachelorette
53	Warner Bros. International Television Production Australia Pty Ltd	Production & Licence Agreement between Warner Bros. International Television Production Australia Pty Ltd and Network Ten Pty Ltd dated 14 December 2015, as extended by the Option Exercise email dated 25 October 2016.	Bachelor
54	WTFN Entertainment Pty Ltd	Production, Investment & Licence Agreement between WTFN Entertainment Pty Ltd and Network Ten Pty Ltd dated 16 February 2012, as amended and extended by the Option Exercise and Amendment dated 1 July 2017.	The Living Room

55	WIN Corporation Pty Ltd	Program Supply Agreement between WIN Corporation Pty Ltd and Network Ten Pty Ltd dated 22 May 2016, as amended by Amendment Deed dated 25 July 2016 and further amended and novated by Deed of Novation and Amendment between WIN Corporation Pty Ltd, Network Investments Pty Ltd and Network Ten Pty Ltd dated 19 May 2017.
56	Yatona Pty Ltd	Lease (Adelaide) between Yatona Pty Ltd and Network Ten Pty Ltd dated 4 September 2007.

DRAFT

Schedule 3

Ten Group Creditors' Trust Deed

DRAFT

Schedule 4

Creditor Indemnity

To: **[insert name of Deed Company] (Company)**

INDEMNITY IN RELATION TO INSURED CLAIM

I/We **[insert creditor name]** refer to the deed of company arrangement in respect of the Company (**DOCA**) dated **[insert date]**.

I/We wish to take legal proceedings to enforce a Claim under **clause 10** of the DOCA (**Insured Claim**) against the Company. The Insured Claim is **[insert full description]**.

I/We irrevocably and unconditionally indemnify the Company against any costs, expenses, judgments (including but not limited to any judgment or order obtained by me/us against the Company, or any amounts required to be paid by the Company in connection with any judgment or order), suits or actions incurred directly or indirectly as a consequence of commencing legal proceedings in relation to the Insured Claim (Costs) to the extent that the Company is not indemnified for such costs pursuant to a contract of insurance entered into before 14 June 2017 or such Costs are not otherwise paid by the Company's insurer.

I/We confirm our agreement to be bound by the terms of **clause 10** of the DOCA in respect of the Insured Claim.

Dated: **[insert date]**

Executed as a deed poll in favour of **[insert name of Deed Company]**.

Signed sealed and delivered for and on behalf of

[Creditor name]

by its duly authorised representative
in the presence of:

Signature of witness

Signature of authorised representative

Name of witness (please print)

Name of authorised representative
(please print)

Execution

Executed as a deed.

Signed sealed and delivered)
by **Mark Korda** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Jenny Nettleton** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Jarrood Villani** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Ten Network Holdings Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **The Ten Group Pty Limited (Subject**)
to Deed of Company Arrangement))
(Receivers and Managers Appointed))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten Pty Limited (Subject to**)
Deed of Company Arrangement))
(Receivers and Managers Appointed))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten Pty Limited (Subject to**)
Deed of Company Arrangement))
(Receivers and Managers Appointed))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Sydney) Pty Limited**)
(Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Brisbane) Pty**)
Limited (Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Network Ten (Melbourne) Pty)
Limited (Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Network Ten (Perth) Pty Limited)
(Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Network Ten (Adelaide) Pty)
Limited (Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Caprice Pty Limited)
(Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Chartreuse Pty Limited)
(Administrators Appointed))
(Receivers and Managers Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Television and Telecasters)
(Properties) Pty Limited)
(Administrators Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Ten Online Pty Limited)
(Administrators Appointed))
by its joint and several administrator)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Ten Ventures Pty Limited)
(Administrators Appointed))
by its joint and several administrator) Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by Ten Employee Share Plans Pty)
Limited (Administrators Appointed))
by its joint and several administrator) Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by CBS International Television)
Australia Pty Ltd)
by)

.....
Director Director / Company Secretary

.....
Name of Director (print) Name of Director /Company Secretary
(print)

Appendix 13 - KordaMentha Rates – National – FY18

Applicable from 1 July 2017

FY 2018

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	675
Director	625
Associate Director 1	575
Associate Director 2	525
Manager	475
Senior Executive Analyst	425
Executive Analyst	400
Senior Business Analyst	350
Business Analyst	295
Administration	150

**Exclusive of GST*

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.



KordaMentha disbursement internal rates and allowances

Description	Charge*
Photocopying, printing (general)	\$0.06 per page
Envelopes and postage (varies due to size and weight)	\$1.45 to \$2.40 per envelope
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Dataroom fee (varies based on MB size)	See detail below

*Exclusive of GST, reviewed annually on 1 July

Dataroom fee – Size (MB)	Charge per month*
0–300	\$1,000
300–1000	\$1,000 + \$2.50/MB
1000–5000	\$2,750 + \$1.25/MB
5000+	\$7,750 + \$0.60/MB

*Exclusive of GST, reviewed annually on 1 July

KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.



Appendix 14 – Draft Trust Deed for Creditors’ Trust



Draft: 4 September 2017

Mark Korda, Jenny Nettleton and Jarrod Villani in
their capacity as joint and several deed
administrators of the Deed Companies

The companies listed in **schedule 1**

CBS International Television Australia Pty Ltd

Ten Group Creditors' Trust Deed

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Date

Parties

Mark Korda, Jenny Nettleton and Jarrod Villani in their capacity as joint and several deed administrators of the Deed Companies of C/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 (**Trustees**)

The companies listed in schedule 1 of C/- KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 (**Deed Companies**)

CBS International Television Australia Pty Ltd of Level 4, Kyle House, 27-31 Macquarie Place, Sydney NSW 2000 (**Deed Proponent**)

Background

- A On 14 June 2017, Mark Korda, Jenny Nettleton and Jarrod Villani were appointed as administrators of the Deed Companies pursuant to Part 5.3A of the Corporations Act.
 - B At meetings held on 12 September 2017 and convened pursuant to section 439A of the Corporations Act, the Creditors of the Deed Companies resolved that the Deed Companies execute a deed of company arrangement under section 444B(2)(b) of the Corporations Act.
 - C On or about the date of this Deed, the Deed Administrators, the Deed Proponent and the Deed Companies executed the DOCA pursuant to section 444B(2)(b) of the Corporations Act.
 - D The Fund Amount will be transferred to the Trustees to settle the Trust in accordance with clause 11.1 of the DOCA.
 - E The Deed Companies and the Trustees enter into this Deed as contemplated by the DOCA in order to facilitate a distribution by the Trustees to the Trust Creditors in their capacity as beneficiaries of the Trust Fund.
-

Agreed terms

1 Definitions and interpretation

1.1 Definitions

Unless defined below, capitalised terms used in this Deed have the meaning set out in the DOCA:

Admitted Claim	The Claim of any Trust Creditor admitted by the Trustees after adjudication in accordance with clause 6 of this Deed.
Commencement Date	The date that the DOCA is executed by the Deed Administrators and the Deed Companies.
Controller Liabilities	All liabilities of the Administrators in relation to any contract, purchase order or other arrangement entered into by the Administrators in respect of the Deed Companies, or which the Administrators have caused a Deed Company to perform, that remain undischarged at the Implementation Date.
Deed	This creditors' trust deed as amended from time to time.
Deed Administrator's Costs	Includes remuneration, costs, charges and expenses, including those incurred in connection with advisers, incurred in connection with the performance of the Deed Administrators' duties, obligations and responsibilities under the Corporations Act and the DOCA during the Deed Period.
Defined Amount	An amount set out in respect of a Pool A Creditor set out in schedule 3 .
Dividend	Any amount paid to a Trust Creditor in respect of that Creditor's Admitted Claim.
DOCA	The deed of company arrangement executed by the Deed Companies and the Administrators in accordance with the resolution referred to in recital B of this Deed.
Final Dividend	The last Dividend amount paid by the Trustees to any Trust Creditor under this Deed.
GST	Has the meaning given in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Indemnity	The indemnity in clause 10 of this Deed.
Litigation Creditor	Any person who has an Admitted Claim which is the subject of litigation against any Deed Company commenced on or prior to the Appointment Date or in relation to circumstances which occurred on or prior to the Appointment Date, other than the extent to which such Admitted Claim is for amounts for Employee Entitlements.
Pool A Amount	The sum of the Defined Amounts for each Pool A Creditor set out in schedule 3 .
Pool A Creditor	(a) Endemol Shine Australia Pty Ltd; (b) ITV Studios Australia Pty Limited; (c) FremantleMedia Australia Pty Ltd; (d) Warner Bros. Entertainment Australia Pty Ltd; and

	(e) Nine Network Australia Pty Limited.
Pool A Surplus	The sum of the amounts (if any) by which each Defined Amount exceeds the Admitted Claim for that Pool A Creditor.
Pool B Amount	\$15,519,729.
Pool B Creditors	Each Trust Creditor which is not a Pool A, Pool C or Pool D Creditor.
Pool C Amount	\$4,550,000.
Pool C Creditor	<ul style="list-style-type: none"> (a) Australia and New Zealand Banking Group Limited; (b) Westpac Banking Corporation; (c) the Commonwealth Commissioner of Taxation; (d) any proper claimant for payroll tax (including but not limited to the NSW Executive Director and Chief Commissioner of State Revenue, the Queensland Commissioner of State Revenue, the Victorian Commissioner of State Revenue, the South Australian Commissioner of State Taxation, the Tasmanian Commissioner of State Revenue, the West Australian Commissioner of State Revenue, the Northern Territory Commissioner of Territory Revenue, the ACT Commissioner for ACT Revenue); and (e) any Litigation Creditor.
Pool D Amount	\$6,250,000.
Pool D Creditor	<ul style="list-style-type: none"> (a) Twentieth Century Fox Film Corporation (Australia) Pty Ltd; (b) any Creditor with a Pool D Pro Rata Claim; and (c) each Pool D Pro Rata Creditor.
Pool D Pro Rata Claims	<p>The Claims of:</p> <ul style="list-style-type: none"> (a) AAL Aviation Limited pursuant to the Advertising Sites Licence with Eye Fly Sydney Pty Ltd and Ten Network Holdings Pty Ltd dated 23 December 2011; (b) any counterparty to any agreement under which TNHL guarantees the obligations of Eye Shop Pty Limited; (c) each director of a Group company, to the extent that the director's Claim does not attract a priority as an Employee Entitlement; and (d) Fox Sports Australia Pty Ltd, other than an Excluded Claim.

Pool D Pro Rata Creditors	(a) Formula One World Championship Limited; (b) GPT RE Limited; (c) McKinsey Recovery & Transformation Services Australia Co; (d) Miller Pymont Pty Limited; (e) P.N.K Investments Pty Limited; (f) The Roar Sports Media Pty Limited; and (g) Time Target Pty Ltd.
Pool D Surplus	Any amount remaining after distribution of the Pool D Amount in accordance with clause 4.3(d) .
Termination Date	The date on which the Trust terminates in accordance with clause 14 .
Trust	The trust established by this Deed.
Trust Creditor's Claim	A Claim of a Trust Creditor.
Trust Fund	The trust fund contemplated by the DOCA and established under this Deed.
Trustee Act	The <i>Trustee Act 1925</i> (NSW).
Trustees	Jointly and severally, Mark Korda, Jenny Nettleton and Jarrod Villani, in their capacity as trustees of the Trust and any successor to that office appointed pursuant to the Trustee Act.
Trustees' Costs	The costs, charges and expenses, incurred by the Trustees in connection with the performance of their duties, obligations and responsibilities as trustees of the Trust, including those incurred in connection with advisers.
Trustee's Remuneration	The remuneration of the Trustee referred to in clause 9 .
Warranty Claim	The agreed, compromised or court awarded amount of any claim made by the Deed Proponent as a result of contractual warranties given by the Administrators prior to entry into the DOCA.

1.2 Interpretation

In the Deed, unless the subject or context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;

- (d) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them;
- (h) a reference to a document (including this Deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Deed will be construed adversely to a party because that party was responsible for the preparation of this Deed or that provision;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Deed (including an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Corporations Act, Regulations, Insolvency Practice Schedule, or Insolvency Practice Rules this Deed shall prevail to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of a Deed Company and any other obligation binding on a Deed Company, the provisions of this Deed shall prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Deed Companies.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, such act, matter or thing shall be done on the immediately succeeding Business Day.

2 Payment of Trust Fund

Subject to the terms of the DOCA, on the Implementation Date, and in accordance with clause 11.1 of the DOCA, the Deed Proponent must pay the Fund Amount to the Trustees.

3 Declaration of Trust

3.1 Declaration

The Trustees acknowledge and declare that the amount received under **clause 2** of this Deed will be held on trust (subject to **clause 4.3**) by the Trustees as follows:

- (a) the Pool A Amount, for the Pool A Creditors;
- (b) the Pool B Amount, for the Pool B Creditors;
- (c) the Pool C Amount, for the Pool C Creditors;
- (d) the Pool D Amount for the Pool D Creditors;
- (e) for any surplus remaining in the Trustees' hands after all other proper payments, for the Deed Proponent,

on the terms in this Deed.

3.2 Name of Trust

The trust constituted by this Deed will be called the Ten Group Creditors' Trust.

3.3 Trustees' powers

Without limiting the powers that the Trustees have by operation of the Trustees Act, for the purposes of administering the trust created by this Deed, the Trustees have the following powers:

- (a) to administer the Trust Fund in accordance with the provisions set out in the DOCA and this Deed;

- (b) to fulfil the Trustees' obligations in accordance with the terms of this Deed;
- (c) to sell, re-invest or otherwise deal with the assets of the Trust Fund;
- (d) to perfect title in any assets of the Trust Fund;
- (e) to insure any assets of the Trust Fund;
- (f) to, at any time, call meetings of the Creditors for the purpose of considering the variation or termination of this Deed in accordance with the provisions of this Deed;
- (g) to admit Claims to proof in accordance with the provisions of the DOCA and this Deed;
- (h) to determine Admitted Claims and then to pay Dividends in accordance with the terms of this Deed;
- (i) to act as attorney for the Deed Companies or any other person for any purpose associated with the Trust or this Trust Fund;
- (j) to enforce compliance with the terms of this Deed;
- (k) to accept the transfer of any shares, stocks, debentures, debenture stock, annuities, bonds, obligations or other securities of whatever nature that may at any time be transferred to it;
- (l) to enter upon or take possession of the Trust Fund and to collect the revenue or income from or interest on the Trust Fund and exercise any rights or powers relating to any part of the Trust Fund;
- (m) to bring, prosecute and defend any claim, action, suit or proceeding, which power includes the power to bring and defend any claim, counter-claim, set-off, action, suit or proceeding in either of a Deed Company's name or (after assignment) in the Trustees' name, to enforce any right, claim or cause of action that forms part of the Trust Fund, and to that end:
 - (i) to issue or accept service of any writ, summons or other legal process and to appear or be represented in any court and before all wardens, magistrates or judicial or other officers as the Trustees think fit and to commence or defend and conduct any action or other proceeding in any court of justice in relation to the Trust Fund and any claim, proceeding or action forming part of the Trust Fund and to prosecute, discontinue, compromise, stay, terminate or abandon that proceeding or action as the Trustees think fit;
 - (ii) to appoint any solicitor and counsel to prosecute or defend in those proceedings as occasion may require; and
 - (iii) to take any other lawful ways and means for the recovering or getting in any of the Trust Fund;
- (n) to convene and hold meetings of the Trust Creditors for any purpose as the Trustees consider fit;

- (o) to permit any person authorised by the Trustees to operate any account in the name of the Trust;
- (p) to do all acts and execute in the name and on behalf of the Trust all deeds, receipts and other documents;
- (q) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of the Trust;
- (r) subject to the Corporations Act, to prove in the winding up of or under any scheme of arrangement entered into by, or deed of company arrangement executed by, any contributory or debtor of the Trust;
- (s) to bring or defend an application for the vesting or winding up of the Trust;
- (t) to report to the Trust Creditors from time to time;
- (u) to make interim or other distributions of the Trust Fund;
- (v) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustees are unable to do, or that it is unreasonable to expect the Trustees to do, in person;
- (w) to appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- (x) to compromise any claim, action, suit or proceeding brought by or against the Trustees on such terms as the Trustees consider fit, which power includes the power to compromise any claim, action, suit or proceeding referred to in **clause 3.3(m)**;
- (y) to provision for and set aside a sum or sums equal to an amount which the Trustees reasonably anticipate may be payable in respect of any tax, including income tax, capital gains tax or GST;
- (z) to do anything incidental to exercising a power set out in this Deed; and
- (aa) to do anything else that is necessary or convenient for administering the Trust.

4 Trust Fund

4.1 Trust Fund

The Trust Fund shall be comprised of the Pool A Amount, the Pool B Amount, the Pool C Amount, and the Pool D Amount. The funds may be held in one bank account.

4.2 Trust Deed

The Trust Fund is to be held by the Trustees for the benefit of the Trust Creditors on the terms of this Deed.

4.3 Distribution of the Trust Fund

- (a) The Pool A Amount will be available for distribution to each Pool A Creditor up to the amount of the Defined Amount allocated to that Pool A Creditor for the identified contract as set out in **schedule 3**;
- (b) The Pool B Amount, the Pool A Surplus and the Pool D Surplus will be available for distribution to the Pool B Creditors as follows:
 - (i) first to the extent that they have not previously been paid or allowed, in payment of the Remuneration, Costs and Administration Liabilities (excluding the Controller Liabilities);
 - (ii) next, to the Trustees in satisfaction of the Trustees' Remuneration and the Trustee's Costs (which may include an amount of the Trustees' Remuneration and the Trustee's Costs which are estimated to be incurred by the Trustees up to the Termination Date);
 - (iii) next, to the relevant Pool B Creditors, in satisfaction of their Employee Entitlements;
 - (iv) next, to any Pool B Creditors on a pro rata basis in accordance with the dollar value of the Admitted Claims of those Pool B Creditors;
 - (v) next:
 - (A) to the Pool C Amount to be distributed in accordance with **clause 4.3(c)**; and
 - (B) to the Pool D Amount to be distributed in accordance with **clause 4.3(d)**,
on a pro rata basis based on the dollar value:
 - (C) in the case of Pool C, the Pool C Amount;
 - (D) in the case of Pool D, the total of the Admitted Claims of the Pool D Pro Rata Creditors and Admitted Claims which are Pool D Pro Rata Claims, together capped at \$2,830,000.
- (c) The Pool C Amount and any surplus amount under **clause 4.3(b)(v)(A)** will be available:
 - (i) first, to the Pool C Creditors on a pro rata basis in accordance with the dollar value of the Admitted Claims of those Pool C Creditors;
 - (ii) next, to the extent that there is any surplus, to the Deed Proponent.
- (d) The Pool D Amount will be available:
 - (i) first, in payment of any Warranty Claim; and
 - (ii) next:

- (A) to Twentieth Century Fox Film Corporation (Australia) Pty Ltd, if it is a Trust Creditor, up to the lesser amount of:
 - (1) its Admitted Claim; or
 - (2) \$3,420,000 less 55% of any Warranty Claim; and
- (B) to the Pool D Pro Rata Creditors and the Creditors with Pool D Pro Rata Claims, pro rata as between them in respect of their Admitted Claims, up to the lesser amount of:
 - (1) the total of their Admitted Claims; or
 - (2) \$2,830,000 less 45% of any Warranty Claim, plus 4 any surplus amount under **clause 4.3(b)(v)(B)**.
- (e) For the avoidance of doubt, no distributions will be made in respect of a Trust Creditor's Claim unless that Trust Creditor's Claim is an Admitted Claim.
- (f) For the purposes of section 444DA of the Corporations Act, any Employee Entitlement will retain a priority in respect of the assets of the Trust Fund at least equal to that they would have been entitled to if the property of a Deed Company had been applied in accordance with sections 556, 560 and 561 of the Corporations Act.
- (g) The Trustees may distribute the Trust Fund at such times as the Trustees consider, in their absolute discretion, is appropriate and feasible to do so, including making distributions under any lower ranking subclause in **clause 4.3(a)** in advance of making any payments under any higher ranking subclause, on the basis that they have retained sufficient funds to ensure that any payments to be made under those higher ranking subclauses will be made when the time comes to do so.

4.4 Surplus in the Trust Fund

In the event that there is a surplus or balance in the Trust Fund after the relevant Trust Creditors have received their distribution in accordance with **clause 4.3**, and the Trustees have not made and do not apprehend that they will make a claim on the Indemnity, such surplus or balance shall be paid by the Trustees to the Deed Proponent.

4.5 Unclaimed monies

In the event that the Trustees, for any reason, are unable to locate a Trust Creditor, or if any cheque sent by the Trustees to a Trust Creditor has not been presented within 12 months, then:

- (a) the Trustees shall stop payment of such cheque;
- (b) the moneys represented by such stopped cheque or held by the Trustees on behalf of the Trust Creditor shall be paid to ASIC; and
- (c) the provisions of sections 544(1) and 544(3) of the Corporations Act will apply, with such modifications as are necessary, to such payment as if

references in those sections to 'liquidator' were references to the 'Trustees'.

4.6 Postponement

Should proceedings be brought by any person in respect of the distribution of the Trust Fund, and the Trustees have made or apprehend that they will make a claim on the Indemnity, then the Trustees are entitled at their sole discretion to postpone the payment of any dividend until determined by the Trustees.

4.7 Multiple Claims arising from the same circumstances

If a Trust Creditor is a creditor of two or more Deed Companies in respect of Admitted Claims arising from the same circumstances (for example, where one Deed Company is a guarantor or co-obligor of an obligation or debt owing by another Deed Company), then the Trust Creditor is only entitled to receive a distribution for one of those Admitted Claims, and where they are for different amounts, for the largest Admitted Claim.

5 Perpetuity Period

Notwithstanding any other provision in this Deed, each

- (a) interest in property; and
- (b) Trustees' power over or in connection with property,

created or granted by this Deed that, but for this provision, might vest, take effect, or be exercisable after the expiry of eighty (80) years commencing on the date of this Deed, but which has not vested or taken effect by that date,

- (c) will vest or take effect on the last day of that period; and
- (d) is exercisable only on or before the last day of that period.

6 Claims

6.1 Admissibility of Claims

- (a) Upon this Deed being settled and upon Completion, in accordance with clause 6.7 of the DOCA, all Claims of the Trust Creditors against the Deed Companies will convert to and become claims against the Trust Fund under this Deed, equal in amount to the released Claims.
- (b) Interest will not accrue or be payable on any Admitted Claim.

6.2 Trustees' discretion

The Trustees may, in their absolute discretion:

- (a) admit all or part of a Claim;
- (b) reject all or part of a Claim; or
- (c) pay any Admitted Claim,

in accordance with the provisions of this Deed.

6.3 Determination of Claims

- (a) Subdivisions A, B, C, D and E of Division 6 of Part 5.6 of the Corporations Act (except sections 554A(3) to 554A(8) and section 556 (other than to the extent expressly incorporated)) apply to Claims under this Deed as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (b) Regulations 5.6.11A, 5.6.37, 5.6.39 to 5.6.43 (inclusive), 5.6.44 to 5.6.53 (inclusive) and 5.6.55 to 5.6.72 (inclusive) of the Regulations shall apply to this Deed and to the Trustees, and as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (c) Any notice (**Call for Proofs**) given by the Deed Administrators in accordance with the terms of the DOCA requiring a Creditor to submit particulars of his or her debt or claim, or to formally prove his or her debt or claim, will be treated for the purpose of this Deed as sufficient to comply with regulations 5.6.39 and 5.6.49 respectively as applied by **clause 6.3**.
- (d) The Trustees may make interim distributions of trust property under this Deed.
- (e) The Trustees must declare and distribute trust property under this Deed as soon as practicable after the Trust comes into effect under **clause 3.1**. However, subject to **clauses 6.3(a)** and **6.3(b)**, the Trustee has an absolute and unfettered discretion as to the admission of Claims, and the amount and timing of the distribution of the trust property in payment of Admitted Claims.
- (f) Where the Trustees propose to reject a Claim (whether in part or in full) the Trustee shall send a notice to the Claimant informing the Claimant of the proposed rejection and giving the party 14 days within which to make an application to the Court to determine the questions relating to the Claim.
- (g) The Trustees are entitled to rely upon any steps and determinations made by the Deed Administrators for the purposes of this clause in respect of whether a claim asserted for the purposes of claiming under this Deed is an Admitted Claim, together with any information, and proofs or particulars or debt provided to the Deed Administrators.

6.4 Retention of and access to records

The Trustees may at any time inspect the books and records of the Deed Companies and the Deed Companies authorise the Trustees and their staff to enter the Deed Companies' premises on any Business Day between the hours

of 9.00am and 5.00pm with no less than 24 hours prior notice for the purpose of conducting such an inspection and for the purpose of doing anything necessary or desirable in the exercise of their powers and discretions and the performance of their duties, obligations and responsibilities as Trustees under this Deed.

6.5 Superannuation debts not admissible

If the Trustees determine that the whole of a Claim is, save for this clause, otherwise admissible to proof under the terms of this Deed by virtue of being by way of a superannuation contribution, such Claim is not admissible to proof if:

- (a) a debt by way of superannuation guarantee charge:
 - (i) has been paid and to that extent only; or
 - (ii) is, or is to be, admissible to proof under this Deed; and
- (b) the Trustees are satisfied that the superannuation guarantee charge is attributable to the whole of that Claim.

For the purposes of this clause “superannuation contribution” has the meaning given in section 556 of the Corporations Act.

6.6 Creditors’ costs and expenses

Any costs and expenses incurred by a Trust Creditor in asserting a Claim under this Deed will be borne by that Creditor and will not form part of that Creditor’s Claim under this Deed.

6.7 Abandonment of Claims

A Trust Creditor will have abandoned, and will be taken for all purposes to have abandoned, all Claims and all other entitlements (if any) in the Trust Fund:

- (a) which are not the subject of a proof lodged with the Trustees in the form required by the Trustees prior to the declaration of a Final Dividend; or
- (b) which have been rejected by the Trustees and which are not the subject of any appeal or application to the Court within the time allowed under **clause 6.3(f)**.

6.8 Discharge of Claims

All Trust Creditors having a Claim must accept their Admitted Claims under this Deed (if any) in full satisfaction and complete discharge of all claims which they have or claim to have against the Trustees or the Trust Fund and each of them will, if called upon to do so, execute and deliver to the Trustees such forms of release of any such claim as the Trustees require.

6.9 Claims extinguished

On payment of the Final Dividend to the Trust Creditors from the Trust Fund, all Claims against the Trust Fund are extinguished and each Trust Creditor will, if called upon to do so, execute and deliver to the Trustees such forms of release of any Claim as the Trustees require.

6.10 Bar

After distribution of the Final Dividend from the Trust Fund, the Trustees may plead this Deed in bar to any Trust Creditor's Claim.

6.11 Non-Participating Creditors

The Non-Participating Creditors are not entitled to participate in or receive any distribution from, and will not prove to recover any Claim for the purposes of, and in relation to, the Trust Fund.

7 GST

7.1 Definitions

Words and expressions used in this **clause 7** which are defined in the GST Act have the same meaning in this clause.

7.2 GST credits on Claims which have been or will be claimed by the Deed Companies

To the extent that input tax credits on Admitted Claims have been or will be claimed by any of the Deed Companies, the parties agree and acknowledge that following the payment of distributions to those Creditors by the Trustees from the Trust Fund, the relevant Deed Company by its Deed Administrators will be responsible for making any adjustment required by the provisions of the GST Act insofar as those adjustments relate to those Admitted Claims and Practice Statement PS LA 2012/1 (GA) will be applied by the Deed Company to calculate the impact of those adjustments.

7.3 GST credits for Administration Debts and Deed Administrators' Costs

To the extent that:

- (a) an input tax credit is available in respect of an Administration Debt or a Deed Administrators' Cost; and
- (b) neither the Administrator nor the Deed Administrator is able to claim that input tax credit because it is attributable to a tax period that arises after the date on which the GST registration of the Administrator or the Deed Administrator's ends,

then, the parties agree and acknowledge that the Deed Companies are responsible for claiming that input tax credit.

7.4 GST credits during operation of Trust

The parties agree and acknowledge that to the extent that an input tax credit is available in respect of a Trustee Cost which is incurred and paid for by the Trustees during the operation of the Trust, the Trustees (acting in their capacity as Trustees of the Trust) will be responsible for the claiming those input tax credits.

8 Meetings of Creditors

The Trustees may at any time convene a meeting of Trust Creditors and except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, Division 75 of the Insolvency Practice Schedule and Division 75 of the Insolvency Practice Rules, with such modifications as are necessary, to meetings of the Trust Creditors as if the references to the liquidator, the liquidator or provisional liquidator, the liquidator, provisional liquidator or chairperson, or a liquidator, provisional liquidator or trustee for debenture holders, as the case may be, were references to the Trustees.

9 Remuneration of Trustees

The Trustees:

- (a) are to be remunerated at the usual rates charged by KordaMentha from time to time in respect of any work done by the Trustees, and any partner or employee of the Trustees, in connection with:
 - (i) the exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Administrators and/or Deed Administrators, even though that remuneration has not been approved by the Creditors under section 449E or Division 60 of the IPS (as applicable) of the Corporations Act;
 - (ii) the calling for and adjudicating upon proofs of Claims;
 - (iii) the distribution of the Trust Fund;
 - (iv) the exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Trustees under this Deed; and
- (b) acknowledge that the Trustees' Costs, including costs, charges and expenses (including those incurred in connection with advisers) incurred in connection with the foregoing, including any stamp duty payable by them in respect of this Deed will be payable from the Trust Fund.

10 Indemnity

10.1 Indemnity

The Trustees are entitled to be indemnified out of the Trust Fund for all actions, suits, proceedings, accounts, claims and demands arising out of or relating to this Deed which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them, provided that the Trustees shall not be entitled to an indemnity in respect of any liabilities or demands to the extent that the indemnification contravenes the Corporations Act or the Trustee Act or if the Trustees, or any partner, employee, authorised agent or delegate of the

Trustees have acted negligently, in breach of fiduciary duty or in breach of trust.

10.2 Continuing indemnity

This indemnity takes effect on and from the Commencement Date and will be without limitation as to time and will operate notwithstanding the removal of the Trustees (or either of them) and the appointment of new trustees or the termination of this Trust for any reason whatsoever.

10.3 Indemnity not to be affected or prejudiced

The indemnity under **clause 10.1** will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Trustees and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Trustees, the approval and execution of this Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Trustees may have against any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Trustees of or incidental to the exercise or performance of any of the powers of authorities conferred on the Trustees by this Deed or otherwise.

11 Liability

11.1 Exclusion of liability

- (a) The Trustees, and the Trustees' partners and employees, are not liable for any loss or damage occasioned to the Trust Property or to any person by:
 - (i) the exercise of any discretion or power conferred by this Deed or by law on the Trustees or any delay or failure to exercise any of those discretions or powers;
 - (ii) any breach of duty or trust, unless it is proved to have been committed, made or omitted in personal, conscious and fraudulent bad faith by the Trustees, partner or employee; or
 - (iii) any disclosure by the Trustees or the officer of any document, matter or thing relating to the Trust, the Trust Property or any Trust Creditor.
- (b) All persons claiming any interest in the Trust Property must be treated as taking it with and subject to notice of the protection conferred by this **clause 11**.

11.2 Proceedings against co-trustee

The Trustees are not bound to take any proceeding against a co-trustee for any breach or alleged breach of trust committed by the co-trustee.

11.3 Reliance on advice

Where the Trustees act in reliance upon the advice of any solicitor instructed on behalf of the Trust in relation to the interpretation of the provisions of this Deed or any document or statute or any matter concerning the administration of the Trust, the Trustees are not liable to any person in respect of any act done or omitted to be done by the Trustees in accordance with the advice.

12 Trustees' retirement

Any Trustee may retire at any time by giving not less than 14 days' prior written notice to the Company unless that retirement would result in there being no remaining Trustee in which event the Trustees must:

- (a) convene a meeting of Trust Creditors in accordance with **clause 7** of this Deed for the purpose of approving the appointment of a replacement trustee;
- (b) assign to a replacement trustee nominated by the Trust Creditors the Trustees' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in **clause 12(b)**.

13 Trustees not obliged to take action

The Trustees will not be obliged to take any action under this Deed until such time as there are sufficient funds in hand and immediately available to them without prior or apprehended claim as referred to in **clauses 4.4** and **4.5** to pay their remuneration, costs, fees and expenses.

14 Termination

14.1 Termination of the Trust

This Trust will terminate:

- (a) when the whole of the Trust Fund has been distributed in accordance with this Deed; or
- (b) upon the expiry of the perpetuity period referred to in **clause 5**, whichever occurs first.

14.2 Meeting of Trust Creditors

The Trustees must convene a meeting of Trust Creditors to consider a resolution to vary this Deed or terminate the Trust if:

- (a) at any time prior to the termination of the Trust, the Trustees determine that it is no longer practicable or desirable to continue to implement or carry out this Deed; or

- (b) the Court so orders.

14.3 Termination of the Trust by Court order and Trust Creditors' resolution

This Trust will terminate if:

- (a) a Court so orders; or
- (b) the Trust Creditors pass a resolution terminating this Trust at a meeting duly convened pursuant to **clause 14.2**.

In that event, any remaining part of the Trust Fund must be immediately paid to the Deed Proponent and shall not be available for distribution to Trust Creditors.

14.4 Report to Trust Creditors

Upon a meeting being convened pursuant to **clause 14.2**, the Trustees must send each Trust Creditor prior to the meeting a report as to the state of affairs of the Trust accompanied by such financial statements as the Trustees think fit. The report must include:

- (a) a statement explaining the circumstances which have caused the Trustees to convene the meeting pursuant to **clause 14.2**; and
- (b) a statement that this Trust will be terminated if the Trust Creditors so resolve.

14.5 Previous operation of this deed preserved

The termination or avoidance, in whole or in part, of this Trust does not affect the efficacy of any act done prior to the termination or avoidance.

14.6 Variation of Deed

This Deed may be varied:

- (a) with the consent of the Trustees by resolution passed at a meeting of Trust Creditors by a majority of Trust Creditors in number and in value, but only if the variation is not materially different from the proposed variation set out in the notice of that meeting and provided that the variation does not materially prejudice the interests of any class of Trust Creditors without the approval of a majority of that class of Trust Creditors in number and value; or
- (b) by the Court upon application of any of the Trust Creditors or the Trustees in accordance with section 81 of the Trustee Act.

15 General

15.1 Invalidity and enforceability

- (a) If any provision of this Deed is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.

- (b) **Clause 15.1(a)** does not apply where enforcement of the provision of this Deed in accordance with **clause 15.1(a)** would materially affect the nature or effect of the parties' obligations under this Deed.

15.2 Waivers

- (a) No party to this deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.
- (b) The meanings of the terms used in this **clause 15.2** are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this Deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

- (a) This Deed may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this deed by signing any counterpart.

15.4 Governing law

This Deed is governed by the law in force in the State of New South Wales.

15.5 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it.

15.6 Entire agreement

This Deed states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.

15.7 No reliance

No party has relied on any statement by any other party not expressly included in this Deed.

15.8 Relationship of the parties

Nothing in this Deed gives a party authority to bind any other party in any way.

15.9 Exercise of rights

- (a) Unless expressly required by the terms of this Deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this Deed.

- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this Deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.

15.10 Stamp duty

Any stamp duty assessed on this Deed is to be paid out of the Trust Fund.

16 Notices

16.1 Form of Notice

A notice or other communication to a party under this Deed (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in **schedule 2** (or any alternative details nominated to the sending party by Notice).

16.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee’s time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee’s time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party’s transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time

	within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been addressed to the addressee).

16.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in **clause 16.2**).

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Schedule 1

Deed Companies

- 1 Ten Network Holdings Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 081 327 068.
- 2 The Ten Group Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 057 564 708.
- 3 Network Ten Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 052 515 250.
- 4 Network Ten (Sydney) Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 008 664 962.
- 5 Network Ten (Brisbane) Pty Limited (Subject to Deed of Company Arrangement) (receivers and managers appointed) ACN 050 148 537.
- 6 Network Ten (Melbourne) Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 008 664 953.
- 7 Network Ten (Perth) Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 009 108 614.
- 8 Network Ten (Adelaide) Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 007 577 666.
- 9 Caprice Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 008 655 847.
- 10 Chartreuse Pty Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 008 655 874.
- 11 Television and Telecasters (Properties) Pty Limited (Subject to Deed of Company Arrangement) ACN 050 690 161.
- 12 Ten Online Pty Limited (Subject to Deed of Company Arrangement) ACN 089 829 667.
- 13 Ten Ventures Pty Limited (Subject to Deed of Company Arrangement) ACN 089 830 759.
- 14 Ten Employee Share Plans Pty Limited (Subject to Deed of Company Arrangement) ACN 082 736 150.

Schedule 2

Notice Details

Clause 15.1

Trustees

Mark Korda, Jenny Nettleton and Jarrod Villani in their capacity as joint and several deed administrators of the Deed Companies

Address

[c/- KordaMentha](#)
[Level 5, Chifley Tower](#)
[2 Chifley Square](#)
[Sydney NSW 2000](#)

Attention

[Jennifer Nettleton](#)

Phone

[\(+61 2\) 8257 3000](#)

Fax

Email

jnettleton@kordamentha.com

Deed Companies

The companies listed in **schedule 1**

Address

[c/- KordaMentha](#)
[Level 5, Chifley Tower](#)
[2 Chifley Square](#)
[Sydney NSW 2000](#)

Attention

[Jennifer Nettleton](#)

Phone

[\(+61 2\) 8257 3000](#)

Fax

Email

jnettleton@kordamentha.com

Deed Proponent

Address

Level 4, Kyle House
27-31 Macquarie Place
SYDNEY NSW 2000

Attention

Stephen White

Phone

+61 2 8274 4444

Fax

Email

stephen.white@cbs.com

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Schedule 3

Pool A Creditors

The Pool A Creditors are the Creditors listed below that are Trust Creditors as at Completion.

Name of Creditor/s and contract	Defined Amount
Endemol Shine Australia Pty Ltd in respect of the Production and Licence Agreement dated 11 July 2016 (The Biggest Loser Transformed - Series 11)	\$1,005,719
Warner Bros. Entertainment Australia Pty Ltd (Warner Bros.) and Nine Network Australia Pty Limited (Nine) in respect of the Sublicence agreement contained in the letter from Nine accepted as at 20 October 2005 to Network Ten Pty Ltd as amended from time to time (Supernatural) as purportedly assigned by Nine to Warner Bros.	\$2,301,631
FremantleMedia Australia Pty Ltd in respect of: <ul style="list-style-type: none"> • Deal memo dated 26 November 2014 with Network Ten Pty Ltd as amended from time to time (Neighbours). • Production and Licence Agreement with Network Ten Pty Ltd dated 28 August 2015, as amended from time to time, and as extended by exercise of option emails dated 24 July 2015 and 28 April 2016 (Family Feud). 	\$424,908
ITV Studios Australia Pty Limited in respect of the Production and Licence Agreement dated 3 August 2016 (I'm a Celebrity Get Me Out of Here!)	\$1,948,013

Execution

Executed as a deed.

Signed sealed and delivered)
by **Mark Korda** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Jenny Nettleton** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Jarrold Villani** in the presence of:)

.....

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Ten Network Holdings Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed)) Deed Administrator
by its joint and several deed administrator)
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **The Ten Group Pty Limited (Subject**)
to Deed of Company Arrangement))
(Receivers and Managers Appointed)) Deed Administrator
by its joint and several deed administrator)
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten Pty Limited (Subject to**)
Deed of Company Arrangement))
(Receivers and Managers Appointed)) Deed Administrator
by its joint and several deed administrator)
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Sydney) Pty Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed) by its joint and)
several deed administrator in the)
presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Brisbane) Pty Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed) by its joint and)
several deed administrator in the)
presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Melbourne) Pty**)
Limited (Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed) by its joint and)
several deed administrator in the)
presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Perth) Pty Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed) by its joint and)
several deed administrator in the)
presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Network Ten (Adelaide) Pty Limited**)
(Subject to Deed of Company)
Arrangement) (Receivers and)
Managers Appointed) by its joint and)
several deed administrator in the)
presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Caprice Pty Limited (Subject to**)
Deed of Company Arrangement))
(Receivers and Managers Appointed))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Chartreuse Pty Limited (Subject to**)
Deed of Company Arrangement))
(Receivers and Managers Appointed))
by its joint and several deed administrator) Deed Administrator
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Television and Telecasters**)
(Properties) Pty Limited (Subject to)
Deed of Company Arrangement))
by its joint and several deed administrator) Deed Administrator
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Ten Online Pty Limited (Subject to**)
Deed of Company Arrangement))
by its joint and several deed administrator) Deed Administrator
in the presence of:)

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Ten Ventures Pty Limited (Subject**)
to Deed of Company Arrangement))
by its joint and several deed administrator)
in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **Ten Employee Share Plans Pty**)
Limited (Subject to Deed of Company)
Arrangement) by its joint and several)
deed administrator in the presence of:)

.....
Deed Administrator

.....
Witness

.....
Name of Witness (print)

Signed sealed and delivered)
by **CBS International Television**)
Australia Pty Ltd by:)

.....
Director

.....
Director / Company Secretary

.....
Name of Director (print)

.....
Name of Director /Company Secretary
(print)

Appendix 15 – List of Excluded Contracts

No.	Counterparty	Contract	Series name (if applicable)
1	7PM Holdings Pty Ltd Roving Operations Pty Ltd	Format Licence Deed between 7PM Holdings Pty Ltd, Roving Operations Pty Ltd and Network Ten Pty Ltd, which commenced 25 July 2016. Production Services Deed between 7PM Holdings Pty Ltd, Roving Operations Pty Ltd and Network Ten Pty Ltd dated 23 February 2016.	The Project
2	AAL Aviation Pty Limited	Any agreement other than Advertising Sites Licence between AAL Aviation Limited, Eye Fly Sydney Pty Ltd and Ten Network Holdings Pty Ltd dated 23 December 2011;	
3	BBL Distribution, Inc	Program License Agreement between BBL Distribution, Inc. and Network Ten Pty Limited dated 18 February 2015.	Bold & Beautiful, The – (run of series)
4	Bramley Properties Pty Ltd	Gold Coast Bureau lease between Bramley Properties Pty Ltd and Network Ten Pty Ltd dated 1 May 2009 (commencement date) for the location at Level 8, 1 Gateway 50 Appel St, Surfers Paradise Queensland with a term of 1 May 2009 to 30 April 19.	
5	Brightcove Inc	Tenplay video content delivery (made up of two agreements): 32. Brightcove Master Service Agreement between Brightcove Inc and Network Ten Pty Ltd dated 13 February 2013 (Ten execution date) 33. Video Cloud – Enterprise Edition Renewal Order between Brightcove Inc and Network Ten Pty Ltd dated 24 January 2017 (fully executed).	
6	Bulletproof Networks	Managed Hosting Agreement between- Bulletproof Networks and Network Ten Pty Ltd dated 12 September 2016 (Agreement expired on 30 June 2017)	
7	Castaway Television Productions Limited	Format Licence between Castaway Television Productions Limited and Network Ten Pty Ltd dated 12 December 2016.	Australian Survivor Format Licence
8	CBS Broadcast International, CBS Enterprises, a division of CBS Broadcasting Inc.	Free Television Output License Agreement between CBS Broadcast International, CBS Enterprises, a division of CBS Broadcasting Inc. and Network Ten Pty Limited dated 16 November 2006 as amended from time to time (currently 1 Amendment).	
9	CBS International Television Australia Pty Limited	Free Television Output License Agreement between CBS International Television Australia Pty Limited and Network Ten Pty Limited dated 15 November 2006 as amended from time to time. (currently 16 Amendments)	
10	CBS International Television Australia Pty Limited	Library Program License Agreement between CBS International Television Australia Pty Limited and Network Ten Pty Limited dated 28 December 2015 as amended from time to time (currently 1 amendment).	
11	Commonwealth of Australia Represented by the Department of Parliamentary Services	Canberra Lease under Deed of Variation 1 between Commonwealth of Australia Represented by the Department of Parliamentary Services and Network Ten Pty Limited dated 1 January 2015.	
12	Cricket Australia	Domestic Free to Air Television Agreement between Cricket Australia and Network Ten Pty Ltd dated 3 June 2013.	Cricket: Big Bash League

No.	Counterparty	Contract	Series name (if applicable)
13	Dradgin Pte Ltd	Lease for commercial premises (Perth) between Dradgin Pte Ltd and Network Ten Pty Ltd dated on or around May 2016.	
14	Endemol Shine Australia Pty Ltd	Production Services Agreement between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd dated 7 December 2015.	Australian Survivor Production Services
15	Endemol Shine Australia Pty Ltd Shine (Aust) Pty Ltd	Production Agreement for Series 4 to 7 between Shine (Aust) Pty Ltd and Network Ten Pty Ltd dated 25 August 2015, and extended by Production Agreement for Series 9 to 13 between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd, which is undated.	Masterchef
16	Endemol Shine Australia Pty Ltd	Production & Licence Agreement between Endemol Shine Australia Pty Ltd and Network Ten Pty Ltd dated 1 February 2017.	Offspring
17	Ericsson Australia Pty Ltd	Captioning Agreement between Ericsson Australia Pty Ltd and Network Ten Pty Ltd dated 1 January 2017 (commencement date)	
18	Ericsson Television Limited	Gold Support Agreement (agreement # 120 519) between Ericsson Television Limited and Network Ten Pty Ltd dated 24 May 2012 (execution date) (as amended 25 th June 2014)	
19	Essential Media Pty Limited	Body Hack s2 Production & Licence Agreement between Network Ten Pty Limited and Essential Media Pty Limited dated 11 April 2017	BodyHack - Series 2
20	Fox Sports Australia Pty Limited	FTA Rights Agreement between Fox Sports Australia Pty Limited and Network Ten Pty Limited dated 18 August 2015	Rugby
21	Fox Sports Australia Pty Limited	Heads of Agreement between Fox Sports Australia Pty Limited and Network Ten Pty Limited dated 20 December 2016	Football Federation of Australia
22	Foxtel Management Pty Ltd	Foxtel Program Licence Agreement between Foxtel Management Pty Ltd and Network Ten Pty Ltd dated 7 May 2015, as amended and extended by the Option Exercise and Amendment dated 30 March 2017.	Gogglebox
23	Foxtel Management Pty Ltd	Foxtel Licence Agreement between Foxtel Management Pty Ltd and Network Ten Pty Ltd (Administrators Appointed) dated 30 June 2017	Commonsense
24	FOXTEL Management Pty Ltd	Retransmission Deed between FOXTEL Management Pty Ltd and Network Ten Pty Ltd dated 7 August 2007, as amended by Retransmission Variation Deed dated 28 April 2010 and extended by Extension letter dated 23 June 2011. This expired 6 August 2017.	
25	Foxtel Management Pty Limited (for and on behalf of the FOXTEL Partnership)	Letter agreement between Foxtel Management Pty Limited (for and on behalf of the FOXTEL Partnership) and Network Ten Pty Limited dated on or about 22 June 2011 regarding the retransmission of Ten's Eleven Channel, as amended from time to time. This agreement expired 6 August 2017.	
26	Fremantle Media Australia Pty Ltd	Deal Memo setting out program licence agreement between Fremantle Media Australia Pty Ltd and Network Ten Pty Ltd dated 26 November 2014.	Neighbours

No.	Counterparty	Contract	Series name (if applicable)
27	Fremantle Media Australia Pty Ltd	Production & Licence Agreement between Fremantle Media Australia Pty Ltd and Network Ten Pty Ltd dated 28 August 2015, as extended by the Option Exercise emails dated 24 July 2015 and 28 April 2016.	Family Feud
28	Goodman Australia Industrial Trust No 3	Sydney office lease Office Lease (1 Saunders Street, Pyrmont, New South Wales) between Goodman Australia Industrial Trust No 3 and Network Ten Pty Ltd dated 23 December 2011 (commencement date).	
29	Have You Been Paying Attention? Pty Ltd	Licence Agreement between Have You Been Paying Attention? Pty Ltd and Network Ten Pty Ltd dated 8 March 2017.	Have You Been Paying Attention?
30	Interactive Pty Ltd	Master Services Agreement between Interactive Pty Ltd and Network Ten Pty Ltd dated 10 July 2013.	
31	ITV Global Entertainment Limited	<p>34. (seasons 19-20 produced in 2016) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd dated 13 June 2016</p> <p>35. (seasons 21-22 produced in 2017) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd dated 31 May 2017</p> <p>36. (seasons 23-24 produced in 2018) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd – UNSIGNED but option has been exercised for seasons 23-24</p> <p>37. (seasons 25-26 produced in 2019) Licence Agreement for The Graham Norton Show between ITV Global Entertainment Limited and Network Ten Pty Ltd – UNSIGNED (not yet received. This will contain an option for the licence of seasons 27-30 produced in 2020-2021)</p>	Graham Norton Show, The (series 19-26) 2017-2021
32	ITV Studios Australia Pty Ltd	Production & Licence Agreement between ITV Studios Australia Pty Ltd and Network Ten Pty Ltd dated 3 August 2016.	I'm A Celebrity Get Me Out Of Here!
33	Lingo Pictures Pty Ltd ESA Productions 4 Pty Ltd	Production & Licence Agreement between Lingo Pictures Pty Ltd, ESA Productions 4 Pty Ltd and Network Ten Pty Ltd dated 16 January 2017.	Wake in Fright
34	Metraweather (Australia) Pty Ltd	Weather XT Licence Agreement between Metraweather (Australia) Pty Ltd and Network Ten Pty Limited dated 1 February 2015, as subsequently amended and varied.	
35	Microsoft Operations Pte Ltd	Microsoft Volume Licensing (Direct Server and Cloud Enrollment) between Microsoft Operations Pte Ltd and Network Ten Pty Ltd dated 1 January 2015 (commencement date), and the associated Microsoft Products and Services Agreement (Volume Licensing) between Microsoft Operations Pte Ltd and Network Ten Pty Ltd.	



No.	Counterparty	Contract	Series name (if applicable)
36	Mirvac Funds Limited as Responsible Entity of the Mirvac Property Trust, assigned to Newmark Capital Limited as trustee for the Newmark Como Property	Melbourne office lease Commercial lease (Part Level 3, Levels 4-6 and Part Roof, 620 Chapel Street, South Yarra) between Mirvac Funds Limited as Responsible Entity of the Mirvac Property Trust and Network ten Pty Limited dated 10 September 2009. Mirvac assigned this to Newmark Capital Limited as trustee for the Newmark Como Property on 28 June 2016.	
37	Nielsen Television audience Measurement Pty Limited	Regional Television Audience Measurement Data Sublicence Agreement between Nielsen Television audience Measurement Pty Limited and Network Ten Pty Limited dated 30 June 2016.	
38	Nielsen Television Audience Measurement Pty Limited	Software Licence and Services Agreement between Nielsen Television Audience Measurement Pty Limited and Network Ten Pty Limited dated 1 March 2016.	
39	Oracle Corporation Australia Pty Ltd	Oracle License and Services Agreement between Oracle Corporation Australia Pty Ltd and Network Ten Pty Ltd dated 30 April 2009, as renewed from time to time.	
40	OzTAM Pty Limited	Video Player Measurement Service Access and Licence Agreement between OzTAM Pty Limited and Network Ten Pty Limited dated 10 April 2017.	
41	Playmaker Media Pty Ltd Playmaker TWG2 SPV Pty Ltd	Production & Licence Agreement between Playmaker Media Pty Ltd, Playmaker TWG2 SPV Pty Ltd and Network Ten Pty Ltd dated 28 June 2017. Development Agreement between Playmaker Media Pty Ltd and Network Ten Pty Ltd dated 20 July 2016.	The Wrong Girl
42	Ricoh Australia Pty Ltd	Ricoh Network Managed Services (made up of two agreements): 38. Network Monitoring Service Agreement between Ricoh Australia Pty Ltd and Network Ten Pty Ltd dated 1 September 2015; and 39. Netsupport contract between Ricoh Australia Pty Ltd and Network Ten Pty Ltd dated 1 September 2015	
43	SintecMedia WEM Ltd (f/k/a Pilat Media Limited)	IBMS Support Services provided under Maintenance Agreement between SintecMedia WEM Ltd (f/k/a Pilat Media Limited) and Network Ten Pty Ltd dated 11 October, 2000 as amended from time to time. This agreement expired 31 March 2017.	
44	Sony Pictures Television UK Rights Limited	Format Licence Agreement between Sony Pictures Television UK Rights Limited and Network Ten Pty Ltd dated 15 October 2014.	Shark Tank
45	Techtel Pty Limited	Techtel AP Electronic News Production System Software Licence Agreement between Techtel Pty Limited and Network Ten Pty Limited dated 23 August 1999	
46	Techtel Pty Ltd (trading as Harmonic)	Techtel (Harmonic) Service Level Agreement between Techtel Pty Ltd (trading as Harmonic) and Network Ten Pty Limited	

No.	Counterparty	Contract	Series name (if applicable)
47	Telstra Corporation Limited	Business Services Agreement for Data Services between Telstra Corporation Limited and Network Ten Pty Limited dated 18 October 2016 Business and all Service Schedules made under it, as varied from time to time.	
48	TVSN Channel Pty Ltd	Channel Supply Agreement between TVSN Channel Pty Ltd and Network Ten Pty Ltd dated 30 June 2016.	
49	TX Australia Pty Ltd Nine Network Australia Pty Ltd Seven Network (Operations) Pty Ltd	Shareholders Agreement between TX Australia Pty Ltd, Nine Network Australia Pty Ltd, Seven Network (Operations) Pty Ltd and Network Ten Pty Ltd dated 14 December 1999, as amended by Shareholders Amending Agreement dated 20 October 2010.	
50	Universal Studios International B.V. (subsequently assigned to Universal Studios Limited)	ROS Law & Order Franchise License Agreement between Universal Studios International B.V. (subsequently assigned to Universal Studios Limited) and Network Ten Pty Limited dated 16 January 2009	Law & Order SVU (run of series)
51	Vizrt Australia Pty Ltd	Support and Maintenance Agreement between Vizrt Australia Pty Ltd and Network Ten Pty Ltd dated 1 June 2016.	
52	Warner Bros. International Television Production Australia Pty Ltd	Production & Licence Agreement between Warner Bros. International Television Production Australia Pty Ltd and Network Ten Pty Ltd dated 14 December 2015, as extended by the Option Exercise email dated 25 October 2016.	Bachelorette
53	Warner Bros. International Television Production Australia Pty Ltd	Production & Licence Agreement between Warner Bros. International Television Production Australia Pty Ltd and Network Ten Pty Ltd dated 14 December 2015, as extended by the Option Exercise email dated 25 October 2016.	Bachelor
54	WTFN Entertainment Pty Ltd	Production, Investment & Licence Agreement between WTFN Entertainment Pty Ltd and Network Ten Pty Ltd dated 16 February 2012, as amended and extended by the Option Exercise and Amendment dated 1 July 2017.	The Living Room
55	WIN Corporation Pty Ltd	Program Supply Agreement between WIN Corporation Pty Ltd and Network Ten Pty Ltd dated 22 May 2016, as amended by Amendment Deed dated 25 July 2016 and further amended and novated by Deed of Novation and Amendment between WIN Corporation Pty Ltd, Network Investments Pty Ltd and Network Ten Pty Ltd dated 19 May 2017.	
56	Yatona Pty Ltd	Lease (Adelaide) between Yatona Pty Ltd and Network Ten Pty Ltd dated 4 September 2007.	

Appendix 16 - Estimated return under liquidation scenario

Estimated return under liquidation scenario	Notes	\$ millions
Net recovery from assets subject to non-circulating security interests	1	15.0
Secured creditor claims on non-circulating assets	2	(142.7)
Surplus/(deficit) on assets subject to non-circulating security interests		(127.7)
Net recovery from assets subject to circulating security interests	3	48.3
Surplus/(deficit) available for priority creditors		48.3
Priority creditors (employees)	4	(59.0)
Surplus/(deficit) available for circulating secured interests		(10.7)
Balance of secured creditor claim	5	(127.7)
Surplus/(deficit) available for unsecured creditors		(138.7)
Unsecured creditors	6	(607.5)
Unsecured creditors – contingent claims	7	Unknown
Total surplus/(deficit)		(746.0)
Estimated distribution to secured creditor (cents in \$)		10
Estimated distribution to priority creditors (cents in \$)		82
Estimated distribution to unsecured creditors (cents in \$)		Nil

Note 1: Net recovery from assets subject to non-circulating security interests

Estimated net recovery of the Ten Group's plant and equipment (\$5.0 million) and investments (\$10.0 million). Nil recovery assumed from Network Ten's broadcast licences.

Note 2: Secured creditor claims on non-circulating assets

Refer section 3.10.1. The Secured Creditors were refinanced by a new loan provided by the Purchaser. The New Secured Creditor now holds security over the Security Providers. The value of the refinanced debt is \$142.7 million.

Note 3: Net recovery from assets subject to circulating security interests

Estimated recovery includes:

- Cash available on appointment (\$2.1 million).
- Net cash inflow from trading to 31 August 2017 (\$35.5 million).
- Forecast net recoveries from advertising and programming receivables at 31 August 2017 (\$91.0 million).
- Net recovery from the sale of the Brisbane property (\$5.0 million).
- Nil recovery assumed from programming rights, tax assets and prepayments.

Estimated liabilities (including commitments) associated with trading and administering the Ten Group to 31 August 2017 (\$76.0 million) - majority relating to future programming/content.

Estimated costs associated with finalising the liquidation of the Ten Group, include:

- Rent and other occupancy costs (\$2.0 million)
- Payroll and on-costs (\$3.3 million)
- Other (\$1.0 million)
- Professional fees and disbursements (\$3.1 million)

Note 4: Priority creditors (employees)

Employees are afforded priority for employee entitlements under Section 556 of the Act. The records of the Ten Group indicate that employees are owed:

- Annual Leave (\$5.2 million)
- Time off in lieu (\$0.1 million)
- Long Service Leave (\$8.7 million)
- Pay in lieu of notice (\$8.5 million)
- Redundancy and other payments on termination (\$31.4 million)

We estimate that on-costs of \$5.1 million would be payable on the above amounts.

Note 5: Balance of secured creditor claim

Balance of the new loan provided by the Purchaser that is not repaid by assets subject to non-circulating security interests. Refer notes 1 and 2.

Note 6: Unsecured creditors

Unsecured creditors include estimate of program creditors as well as statutory, trade creditors and non-priority employee entitlements. Estimate per section 3.10.

Note 7: Unsecured creditors – contingent claims

If the Ten Group is liquidated, which would result in Network Ten ceasing to trade, contractual and other creditors may have additional claims against Network Ten e.g. landlords of premises lease by Network Ten. The quantum of these claims is unknown, however, is likely to be material.

