

**MRN TARGET'S STATEMENT: OFF-MARKET TAKEOVER OFFER BY NINE
ENTERTAINMENT CO. HOLDINGS LIMITED**

Sydney, Friday 13 September 2019: Macquarie Media Limited (ASX: MRN) (**MML**) refers to the announcement by Nine Entertainment Co. Holdings Limited (ASX:NEC) (**Nine**) on 12 August 2019 regarding a conditional off-market takeover offer for all of the ordinary shares of MML (**Offer**).

MML confirms that its Target's Statement in relation to the Offer and accompanying Independent Expert's Report (**Target's Statement**) was issued today. A copy of the Target's Statement is enclosed.

Despatch of the Target's Statement to shareholders also occurred today and copies will also be provided to Nine and lodged with the Australian Securities & Investments Commission today.

For further information contact:

Lisa Young

Company Secretary

Macquarie Media Limited

Email: lisa.young@macquariemedia.com.au

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MACQUARIE
MEDIA LIMITED

MACQUARIE MEDIA LIMITED

ABN 32 063 906 927

Target's Statement

in response to the offer by Fairfax Media Limited (an indirect wholly-owned subsidiary of Nine Entertainment Co. Holdings Limited) to acquire all of your MRN Shares

The Independent Directors of MRN unanimously recommend that, in the absence of a superior proposal and subject to the independent expert continuing to opine that the Offer is reasonable, you **ACCEPT** the Offer to purchase all of your MRN Shares for \$1.46 cash per MRN Share.

The Independent Expert has concluded that the Offer is **fair** and **reasonable** to MRN Shareholders.

This is an important document and requires your immediate attention.

If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.

Financial Adviser



Legal Adviser

CLAYTON UTZ

Important notices

Nature of this document

This document is a Target's Statement dated 13 September 2019 issued by Macquarie Media Limited ACN 063 906 927 (**MRN**) in accordance with Division 3 of Part 6.5 of the Corporations Act, in response to the Bidder's Statement dated 30 August 2019 issued by Fairfax Media Limited ACN 008 663 161 (**Nine Bidder**) (an indirect, wholly-owned subsidiary of Nine Entertainment Co. Holdings Limited ACN 122 203 892 (**Nine**)), in respect of the Offer.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 11. That Section also sets out some rules of interpretation which apply to this Target's Statement.

Investment decision and no account of personal circumstances

The Independent Directors of MRN recommend that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Offer. This Target's Statement should not be taken as personal financial, investment or tax advice, as each MRN Shareholder's deliberations and decision will depend upon their own individual financial situation, tax position, investment objectives and particular needs. You should seek independent financial, taxation, legal or other professional advice before making a decision whether or not to accept the Offer.

Forward-looking statements

This Target's Statement may contain forward-looking statements, which include all statements other than statements of historical fact. MRN Shareholders should note that forward-looking statements are only expectations or predictions and are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of MRN. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

The risks, variables and other factors that may affect the forward-looking statements include matters specific to the sectors in which MRN operates, as well as economic and financial market conditions; legislative, fiscal or regulatory developments; the price performance of MRN Shares, including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of MRN.

None of MRN, its officers, advisers, employees, nor any other person (including any person involved in the preparation of this Target's Statement), subject to the Corporations Act, gives any representation or warranty (express or implied) or gives any assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements, or any events or results expressed or implied in any forward-looking statements, except to the extent required by law. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement reflect views held as at the date of this Target's Statement.

ASIC and ASX

A copy of this Target's Statement was lodged with ASIC on 13 September 2019 and provided to the ASX on 13 September 2019. Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Target's Statement.

Disclaimer as to information

The information in this Target's Statement about Nine and Nine Bidder (including, for the avoidance of doubt, the information set out in section 5) has been compiled from, or is otherwise based on, information obtained from either Nine, Nine Bidder or publicly available sources, and has not been independently audited or verified by MRN or its advisers. Accordingly, MRN does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information and, to the extent permitted by law, neither MRN nor any of its officers, advisers or employees assumes any responsibility or liability for such information. If any information obtained from Nine, Nine Bidder or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward-looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward-looking statements.

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes responsibility for that report. To the extent permitted by law, neither MRN nor any of its officers, advisers or employees assumes any responsibility or any liability for the accuracy or completeness of the Independent Expert's Report, except, in the case of MRN, in relation to the information which it has provided to the Independent Expert.

Foreign shareholders

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

MRN has collected your information from the register of MRN Shareholders for the purpose of providing you with this Target's Statement. The type of information MRN has collected about you includes your name, contact details and information about your holding of MRN Shares. Without this information, MRN would be hindered in its ability to issue this Target's Statement.

The Corporations Act requires the name and address of MRN Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the MRN Share Registry, Nine Bidder and its advisers, and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

Further information

If you would like more information about MRN Shares which you hold, please contact the MRN Share Registry on +61 (02) 8234 5000 or 1300 850 505 (toll free within Australia) between 8.30am and 7.30pm (Sydney time) on Business Days.

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Key Dates

Announcement Date	12 August 2019
Date of the Bidder's Statement	30 August 2019
Offer Period commences	13 September 2019
Date of this Target's Statement	13 September 2019
Offer Period ends (unless extended by Nine Bidder)	7.00pm on 14 October 2019

Further information

MRN Shareholders may call +61 (03) 9415 4310 or 1300 356 639 (toll free within Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time) or go to www.macquariemedia.com.au if they have any queries in relation to the Offer.

Letter from the Independent Board Committee

13 September 2019

Dear Shareholders,

Background

On 12 August 2019, Fairfax Media Limited (**Nine Bidder**), an indirect wholly-owned subsidiary of Nine Entertainment Co. Holdings Limited (**Nine**) (which owns approximately 54.44% of MRN Shares (as at 10 September 2019)), announced its intention to make a takeover offer for all of the MRN Shares in which it does not have a Relevant Interest (**Offer**).

Under the terms of the Offer, you are being offered **\$1.46 cash** per MRN Share (**Offer Price**). The Offer is subject to various bid conditions, which are summarised below:

- Nine Bidder having a relevant interest in more than 90% of all MRN Shares on issue at the end of the Offer Period;
- No prescribed occurrences happen during the period from announcement of the Offer until the end of the Offer Period;
- No action by public authority adversely affecting the Offer;
- Non-existence of certain rights under an agreement or instrument;
- MRN complies with specified restrictions on the conduct of the MRN business during the Condition Period;
- No material adverse change occurs during the Condition Period; and
- Entry into and delivery of a valid Deed of Restraint by each of MRN, John Singleton and his wholly-owned subsidiary company John Singleton Promotions Pty Ltd.

The Independent Directors of MRN (together, the **IBC**) have carefully reviewed the Offer in consultation with their advisers, and recommend unanimously that MRN Shareholders accept the Offer in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable.

The IBC appointed PricewaterhouseCoopers Securities Limited (the **Independent Expert**) to prepare the Independent Expert's Report. The Independent Expert has concluded that the Offer is fair and reasonable to MRN Shareholders. A copy of the Independent Expert's Report is included as Attachment 1 to this Target's Statement, and you are encouraged to read that report in full. The Independent Expert has valued each MRN Share at a price of between \$1.44 and \$1.66 per MRN Share.

All MRN Shareholders will receive a copy of the Bidder's Statement from Nine Bidder in the mail, which sets out the detailed terms of the Offer, and includes an Acceptance Form. A copy of the Bidder's Statement is also available on the ASX website at www.asx.com.au. If you do not receive a Bidder's Statement or Acceptance Form, please call the MRN Share Registry on +61 (02) 8234 5000 or 1300 850 505 (toll free within Australia) between 8.30am and 7.30pm (Sydney time) on Business Days.

Reasons for the IBC's Recommendation

This Target's Statement sets out the formal response of the Independent Directors to the Offer, including the reasons why the Independent Directors unanimously recommend that you accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine

that the Offer is reasonable. It is noted that the Independent Expert has also concluded that the Offer is fair to MRN Shareholders.

In summary, the Independent Directors unanimously recommend that you accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable, because:

1. The Independent Expert has concluded that the Offer is reasonable to MRN Shareholders. The Independent Expert has valued 100% of the MRN Shares in the range of \$1.44 and \$1.66 per MRN Share (noting as above, that the Independent Expert has also concluded that the Offer is fair to MRN Shareholders);
2. The Offer represents an attractive acquisition multiple. The Offer Price implies an EV/FY19A EBITDA multiple of 10.2x¹;
3. The Offer provides MRN shareholders with the opportunity to receive certain value of \$1.46 per MRN share in cash, which should be weighed against the risks associated with remaining a MRN shareholder;
4. Nine Bidder already has an interest of 54.44% of the MRN Shares on issue. Nine Bidder is therefore in a position to cast the majority of votes at a general meeting of MRN, allowing it to control the composition of the MRN board and the strategic direction of the Company;
5. The Offer is the best available offer for MRN Shares at this time, noting that no superior proposal has emerged as at the date of this Target's Statement;
6. There is no certainty that Nine or Nine Bidder will make another offer for MRN Shares in the future;
7. If you accept the Offer, you will not incur brokerage or other transaction costs under the Offer, which you may otherwise incur if selling your MRN Shares on the ASX²; and
8. There are potentially adverse consequences if you do not accept the Offer, including:
 - MRN's share price may fall if the Offer is unsuccessful;
 - the price at which you are able to sell your MRN Shares after the Offer may be below the Offer Price of \$1.46 per MRN Share;
 - given the lack of liquidity in trading of MRN Shares, it may continue to be difficult to sell your MRN Shares after the Offer; and
 - MRN may be delisted from ASX³ in which case you will no longer be able to trade MRN Shares on ASX.

Each of these reasons is explained in greater detail in this Target's Statement.

¹ Based on an implied enterprise value for 100% of MRN of \$275 million and FY19 actual underlying EBITDA of \$27.1 million. Enterprise Value of \$275m calculated based on the Offer Price, 171.20 million shares on issue and net debt of \$22 million as at 30 June 2019 adjusted for payment of the final FY19 dividend of \$0.02 per share in August 2019.

² If your holding of MRN Shares is a CHESS Holding or is held by a nominee, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.

³ Please refer to Section 1.8 of this Target's Statement for more information.

Further Information

The Offer is scheduled to close at 7:00pm (Sydney time) on 14 October 2019. To accept the Offer, simply follow the instructions outlined in the Bidder's Statement, the Acceptance Form and Section 8.1 of this Target's Statement. No action is required if you decide not to accept the Offer.

We encourage you to read this Target's Statement carefully, and to seek independent advice if you are in any doubt as to how to respond to the Offer.

If you need any more information about the Offer, we recommend that you seek professional advice, or call +61 (03) 9415 4310 or 1300 356 639 (toll free within Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time) or go to www.macquariemedia.com.au if you have any queries in relation to the Offer.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'R. Tate', with a horizontal line underneath.

Mr Russell Tate

Chairman, Independent Board Committee

1. Reasons why you should accept the Offer

This Section 1 summarises the key reasons why the Independent Directors unanimously recommend to MRN Shareholders that they accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable. It is noted that the Independent Expert has also concluded that the Offer is fair to MRN Shareholders.

The Offer Price under the Offer is \$1.46 cash per MRN Share.

1.1 The Independent Expert has concluded that the Offer is reasonable

The Independent Directors appointed PricewaterhouseCoopers Securities Limited to prepare an Independent Expert's Report on the Offer. The Independent Expert concluded that the Offer is reasonable. It is noted that the Independent Expert has also concluded that the Offer is fair to MRN Shareholders.

The Independent Expert has valued 100% of the MRN Shares in the range of \$1.44 and \$1.66 per MRN Share.

A copy of the Independent Expert's Report is attached to this Target's Statement as Attachment 1. The Independent Directors encourage shareholders to read the Independent Expert's Report in its entirety before making a decision as to whether or not to accept the Offer.

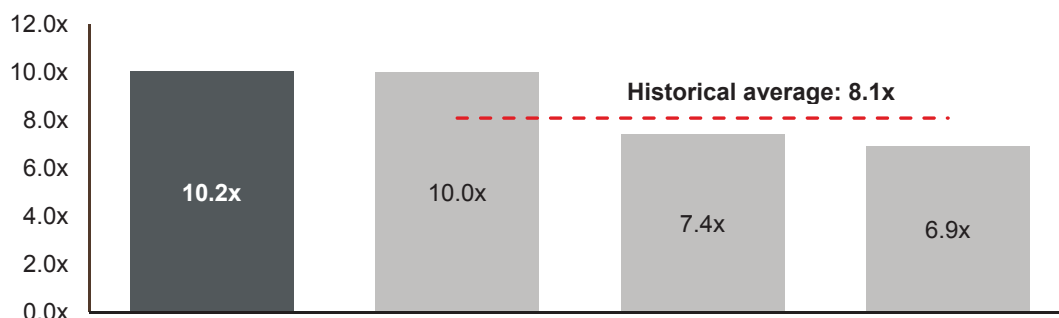
1.2 The Offer represents an attractive acquisition multiple

The Offer Price implies an EV/FY19A EBITDA multiple of 10.2x.⁴

This represents a premium to the average of selected radio transactions in Australia since 2011, when compared on an EV / EBITDA basis, as shown in the chart on the next page.

⁴ Based on an implied enterprise value for 100% of MRN of \$275 million and FY19 actual underlying EBITDA of \$27.1 million. Enterprise Value of \$275m calculated based on the Offer Price, 171.20 million shares on issue and net debt of \$22 million as at 30 June 2019 adjusted for payment of the final FY19 dividend of \$0.02 per share in August 2019.

Radio transactions - historical earnings multiples (pre synergies)^{5,6}



Target	Macquarie Media Limited	Austereo	Prime Radio Group	Australian Radio Network (50%)
Acquirer	Nine	Southern Cross Media	Grant Broadcasters	APN News & Media
Date announced	Aug-19	Jan-11	Aug-13	Feb-14

1.3 The Offer is a cash offer which delivers certain value for your MRN Shares

Subject to the Bid Conditions, the Offer provides certainty of value, with all consideration in cash.

If you accept the Offer and it becomes unconditional, you will:

- (a) be paid \$1.46 cash for each MRN Share which you hold;
- (b) not incur any brokerage fees which would likely be incurred if you were to sell the MRN Shares on market if your holding of MRN Shares is an Issuer Sponsored Holding. If your holding of MRN Shares is a CHESS Holding or is held by a nominee, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer; and
- (c) receive payment for the Offer on or before the earlier of:
 - (i) the day one month after you accept the Offer or, if the Offer is subject to a Bid Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
 - (ii) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

⁵ Transactions included in this figure have been selected by MRN as what it considered to be the most relevant Australian radio transactions since 2011. The figure may not include all transactions that have been announced and completed in the radio sector, and as such should not be considered to be an exhaustive list of all relevant transactions.

⁶ Historical multiples are based on earnings as publicly disclosed for the twelve months prior to the transaction announcement date.

The Independent Expert states in the Independent Expert Report that MRN is a “relatively illiquid investment” and “the Offer provides an opportunity for MRN Shareholders to access cash for their investment, with no transaction/brokerage costs.”

At the same time as providing certain value for your investment, by accepting the Offer you will eliminate any exposure to the risks inherent in continuing to hold MRN Shares, including risks associated with MRN’s business as well as general industry and market risks. Please refer to Section 6.6 for further information about these risks.

1.4 Nine Bidder already has an interest of 54.44% of the MRN Shares on issue

As at 10 September 2019, Nine Bidder has an interest of 54.44% of the MRN Shares on issue. The intentions of Nine Bidder upon acquiring 90% or more of MRN Shares are set out at section 3.2 of the Bidder’s Statement.

If not all MRN Shareholders accept the Offer, the remaining MRN Shareholders will remain minority shareholders in MRN unless Nine Bidder is able to proceed with compulsory acquisition (assuming the Bid Conditions to the Offer have been satisfied or waived).

1.5 No superior proposal has emerged as at the date of this Target’s Statement

As at the date of this Target’s Statement, no alternative proposals to the Offer have been put to MRN or are currently under consideration by MRN, and the Independent Directors are not aware of any other offer or proposal that might be an alternative to the Offer.

In light of Nine Bidder’s 54.44% ownership of MRN Shares (as at 10 September 2019), the Independent Directors have no basis to expect that MRN may receive a superior proposal before the end of the Offer Period.

1.6 No certainty that Nine Bidder will make another offer for MRN in the future

If the Offer is unsuccessful, Nine or Nine Bidder may not make another takeover offer in the future. In the event that Nine or Nine Bidder do make a future takeover offer, it may be at a lower price than the Offer Price of \$1.46 per MRN Share.

1.7 No brokerage fees payable

If you accept the Offer, you will not incur brokerage or other transaction costs under the Offer, which you may otherwise incur if selling your MRN Shares on the ASX. Further information in respect of brokerage or other transaction costs are set out at Section 1.3 and in Section 3 under “Will I need to pay brokerage or stamp duty if I accept the Offer?”⁷.

1.8 Potentially adverse consequences if you choose not to accept the Offer

If you choose not to accept the Offer, there are certain potentially adverse consequences of which you should be aware:

⁷ If your holding of MRN Shares is a CHESS Holding or is held by a nominee, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.

MRN's share price may fall if the Offer is unsuccessful

The Independent Directors believe that, if Nine Bidder is not entitled to compulsorily acquire the remaining MRN Shares at the end of the Offer Period, there is a possibility that MRN Shares may trade below the Offer Price of \$1.46 per MRN Share.

The Independent Expert states in the Independent Expert Report that "in the absence of the Offer being accepted, the MRN Share Price is likely to decrease."

Risk of compulsory acquisition

If the Minimum Acceptance Condition is satisfied, and the remaining Bid Conditions are satisfied or waived, and Nine Bidder proceeds to compulsory acquisition following the end of the Offer Period, your MRN Shares will be compulsorily acquired and you will receive the same consideration that you would have received under the Offer. However, you are unlikely to receive the consideration at the same time as those MRN Shareholders who accept the Offer. Section 9.11 sets out further details regarding the compulsory acquisition procedure.

It may be difficult to sell your shares after the Offer expires

MRN's trade volumes have historically been low compared to other Australian listed companies since the merger of Macquarie Radio Network and Fairfax Radio Network in March 2015. In the two trading days following the release of MRN's FY19 financial results on the ASX⁸, no MRN Shares were traded on the ASX.

If your MRN Shares are not acquired under the Offer or via compulsory acquisition, it is likely to be difficult for you to sell your MRN Shares.

If MRN is delisted, you may find it is more difficult to sell your MRN Shares. The protections available to shareholders under the ASX Listing Rules will no longer be available to MRN Shareholders if MRN is delisted.

⁸ Results released on 7 August 2019.

2. Reasons why you may decide not to accept the Offer

This Section 2 summarises the key reasons why you may decide not to accept the Offer.

2.1 You may wish to remain a shareholder in MRN

If you accept the Offer, you may no longer be entitled to participate in the future financial performance of MRN or exercise the rights of being a MRN Shareholder.

Section 4 of this Target's Statement contains detailed information about MRN which you should consider in making your decision.

2.2 You may disagree with the Independent Directors' recommendation or the conclusions of the Independent Expert

You may believe that the Offer Price of \$1.46 per MRN Share is insufficient and you may hold a different view as to the value of MRN Shares to both the Independent Directors and the Independent Expert.

2.3 You will not be able to sell your MRN Shares on-market

If you accept the Offer, you will no longer be able to trade your MRN Shares on-market. There is a possibility that the future MRN Share price may exceed the price under the Offer.

2.4 There may be tax consequences from accepting the Offer

If you accept the Offer, it may result in taxation consequences for you, including exposure to Capital Gains Tax (CGT). Please refer to Section 6.8 of this Target's Statement and section 5 of the Bidder's Statement for further information.

2.5 You may consider that there is potential for a superior proposal to emerge

You may believe that a superior proposal for all MRN Shares could emerge in the future.

If a superior proposal is announced, MRN Shareholders who have accepted the Offer will not be able to withdraw their acceptance in order to accept a superior proposal, unless the Offer is withdrawn. However, if Nine Bidder varies the Offer to increase the consideration it is offering for your MRN Shares and the Offer becomes unconditional, you will be entitled to receive the increased consideration even if you have already accepted the Offer.

You should note that, as at the date of this Target's Statement, no superior proposal has been received and the Independent Directors have no basis to expect that MRN may receive a superior proposal before the end of the Offer Period.

2.6 Other matters

In considering whether to accept the Offer, the Independent Directors encourage you to:

- (a) read both this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in their entirety;
- (b) consider the future prospects of MRN;
- (c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances;

- (d) obtain independent financial advice from your own broker or financial adviser regarding the Offer, and
- (e) obtain taxation advice on the consequences for you of accepting the Offer.

As noted in Section 9, if the Minimum Acceptance Condition is satisfied, and all other Bid Conditions are satisfied or waived, Nine Bidder will be entitled under the Corporations Act to proceed to compulsorily acquire all of your MRN Shares. Nine Bidder has stated that it intends to exercise this right if it becomes entitled to do so. As such, even if you do not accept the Offer, you may not be able to continue as a MRN Shareholder, and you may be compelled by law to sell your MRN Shares, if the Minimum Acceptance Condition is satisfied.

3. Frequently asked questions

This Section 3 answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for MRN Shareholders. This Section should be read together with all other parts of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement.

Question	Answer
Who is offering to purchase my MRN Shares?	<p>The Offer is being made by Nine Bidder, an indirect wholly-owned subsidiary of Nine which currently holds approximately 54.44% of the MRN Shares (as at 10 September 2019).</p> <p>Nine is an Australian based public company listed on the Australian Securities Exchange under the symbol 'NEC'.</p> <p>Nine is Australia's largest locally owned multi-platform media company with businesses and investments spanning television, print, digital and radio. Its assets include the Nine Network, major mastheads such as <i>The Sydney Morning Herald</i>, <i>The Age</i> and <i>The Australian Financial Review</i>, digital properties such as nine.com.au, 9Now, Pedestrian.TV, subscription video platform Stan, and majority investments in Domain, CarAdvice and Macquarie Media.</p> <p>Further information in relation to Nine and Nine Bidder can be obtained from section 1 of the Bidder's Statement, or via Nine's website at nineentertainmentco.com.au.</p>
What is Nine Bidder offering for my MRN Shares?	The Offer Price under the Offer is \$1.46 cash per MRN Share.
What is the Bidder's Statement?	The Bidder's Statement contains information on the Offer. The law requires Nine Bidder to send it to you. Nine Bidder lodged its Bidder's Statement with ASIC on 30 August 2019.
What is the Target's Statement?	This booklet comprises the Target's Statement. MRN is required by law to produce this Target's Statement in response to the Offer. The Target's Statement contains information to help you decide whether to accept the Offer for your MRN Shares.
What choices do I have as a MRN Shareholder?	<p>As a MRN Shareholder, you have the following choices in respect of your MRN Shares:</p> <ul style="list-style-type: none"> • accept the Offer, in which case you should follow the instructions in the Bidder's Statement; • sell your MRN Shares on-market, unless you have previously accepted the Offer and have not validly withdrawn your acceptance (see below); or • reject the Offer by doing nothing. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 8 of this Target's Statement.</p>

Question	Answer
	You should seek legal, financial and taxation advice from your professional adviser regarding the action that you should take in relation to the Offer.
Can I accept the Offer if I hold an unmarketable parcel of MRN Shares?	<p>Yes, MRN Shareholders who hold an unmarketable parcel of MRN Shares can accept the Offer.</p> <p>An unmarketable parcel of shares is a parcel of shares with a value of less than \$500 which generally cannot be traded on ASX.</p>
Why was the Independent Board Committee (IBC) established?	<p>The IBC is a committee of the MRN Board which was established pursuant to conflict management protocols which were put in place by MRN.</p> <p>The purpose of the IBC is to evaluate and respond to, and do all other things necessary in connection with, the Offer. The IBC comprises each of the Independent Directors.</p>
What are the Independent Directors recommending?	<p>The Independent Directors unanimously recommend that you accept the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable. It is noted that the Independent Expert has also found that the Offer is fair to MRN Shareholders.</p> <p>The reasons for the Independent Directors' recommendation are set out in Section 1 of this Target's Statement.</p>
Will I be forced to sell my MRN Shares?	<p>You cannot be forced to sell your MRN Shares unless Nine Bidder:</p> <ul style="list-style-type: none"> receives acceptances giving it (or it otherwise acquires) a Relevant Interest in at least 90% (by number) of the MRN Shares; and acquires at least 75% (by number) of the MRN Shares in which Nine Bidder or its Associates did not have a Relevant Interest as at 13 September 2019. <p>If this occurs, and the conditions to the Offer are otherwise satisfied or waived, Nine Bidder will be entitled to compulsorily acquire all MRN Shares held by MRN Shareholders who did not accept the Offer, in which case you will receive the same consideration for your MRN Shares that you would have received under the Offer. However, it may take you longer to receive your consideration than if you accepted the Offer.</p> <p>Please refer to Section 9.11 of this Target's Statement for more information about the compulsory acquisition process.</p>
When does the Offer close?	<p>The Offer Period must remain open for at least 1 month. It is currently scheduled to close at 7.00pm (Sydney time) on 14 October 2019 but can be extended in certain circumstances.</p> <p>The Independent Directors will keep you informed if there are any material developments in relation to the Offer. MRN Shareholders are also encouraged to monitor the MRN website at www.macquariemedia.com.au for any updates on the Offer.</p>

Question	Answer
Can the Offer Period be extended?	<p>If the Offer is unconditional (that is, all the conditions have been satisfied or waived), Nine Bidder may extend the Offer Period at any time before the end of the Offer Period. However, if the Offer remains subject to conditions, Nine Bidder may extend the Offer Period at any time before it gives a Condition Notice (as described in Section 9.10 and in section 3 at “When will Nine Bidder advise as to the status of the Bid Conditions?”) but may only extend the Offer after it has given that notice in the circumstances described in the paragraph below.</p> <p>There are other limited circumstances whereby Nine Bidder may extend its Offer, which are set out in the Corporations Act. These will only apply where another person also announces or makes a takeover bid for MRN Shares.</p> <p>Nine Bidder must extend the Offer Period if, within the last seven days of the Offer Period, Nine Bidder improves the Offer Price. If that happens, the Offer must be extended so it ends 14 days after that event.</p>
How do I accept the Offer?	<p>Instructions on how to accept the Offer are set out in section 7.4 of the Bidder's Statement, Section 8.1 of this Target's Statement, and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid.</p>
What are the consequences of accepting the Offer now?	<p>If you accept the Offer, you will be unable to sell or transfer your MRN Shares (on the ASX or otherwise) or accept any other offer for your MRN Shares during the Offer Period, unless the Offer lapses or the Offer is extended by a period of more than 1 month while it remains conditional. If the Offer is extended in this way, you will have an opportunity to withdraw your acceptance.</p> <p>If you accept the Offer and it becomes unconditional, you will be obliged to sell your MRN Shares to Nine Bidder and you will receive the Offer Price under the Offer of \$1.46 cash per MRN Share.</p>
What will happen if a competing or superior proposal emerges?	<p>The Independent Directors will carefully consider any competing or superior proposal and will advise you whether the competing proposal affects their recommendation that you accept the Offer. However, for the reasons stated in Section 1 the Independent Directors have no basis to expect that a superior proposal will emerge.</p> <p>Importantly, if you accept the Offer, you will be unable to withdraw your acceptance and accept a superior proposal if one emerges, except in limited circumstances (which are set out below and further in Section 9.8).</p>
If I accept the Offer, can I withdraw my acceptance?	<p>You will only be permitted to withdraw your acceptance if, after you have accepted the Offer and while the Offer is still subject to the Bid Conditions, Nine Bidder varies the Offer in a way that postpones for more than 1 month the time Nine Bidder has to meet its obligations under the Offer (i.e. pay you the Offer Price).</p>

Question	Answer
	For example, if Nine Bidder extends the Offer and the time for payment of the Offer Price by more than 1 month while the Offer remains conditional, you may withdraw your acceptance.
Can Nine Bidder withdraw the Offer once I have accepted?	<p>Nine Bidder may be able to withdraw the Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.</p> <p>If the Bid Conditions are not met or waived during the Offer Period, Nine Bidder will not be required to purchase the shares of any MRN Shareholder who has accepted the Offer.</p>
Can I accept the Offer for only some of my MRN Shares?	No. You cannot accept the Offer in respect of only some of the MRN Shares you hold. You may only accept the Offer for all your MRN Shares.
What will happen if Nine Bidder increases its offer?	If you accept the Offer and Nine Bidder subsequently increases the Offer Price and the Offer becomes unconditional, you will receive the increased consideration for your MRN Shares.
Will MRN pay a dividend as part of the Nine Bidder offer?	No dividend is intended to be paid by MRN in connection with the Offer. MRN has previously declared a fully franked dividend on 7 August 2019 of \$0.02, which has been paid to MRN Shareholders of record on 26 August 2019.
What are the Bid Conditions of the Offer?	<p>The Offer is subject to the Bid Conditions. The Bid Conditions are set out in the Bidder's Statement, and are summarised in Section 9.2 of this Target's Statement.</p> <p>In summary, the Bid Conditions must either be satisfied by the end of the Offer Period or have been waived at least one week prior to the end of the Offer Period.</p>

Question	Answer
When will Nine Bidder advise as to the status of the Bid Conditions?	<p>Section 7.16 of the Bidder's Statement states that unless the Offer Period is extended, Nine Bidder will give Condition Notices in accordance with section 630(1) of the Corporations Act.</p> <p>Condition Notices must set out:</p> <ul style="list-style-type: none"> • whether the Offer is free of the Bid Conditions; • whether, so far as Nine Bidder is aware, the Bid Conditions have been satisfied on the date Condition Notices are given; and • Nine Bidder's total Voting Power in MRN. <p>If the Offer Period is extended before the date on which Nine Bidder gives Condition Notices, the date for giving the Condition Notices will be postponed for the same period as the Offer Period, and Nine Bidder is required to notify MRN Shareholders of the new date for Nine Bidder to give the Condition Notices.</p> <p>If the Bid Conditions are satisfied or waived (so that the Offer becomes unconditional) before the date on which the Condition Notices are required to be given, Nine Bidder must, as soon as practicable after it has been satisfied, give the ASX and MRN a notice that states that the Bid Conditions have been satisfied.</p>
What happens if the Bid Conditions of the Offer are not satisfied or waived?	<p>If the Bid Conditions of the Offer are not satisfied or waived before the end of the Offer Period, unless the Offer Period is extended by Nine Bidder, the Offer will not proceed and you will not receive the Offer Price, even if you have accepted the Offer.</p> <p>If the Offer does not proceed, you will continue to hold your MRN Shares and will be free to deal with them as if the Offer had not been made, unless you have already sold them to someone else.</p>
What is the Minimum Acceptance Condition?	<p>The Offer is subject to the Minimum Acceptance Condition, which is a defeating Bid Condition. In summary, the Minimum Acceptance Condition will be satisfied if Nine Bidder acquires a Relevant Interest in at least 90% (by number) of MRN Shares during, or by the end of, the Offer Period. Based on the MRN Share Register as at the date of this Target's Statement, this will be satisfied if, and only if, 35.56% of MRN Shareholders, excluding Nine Bidder, accept the Offer.</p>
When will Nine Bidder advise as to the status of the Minimum Acceptance Condition?	<p>Section 7.16 of the Bidder's Statement states that unless the Offer Period is extended, Nine Bidder will give Condition Notices in accordance with section 630(1) of the Corporations Act.</p> <p>Condition Notices must set out:</p> <ul style="list-style-type: none"> • whether the Offer is free of the Bid Conditions, including the Minimum Acceptance Condition; • whether, so far as Nine Bidder is aware, the Bid Conditions, including the Minimum Acceptance Condition, have been satisfied on the date Condition Notices are given; and • Nine Bidder's total Voting Power in MRN.

Question	Answer
	<p>If the Offer Period is extended before the date on which Nine Bidder gives Condition Notices, the date for giving Condition Notices will be postponed for the same period, and Nine Bidder will be required to notify MRN Shareholders of the new date for Nine Bidder to give Condition Notices.</p> <p>If the Bid Conditions, including the Minimum Acceptance Condition, are satisfied or waived (so that the Offer becomes unconditional) before the date on which Condition Notices are required to be given, Nine Bidder must, as soon as practicable after it has been satisfied, give the ASX and MRN a notice that states that the Bid Conditions have been satisfied or waived.</p>
What happens if the Minimum Acceptance Condition of the Offer is not satisfied or waived?	<p>If the Minimum Acceptance Condition of the Offer is not satisfied or waived before the end of the Offer Period, the Offer will not proceed and you will not receive the Offer Price, even if you have accepted the Offer.</p> <p>You will continue to hold your MRN Shares and will be free to deal with them as if the Offer had not been made, unless you have already sold them to someone else.</p>
What happens to MRN if the Offer is not successful?	<p>If the Offer does not proceed (because the Bid Conditions of the Offer are not satisfied or waived before the end of the Offer Period, or if ASIC consents to its withdrawal), Nine Bidder will not acquire the MRN Shares which have been accepted under the Offer.</p> <p>The Independent Directors consider that the MRN Share price is more likely than not to fall in the absence of the Offer or in the absence of another equivalent or superior proposal.</p> <p>The latest price for MRN Shares may be obtained from the ASX website at www.asx.com.au using the code 'MRN'.</p> <p>Section 1.6 and 1.8 of this Target's Statement set out more detail about MRN's future in the event that the Offer is not successful. You may also continue to be exposed to the risks of holding MRN Shares, which are described in more detail in Section 6.6.</p>
When will I receive the Offer Price if I accept the Offer?	<p>If you accept the Offer, and the Bid Conditions are satisfied or waived, Nine Bidder will pay you the Offer Price to which you are entitled under the terms of the Offer, on or before the earlier of:</p> <ul style="list-style-type: none"> the day that is 1 month after you accept the Offer or, if the Offer is subject to the Bid Conditions when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and the day that is 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>Section 7.21 of the Bidder's Statement states that Nine Bidder will pay any stamp duty payable on the transfer of any MRN Shares to Nine Bidder.</p> <p>If your holding of MRN Shares is an Issuer Sponsored Holding, you will not pay any brokerage.</p>

Question	Answer
	If your holding of MRN Shares is a CHESS Holding or is held by a nominee, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.
What are the tax implications of accepting the Offer?	<p>This depends on your personal tax position and the price and time at which you originally acquired your MRN Shares. A general outline of taxation considerations in relation to the Offer is set out in section 5 of the Bidder's Statement and Section 6.8 of this Target's Statement.</p> <p>You should consult with your taxation adviser for detailed advice before making a decision whether or not to accept the Offer.</p>
What happens to my acceptance if the Offer lapses?	The Offer will lapse if, at the end of the Offer Period, the Bid Conditions have not been satisfied or waived. If the Offer lapses, acceptances given by MRN Shareholders will be void. MRN Shareholders will continue to own the MRN Shares which were the subject of any such acceptances, and will be free to deal with those MRN Shares.
Who should I call if I have questions?	If you need any more information about the Offer, any further queries or questions regarding how to accept the offer, we recommend that you seek professional advice, or call +61 (03) 9415 4310 or 1300 356 639 (toll free within Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time) or go to www.macquariemedia.com.au .

4. Information on MRN

4.1 Introduction

MRN is an Australian media company operating seven metropolitan commercial radio stations nationally in the capital cities of Sydney, Melbourne, Brisbane and Perth. The group also includes digital and online media platforms, a public relations and marketing communications agency, Map and Page, and Macquarie Media Syndication, a company responsible for syndicating and delivery of programming content.

MRN derives revenue largely from advertising, royalties and commissions.

MRN listed on the ASX in 2005 as Macquarie Radio Network. In 2015, the company merged with Fairfax Radio Network and changed its name to Macquarie Media Limited. MRN and its subsidiaries currently employ approximately 550 people.

4.2 Business activities

Commercial radio

Macquarie Media's national radio network is presented in "news talk" and "sport talk" formats on its various stations. Business activities and services offered to clients include live read commercials by on-air presenters, professionally written and produced recorded commercials, exclusive sponsorship of regular program segments and station events, promotional activity from specific sales promotions to on air prize giveaways and live broadcasts from a given place of business.

MRN's News-Talk network is comprised of the following analogue AM/DAB+ radio stations:

- *2GB* in Sydney;
- *3AW* in Melbourne;
- *4BC* in Brisbane; and
- *6PR* in Perth.

Macquarie Sports Radio is Australia's first national commercial sports radio network consisting of three analogue AM/DAB+ radio stations in Sydney, Melbourne and Brisbane and a DAB+ station in Perth.

Macquarie Media Syndication

Macquarie Media Syndication is responsible for syndicating and delivering new and existing programming content for all Australian radio.

4.3 Financial results for full year ending 30 June 2019

The following selected financial data for MRN is extracted from the audited consolidated financial statements of MRN and its controlled entities for the year ended 30 June 2019.

The financial information in this Section has been prepared in accordance with the recognition and measurement principles of Accounting Standards, other mandatory professional reporting requirements and MRN's adopted accounting policies.

The financial information in this Section is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Accounting Standards and the Corporations Act.

MRN Shareholders should refer to the Annual Report for more detailed disclosures in relation to the historical financial performance, financial position and accounting policies of MRN.

MRN Shareholders may view complete copies of the audited financial statements of MRN for the year ended 30 June 2019 on ASX's website at www.asx.com.au.

The MRN financial report for the year ended 30 June 2019 was released to the ASX on 7 August 2019.

MRN – Consolidated Statement of Financial Performance						
	Reported¹		Significant items⁴		Trading performance excluding significant items	
\$ thousands	Year to 30 June 2019	Year to 30 June 2018 (Restated)³	Year to 30 June 2019	Year to 30 June 2018 (Restated)³	Year to 30 June 2019	Year to 30 June 2018 (Restated)³
Total revenue	131,843	136,351	-	-	131,843	136,351
Expenses	(114,096)	(114,492)	(9,359)	(10,551)	(104,737)	(103,941)
Operating EBITDA	17,747	21,859	(9,359)	(10,551)	27,106	32,410
Depreciation and amortisation	(3,664)	(3,577)	-	-	(3,664)	(3,577)
EBIT	14,083	18,282	(9,359)	(10,551)	23,442	28,833
Net finance costs ²	(1,494)	(1,511)	-	-	(1,494)	(1,511)
Profit/(loss) before income tax	12,589	16,771	(9,359)	(10,551)	21,948	27,322
Tax expense	(4,970)	(5,307)	2,559	523	(7,529)	(5,830)
Profit/(loss) after income tax	7,619	11,464	(6,800)	(10,028)	14,419	21,492
Notes						
1 Results from ordinary activities excluding discontinued operations.						
2 Finance costs less interest income.						
3 Relates to calculation of employee related expenses. Refer to Note 3 of the Notes to the Consolidated Financial Statements for FY19 for further details.						
4 Significant items are those items of such a nature or size that separate disclosure will assist users to understand the accounts. Refer to Note 7 of the Notes to the Consolidated Financial Statements for FY19 for further details of the significant items.						

Source: MRN management; MRN annual reports.

MRN – Consolidated Statement of Financial Position		
\$ thousands	Year to 30 June 2019	Year to 30 June 2018 (Restated) ¹
Current assets		
Cash and equivalents	13,762	18,584
Trade and other receivables	30,436	29,860
Current tax receivable	881	-
Other assets	3,458	3,135
Total current assets	48,537	51,579
Non-current assets		
Other receivables	3,007	3,037
Investments accounted for using the equity method	1,139	1,331
Equity investments at fair value through other comprehensive income	2,512	2,674
Property, plant and equipment	20,056	22,623
Radio licences	101,166	103,066
Other intangible assets	87,460	88,061
Other assets	108	203
Total non-current assets	215,448	220,995
Total assets	263,985	272,574
Current liabilities		
Trade and other payables	13,082	14,283
Current tax liability	-	3,104
Provisions	11,282	10,301
Total current liabilities	24,364	27,688
Non-current liabilities		
Borrowings	35,791	35,791
Deferred tax liability	27,089	27,927
Other payables	528	471
Provisions	1,146	1,159
Total non-current liabilities	64,554	65,348
Total liabilities	88,918	93,036
Net assets	175,067	179,538
Equity		
Issued capital	85,587	85,587
Reserves	840	954
Retained earnings	88,640	92,997
Total equity	175,067	179,538

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes

1 Relates to calculation of employee related expenses. Refer to Note 3 of the Notes to the Consolidated Financial Statements for FY19 for further details.

Source: MRN management; MRN annual reports.

5. Information on Nine and Nine Bidder

5.1 Overview of Nine

Nine is Australia's largest locally owned multi-platform media company with businesses and investments spanning television, print, digital and radio. Its assets include the Nine Network, major mastheads such as *The Sydney Morning Herald*, *The Age* and *The Australian Financial Review*, digital properties such as nine.com.au, 9Now, Pedestrian.TV, subscription video platform Stan, and majority investments in Domain, CarAdvice and Macquarie Media.

On 22 August 2019, Nine released its financial results for the full year to 30 June 2019. During FY19, on a pro forma and continuing business basis, Nine generated \$2,341.9 million⁹ in revenue and \$423.8 million in EBITDA, with \$120.7 million in net debt¹⁰. On the same day, Nine declared a dividend of 5 cents per share which is to be paid on 17 October 2019.

Nine has a market capitalisation of \$3,326 million as at the close of trading on 29 August 2019.

5.2 Principal activities of Nine

Broadcasting

Nine's Broadcasting Division includes leading broadcast brands across television and radio.

(a) Television

Nine owns the Nine Network of television stations in Sydney, Melbourne, Brisbane, Perth and Adelaide as well as in regional Northern NSW and Darwin which broadcast the channels 9, 9HD, 9Go!, 9Gem and 9Life.

In areas where Nine does not own a broadcast licence, Nine's content is broadcast via affiliate agreements. Nine's primary affiliate is Southern Cross Media Group Limited which broadcasts Nine's TV content in regional Queensland, Southern NSW and regional Victoria.

Nine's television content focuses on large scale, locally produced content across key verticals of news, sport, entertainment and lifestyle which include:

- (i) reality programming, such as *The Block* and *Australian Ninja Warrior*;
- (ii) news and current affairs, such as *9News* and *60 Minutes*;
- (iii) sport, such as NRL and the Australian Open tennis; and
- (iv) drama, entertainment and lifestyle content, such as *Seachange*.

⁹ Pre Specific Items and excluding additional amortisation arising from purchase price accounting.

¹⁰ On a wholly-owned basis.

(b) **Radio**

Nine Bidder owns a 54.44% interest in MRN. MRN is a news, talk and sport radio network that operates seven radio stations in the capital cities of Sydney, Melbourne, Brisbane and Perth. For further details, refer to section 2.1 of the Bidder's Statement.

Digital and Publishing

Nine's Digital and Publishing division includes Metro Media (the banner used to describe Nine's metropolitan newspaper mastheads), a range of digital publishing titles and 9Now, Nine's broadcast video on demand platform.

(a) **Metro Media**

Nine owns the iconic newspaper mastheads *The Sydney Morning Herald*, *The Age*, *The Australian Financial Review*, and *The Sun-Herald* which are available on print and digital. Other mastheads include www.WAtoday.com.au and www.brisbanetimes.com.au, which are digital only.

Other Metro Media lifestyle brands and publications include Good Food, Good Weekend, Life & Leisure and Traveller.

Metro Media reaches a monthly cross-platform audience of 10.5 million consumers (July 2019).

(b) **9Now**

9Now is Nine's broadcast video on demand (BVOD) platform. 9Now allows registered users to live stream all of Nine Network's channels, catch up on episodes of Nine's content and watch other content which is exclusively available on 9Now.

With a unique audience of 2.9 million (July 2019), 9Now is Australia's No. 1 commercial BVOD site according to audience.

(c) **9 Digital Publishing**

Nine also operates a range of digital-only publishing assets, which are built around the same content verticals as Nine's television business – news, sport, entertainment and lifestyle – to extend Nine's engagement with audiences and advertisers beyond broadcast television. Under the umbrella of nine.com.au, Nine operates various sites such as 9Honey, wwos.com.au and 9news.com.au. Nine also owns Pedestrian TV, a publishing business aimed at the youth demographic and a majority stake in CarAdvice, a publisher of automotive editorial content.

Stan

Nine's subscription video on demand (SVOD) platform is Stan, a streaming service which offers a broad range of local and international television shows, movies and documentaries to subscribers for a fixed monthly subscription fee, with no minimum term commitment. Stan has content from major international studios and has output agreements with Showtime, Sony, MGM, Starz and Paramount Pictures. Stan also commissions local content, known as Stan Originals.

Stan currently has an active subscriber base of more than 1.7 million (as at end of August 2019).

Domain

As at the date of the Bidder's Statement, Nine Bidder has a 59.2% shareholding in Domain, an ASX-listed real estate media and technology services business focused on the Australian property market. The business focuses on residential and commercial property marketing solutions, services and search tools in addition to information for buyers, investors, sellers, renters and agents via its listings portals. Domain also creates property market content to engage consumers and support audience growth.

Domain has expanded its offerings via a series of investments to include home loan broking services and insurance services for home, contents and landlords. Distinct brands include Allhomes, Commercialrealestate.com.au, APM, PriceFinder, MyDesktop, Domain Loan Finder and Domain Insure.

Domain reaches a monthly audience of 6.9 million consumers across print and digital platforms (March 2019). The Domain apps have had more than 7.2 million downloads as at the end of FY19.

Stuff New Zealand

Stuff (formerly Fairfax Media New Zealand) is an integrated multi-media business with brands across multiple platforms including newspapers, magazines, digital and events. Stuff reaches a cross-platform audience of 2.1 million people every month across desktop and mobile (July 2019).

Stuff's primary online offering stuff.co.nz is New Zealand's #1 homegrown brand by unique audience. The publishing business includes *The Dominion Post*, *The Press* and *The Sunday Star-Times* in a portfolio of regional and community newspapers, magazines and agricultural publications.

This business is currently held for sale by Nine.

5.3 Directors of Nine and Nine Bidder

As at the date of the Bidder's Statement, the directors of Nine are:

- (a) Peter Costello, AC, Independent Non-Executive Chairman
- (b) Nick Falloon, Independent Non-Executive Deputy Chairman
- (c) Hugh Marks, Director and Chief Executive Officer
- (d) Patrick Allaway, Independent Non-Executive Director
- (e) Samantha Lewis, Independent Non-Executive Director
- (f) Mickie Rosen, Independent Non-Executive Director
- (g) Catherine West, Independent Non-Executive Director

As at the date of the Bidder's Statement, the directors of Nine Bidder are:

- (a) Hugh Marks
- (b) Rachel Launders
- (c) Christopher Janz

5.4 Publicly available information

Nine is a company listed on the ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. Nine's financial statements for the year ended 30 June 2019 were given to the ASX on 22 August 2019.

Information (including copies of financial statements) may also be obtained from Nine's website at <http://www.nineentertainmentco.com.au/investor-centre>.

6. Further matters for MRN Shareholders to consider

In making a decision whether or not to accept the Offer, you should carefully consider your personal circumstances and have regard to the following matters.

6.1 Possible decrease in MRN Share price

The Independent Directors consider that the MRN Share price is more likely than not to fall in the absence of the Offer, or in the absence of another equivalent or superior proposal.

The Independent Directors consider that the share price prior to the Offer may well have been trading at a price that reflected an expectation of an offer being made by Nine Bidder for the MRN Shares.

The Independent Expert states in the Independent Expert Report that “in the absence of the Offer being accepted, the MRN Share Price is likely to decrease.” The latest price for MRN Shares may be obtained from the ASX website at www.asx.com.au using the code 'MRN'.

6.2 Other alternatives to Offer

If you accept the Offer, then unless you become able to withdraw your acceptance in the circumstances described in Section 9.8 of this Target's Statement, you will forego the opportunity to benefit from any superior proposal by another party for your MRN Shares should such a proposal eventuate.

As at the date of this Target's Statement, the Independent Directors are not aware of a proposal by anyone to make a superior proposal. In light of Nine Bidder's 54.44% interest in MRN Shares (as at the date of the Target's Statement), the Independent Directors have no basis to expect that MRN may receive a superior proposal before the end of the Offer Period.

If Nine Bidder varies the Offer to increase the consideration it is offering for your MRN Shares, you will be entitled to receive the increased consideration once the Bid Conditions have been satisfied, even if you have already accepted the Offer prior to the variation.

6.3 The Minimum Acceptance Condition

The Offer is subject to the 90% minimum acceptance condition (as set out in 7.12(a) of the Bidder's Statement) and summarised briefly in Section 9.2 of this Target's Statement (the **Minimum Acceptance Condition**).

You should be aware that there is a risk that the Minimum Acceptance Condition may not be satisfied. If this occurs, and Nine Bidder does not waive the Minimum Acceptance Condition, the Offer will lapse and you will retain your MRN Shares, even if you have previously accepted the Offer.

6.4 Nine Bidder's intentions with respect to the Offer and MRN

You should read section 3 of the Bidder's Statement which sets out Nine Bidder's intentions in respect of the businesses, assets and employees of MRN.

6.5 Risk factors involved in accepting the Offer

There are certain risks associated with accepting the Offer, including:

You will not be able to sell your MRN Shares on-market

If you accept the Offer, you will no longer be able to trade your MRN Shares on-market, unless you are entitled to withdraw your acceptance of the Offer in the limited circumstances described in Section 9.8. There is a possibility that the MRN Share price on ASX may exceed the price under the Offer.

Possibility of a superior proposal emerging

Once you have accepted the Offer, you will not be able to accept your MRN Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your MRN Shares. The likelihood of a superior proposal emerging is discussed in further detail in Section 6.2.

6.6 Risks in remaining a MRN Shareholder

In considering this Target's Statement and the Offer, MRN Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of MRN.

This section describes some of the potential risks associated with MRN's business and an investment in MRN. An investment in MRN exposes investors to the specific and general risks facing MRN's business. Each of these risks could, if they eventuate, also have a material adverse effect on MRN's business, financial condition, operating and financial performance and return to shareholders, and consequently a material adverse effect on your investment. Many of the circumstances giving rise to these risks are beyond the control of MRN, its Directors and management.

The risk factors set out below are not exhaustive. Additional risks of which MRN is unaware or that MRN currently considers to be immaterial also have the potential to have a material adverse effect on MRN's business, financial condition and operating and financial performance.

MRN Shareholders should carefully consider and evaluate MRN and its business and whether they should continue to hold MRN Shares, having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. MRN Shareholders should examine the full content of this Target's Statement and may wish to consult their financial or other advisers before deciding whether or not to accept the Offer.

Competition from other broadcasters and other advertising platforms

The Australian media industry is highly competitive, with a number of operators competing for audience share and advertising revenue through a broad range of media platforms, including other radio operators, FTA and pay television, newspapers, magazines, digital media, social media, cinema, outdoor and other platforms. This competition has intensified as a result of digital and internet-based technologies. MRN is primarily reliant on generating advertising revenue from broadcasting activities. In attracting advertising revenue, commercial radio operators such as MRN compete primarily on the basis of audience share ratings, programming content and advertising rates. With the continued development of alternative forms of media, particularly digital media, MRN may face increased competition for advertising revenue.

The actions of an existing competitor or the entry of new competitors in a media segment in which MRN operates or in other parts of the media sector may make it difficult for MRN to grow or maintain its revenues, which in turn may have a material adverse effect on MRN's profitability.

Changes in consumer and advertiser behaviour

Newer technologies, including audio and video on demand, are increasing the number of media and entertainment choices available to audiences. Some of these technologies

provide consumers with the ability to skip programming and advertisements. These technological developments and new sources of content may cause changes in consumer behaviour. This in turn may fragment audiences by providing additional alternatives to radio, which may make MRN's content offerings less attractive to viewers, advertisers and distributors of programming content. This may reduce the level of advertising expenditure that is directed to existing media, such as to commercial radio, including MRN.

Regulation and licensing

The media industry is regulated by government legislation and regulation. Any changes in legislation, regulation or codes of practice (including the imposition of or increases in levies, taxes or other imposts which could restrict or complicate MRN's activities and increase its compliance costs), may have an adverse effect on MRN.

Currently, MRN and/or its subsidiaries hold commercial radio broadcasting licences within Sydney, Brisbane, Melbourne and Perth. If there is a change in government policy on the number of commercial radio broadcasting licences that MRN or its competitors could hold in those markets or overall, MRN could be adversely affected as a result of reduced audience exposure and ability to derive revenue from advertisements and royalties.

In addition, the Australian Communications and Media Authority (**ACMA**) could require MRN to give undertakings to address compliance matters, to impose additional licence conditions on MRN or to cancel or suspend one or more of MRN's licences in the future (e.g. if MRN breaches applicable regulations). Additionally, ACMA has the power to decline to renew MRN's broadcasting licences at their expiry, subject to the restrictions set out in the Broadcasting Services Act.

Loss of key talent and/or content

MRN's radio operations rely on its ability to attract and retain key talent (including journalists and creative talent). The failure to achieve this may have an adverse impact on MRN's ratings and audience share, and may lead to a reduction in revenues and profitability.

Interest rate risk management

MRN is exposed to interest rate risk as it borrows funds at floating interest rates. MRN does not hedge this risk through derivatives such as interest rate swaps.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to MRN. MRN has adopted a policy of only dealing with creditworthy counterparties. MRN uses publicly available financial information and its own trading record to rate its major customers. MRN's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the Chief Financial Officer.

Trade receivables consist of a large number of customers, spread across diverse industries throughout Australia. Ongoing credit evaluation is performed on the financial condition of accounts receivable. MRN does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for expected credit losses, represents MRN's maximum exposure to credit risk.

In the normal course of MRN's business, MRN is exposed to a risk of loss if a key customer fails to perform its financial obligations to MRN. Such failure may affect MRN's cash flow and its ability to meet its own financial commitments

Loss of key advertisers

MRN could lose key advertisers due to a range of events, including as a result of failure to renew a contract, weakening of customer relationships or disputes with advertisers, failure to remedy a contractual breach, comments or opinions expressed by key talent, consolidation of advertisers, insolvency of advertisers or increased competition. Any loss of key advertisers may materially and adversely affect MRN.

Litigation, disputes and investigations

From time to time, MRN may become involved in litigation, disputes and investigations by regulatory bodies and/or other third parties. Litigation and disputes may be with or without merit. The costs of defending and settling legal claims can be substantial, even with respect to claims which have no merit.

When MRN becomes subject to any legal proceedings, the inherent uncertainty of the litigation process could have a material adverse effect on MRN's operational and/or financial position, through increased costs or the payment of damages. There is also the risk that MRN's reputation may suffer due to the profile of, and public scrutiny surrounding, any regulatory investigation or litigation or dispute, regardless of the outcome.

Economic conditions

The performance of MRN is affected by the general prevailing economic and business conditions, in Australia and globally. Economic conditions may be affected by levels of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A downturn in either the Australian or global economies may have a material and adverse effect on MRN.

Force majeure events

Events may occur within or outside Australia that could impact upon the economy and the operations of MRN. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, droughts, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for MRN's services and its ability to conduct business.

Execution and operations

MRN's business is subject to operational risks of various kinds, including power failure, transmission failure, systems failure, data loss, industrial action, cyber-attacks and other execution risks. These risks could have a negative effect on MRN's reputation and its ability to conduct its business without disruption or at the budgeted level of cost in various ways. This may affect MRN's financial and operating performance.

Investment risk

There are general risks associated with investments in equity capital. The trading price of shares in MRN may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for MRN Shares being less or more than the Offer Price.

Generally applicable factors which may affect the market price of shares include general movements in Australian and international stock markets, investor sentiment, Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation, changes to government regulation and policies, announcement of new technologies and geo-political instability, including international hostilities and acts of terrorism.

Liquidity risk

The two major shareholders in MRN currently hold over 86% of MRN Shares. The size of these holdings results in a lack of liquidity for MRN Shares and this is likely to continue if the Offer is unsuccessful. There is no guarantee that an active market in MRN Shares will develop. There may be relatively few potential buyers or sellers of MRN Shares on ASX at any time. This may increase the volatility of the market price of MRN Shares. It may also affect the prevailing market price at which MRN Shareholders are able to sell their MRN Shares. This may result in MRN Shareholders receiving a market price for their MRN Shares that is less or more than the price that MRN Shareholders paid for their MRN Shares. There is also a real risk that illiquidity will mean that MRN Shareholders will be unable to realise their investment in MRN at an acceptable price, or at all. Please refer to section 3 of the Bidder's Statement regarding Nine Bidder's intentions in relation to the continued listing of MRN.

Control implications

If the Offer results in Nine Bidder having a Relevant Interest in 90% or more of the MRN Shares and Nine Bidder has acquired at least 75% (by number) of the MRN Shares that it offered to acquire under the Offer, Nine Bidder may then proceed to compulsorily acquire all the remaining MRN Shares in accordance with the Corporations Act.

Further information regarding the compulsory acquisition process is set out in Section 9.11 of this Target's Statement.

Taxation implications

Future changes in Australian taxation law, or changes in the interpretation or application of the law, may affect taxation treatment of an investment in MRN Shares or the holding and disposal of those shares.

6.7 Transaction expenses

The Offer has resulted in MRN incurring expenses that would not otherwise arise from trading in the current financial year. Expenses include fees and costs payable to the Independent Expert and to legal and financial advisers engaged to assist with responding to the Offer and other transaction-related expenses which will have a negative impact on MRN's cash position of between \$0.5 million and \$2.5 million.

6.8 Taxation

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 5 of the Bidder's Statement contains a discussion of certain tax considerations for MRN Shareholders. This is not intended to be an authoritative or complete statement of the tax position applicable to any given MRN Shareholder.

The following are general comments made in relation to Australian resident MRN Shareholders who are subject to Australian tax on the disposal of their MRN Shares and hold their MRN Shares on capital account. This summary does not address the consequences for any other MRN Shareholder (in particular, it does not address the tax consequences for a MRN Shareholder who is a non-resident).

In general terms, if you accept the Offer, a CGT event will be triggered. To the extent that the Offer Price exceeds the cost base of your MRN Shares, you will derive a capital gain. This gain can be reduced by capital losses incurred in the same income year in which the CGT event is triggered. In addition, any prior-year capital losses you have incurred may also be able to be used to reduce any remaining capital gain.

Certain shareholders (including individuals, trusts and complying superannuation funds which have held their MRN Shares for 12 months or more) may be eligible to apply a discount percentage (**the CGT Discount**) to the remaining capital gain. The CGT Discount is 50% for individuals and trusts and 33¹/₃% for complying superannuation funds. Where you are not eligible to apply the CGT discount, any net capital gain will be included in your calculation of taxable income and taxed at your marginal tax rate.

There is no CGT rollover relief for MRN Shareholders in respect of any cash they receive in relation to the MRN Shares that they own in MRN.

Your income tax liabilities will depend on your personal circumstances and the decisions you make. The comments in this section are general and do not address all of the taxation consequences for any MRN Shareholder. This summary does not constitute, and should not be relied upon, as tax advice. This summary is based on Australian income tax law and practice applicable as at the date of this Target's Statement. This may change at any time and without notice.

All MRN Shareholders should obtain independent taxation advice which is particular to their own personal circumstances, prior to accepting the Offer.

Neither MRN nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

7. Information relating to Directors

7.1 Details of Directors

The Directors of MRN as at the date of this Target's Statement are:

Director	Position
Mr Russell Tate	Independent Non-Executive Director and Chairman
Ms Louise McCann	Independent Non-Executive Director
Ms Monique Anderson	Independent Non-Executive Director
Mr James Millar	Non-Executive Director

For the purpose of assessing the Offer, MRN has adopted appropriate conflict management protocols and formed the IBC, which comprises the three Independent Directors. The IBC has full delegated authority to deal with all aspects of the Offer.

7.2 Directors' Relevant Interests

At the date of this Target's Statement, except as set out below, no Director has a Relevant Interest in any of the securities of MRN, Nine or any other related body corporate of Nine (including Nine Bidder).

Director	Number of MRN Shares	Number of Nine Shares	Number of Nine Options
Mr Russell Tate	593,419	Nil	Nil
Ms Louise McCann	Nil	Nil	Nil
Ms Monique Anderson	10,000	Nil	Nil
Mr James Millar	100,000	72,540	Nil
Total	703,419	72,540	0

7.3 Recommendation of the Independent Directors

Noting that the Independent Expert's Report has concluded that the Offer is reasonable, each of the Independent Directors (Mr Russell Tate, Ms Louise McCann and Ms Monique Anderson) unanimously recommend that MRN Shareholders accept the Offer in respect of their MRN Shares, in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

Mr James Millar has not made a recommendation in relation to the Offer. Mr James Millar was a director of Nine Bidder up until December 2018 and currently has a Relevant Interest in Nine Shares as outlined at section 7.2. Mr James Millar is not a member of the IBC.

7.4 Independent Directors' intentions in relation to personal holdings

The Independent Directors Russell Tate and Monique Anderson hold and control MRN Shares, and these are set out in Section 7.2. Further details of the Relevant Interests of each Director in MRN securities and Nine securities is set out in Section 7.2.

Both Russell Tate and Monique Anderson intend to, with respect to their personal holdings of MRN Shares, accept the Offer.

7.5 Recent dealings in MRN securities by Directors

There have been no acquisitions or disposals of MRN securities by Directors or any of their respective Associates in the four months preceding the date of this Target's Statement.

7.6 Recent dealings in Nine securities by Directors

None of the Directors have acquired or disposed of any securities of Nine, Nine Bidder or any related body corporate of Nine in the 4 months preceding the date of this Target's Statement.

7.7 No agreement with any Director in connection with the Offer

Except as described below in Sections 7.8 and 7.9, there is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Offer.

7.8 No interest in contracts

No Director has an interest in any contract entered into by them with Nine or Nine Bidder.

7.9 Payments and benefits

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act) will or may be given to an Independent Director in connection with their retirement from office in MRN or a related body corporate of MRN.

No Independent Director has agreed to receive, or is entitled to receive, any benefit from Nine or Nine Bidder which is conditional on, or is related to, the Offer.

MRN does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Offer that will confer a benefit:

- (a) on any person in connection with the retirement of that person from a board or managerial office of MRN or related body corporate of MRN; or
- (b) that will or may be given to any person in connection with the transfer of the whole or any part of MRN's undertaking or property.

8. Your choices as a MRN Shareholder

If you are a MRN Shareholder, you have three choices available to you:

- (a) accept the Offer;
- (b) sell some or all of your MRN Shares on-market (or otherwise); or
- (c) reject the offer and do nothing.

The Independent Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your MRN Shares.

8.1 Accept the Offer

The Independent Directors unanimously recommend that you accept the Offer in the absence of a superior proposal and subject to the Independent Expert continuing to opine that the Offer is reasonable.

How to accept the Offer

If you choose to accept the Offer, then your acceptance must be received by Nine Bidder before the end of the Offer Period. Instructions on how to accept the Offer are set out in section 7.4 of the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

How you accept the Offer depends on the nature of your holding:

- if your MRN Shares are in an Issuer Sponsored Holding and you want to accept the Offer, you should complete and deliver the Acceptance Form in sufficient time that it is received by Nine Bidder before the end of the Offer Period;
- if your MRN Shares are in a CHESS Holding and you want to accept the Offer, you should:
 - complete and deliver the Acceptance Form in sufficient time so that your Controlling Participant (normally your broker) has sufficient time to effect your acceptance before the end of the Offer Period; or
 - give instructions to your Controlling Participant (normally your broker) in sufficient time to allow your Controlling Participant to initiate your acceptance under the CHESS system before the end of the Offer Period; or
- if you are a Participant and you want to accept the Offer, acceptance of the Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Effect of acceptance

If you accept the Offer and it becomes or is declared unconditional, you will be entitled to be paid the Offer Price by Nine Bidder in accordance with the terms of the Offer (see the section titled "Summary of the Offer" of the Bidder's Statement for further information on timing of payment of the Offer Price).

The effect of acceptance of the Offer is explained in more detail in section 7.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your MRN Shares and the representations and warranties that you are deemed by Nine Bidder to give to it by accepting the Offer.

It is worth noting that accepting the Offer would (subject to the possible withdrawal rights set out in Section 9.8 of this Target's Statement):

- prevent you from participating in any competing superior proposal that may emerge;
- commit you to selling all of your MRN Shares to Nine Bidder with no right to payment until the Offer becomes, or is declared, unconditional; and
- prevent you from otherwise selling your MRN Shares.

The taxation implications of accepting the Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Offer is set out in section 5 of the Bidder's Statement. You should seek your own specific professional advice regarding the taxation consequences for you in accepting the Offer.

The Bidder's Statement states that if your holding of MRN Shares is a CHESS Holding or is held by a nominee you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

The Bidder's Statement states that if your holding of MRN Shares is in an Issuer Sponsored Holding you will not pay any brokerage.

8.2 Sell your MRN Shares on-market

During a takeover, shareholders in a target company may still sell their shares on-market for cash provided that they have not accepted a takeover offer for those shares. Accordingly, MRN Shareholders remain free to sell their MRN Shares on-market on the ASX at any time, provided they have not already accepted the Offer.

The latest price for MRN Shares on the ASX may be obtained from ASX's website www.asx.com.au under the code 'MRN'.

MRN Shareholders who sell their MRN Shares on-market:

- (a) will lose the ability to accept the Offer, or to participate in any other superior proposal that may emerge;
- (b) may receive more or less for their MRN Shares than the consideration under the Offer of \$1.46 cash per MRN Share;
- (c) are likely to incur a brokerage charge; and
- (d) will be paid the net proceeds of sale on the second Business Day after the date of trade, and will not have to wait for satisfaction or waiver of all of the Bid Conditions and the end of the Offer Period, as would be the case if accepting into the Offer.

MRN Shareholders who wish to sell their MRN Shares on-market should contact their stockbroker for instructions on how to effect that sale.

The taxation implications of selling your MRN Shares on-market depend on a number of factors and will vary according to your particular circumstances, in the same way as if you accept the Offer. You should seek your own specific professional advice regarding the taxation consequences for you of selling your MRN Shares on-market.

8.3 Reject the offer and do nothing

If you do not wish to accept the Offer and wish to retain your MRN Shares, you do not need to take any action.

If you do not accept the Offer and Nine Bidder becomes entitled to compulsorily acquire your MRN Shares under the Corporations Act (which entitlement it intends to exercise, as discussed in section 3.2 of the Bidder's Statement), you may receive your consideration later than MRN Shareholders who choose to accept the Offer. Please refer to Section 9.11 for further details on compulsory acquisition.

Further, if the Offer is successful (i.e. if the defeating conditions attached to the Offer are satisfied or not triggered as appropriate, or are waived) but Nine Bidder does not become entitled to compulsorily acquire your MRN Shares, you will remain a minority shareholder in MRN, with potential risks, including those described in Section 6.6.

9. Important information about the Offer

9.1 Offer Price

The Offer Price under the Offer is \$1.46 cash per MRN Share.

9.2 Bid Conditions of the Offer

The Offer and the contract resulting from acceptance of the Offer are subject to the fulfilment of the Bid Conditions, as set out below:

(a) Minimum acceptance condition

At the end of the Offer Period, Nine Bidder has a relevant interest in more than 90% (by number) of the MRN Shares on issue at that time.

(b) No prescribed occurrences

Between the date the Bidder's Statement is given to MRN and the end of the Offer Period none of the following events happen:

- (i) MRN converts all or any of its shares into a larger or smaller number of shares;
- (ii) MRN or a subsidiary of MRN resolves to reduce its share capital in any way;
- (iii) MRN or a subsidiary of MRN:
 - A. enters into a buy-back agreement; or
 - B. resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) MRN or a wholly owned subsidiary of MRN issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) MRN or a wholly owned subsidiary of MRN issues, or agrees to issue, convertible notes;
- (vi) MRN or a wholly owned subsidiary of MRN disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property of the MRN Group considered in aggregate;
- (vii) MRN or a wholly owned subsidiary of MRN grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property of the MRN Group considered in aggregate;
- (viii) MRN or a wholly owned subsidiary of MRN resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of MRN or of a wholly owned subsidiary of MRN;
- (x) a court makes an order for the winding up of MRN or of a wholly owned subsidiary of MRN;

- (xi) an administrator of MRN, or of a wholly owned subsidiary of MRN, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) MRN or a wholly owned subsidiary of MRN executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of MRN or of a wholly owned subsidiary of MRN when considered in aggregate.

(c) **No prescribed occurrences between announcement and service**

None of the events listed in sub-paragraph (i) to (xiii) of paragraph (b) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to MRN.

(d) **No action by Public Authority adversely affecting the Offer**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to MRN or any subsidiary of MRN; and
- (iii) no application is made to any Public Authority (other than an application by Nine or any company within the Nine Group, an application under section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in conjunction with, the Offer, which restrains, prohibits or impedes, or threatens to restrain or, prohibit or impede, or may otherwise materially adversely impact upon, the making of the Offer or seeks to require the divestiture by Nine Bidder of any MRN Shares, or the divestiture of any assets by MRN or by any subsidiary of MRN or by any company within the Nine Group.

(e) **Non-existence of certain rights under agreements or instruments**

During the Condition Period, there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instruction to which MRN or any of its subsidiaries is a party, or by or to which MRN or any of its subsidiaries or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent which is material in the context of MRN and its subsidiaries taken as a whole, in:

- (i) any moneys borrowed by MRN or any of its subsidiaries being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (ii) any such agreement or other such instrument being terminated or modified or any action taken or arising thereunder (including the acceleration of the performance of any obligations thereunder); or

- (iii) any assets, shares or business of MRN or any of its subsidiaries being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions,

other than in relation to any agreement or instrument:

- (iv) previously disclosed before the Announcement Date by MRN in a public filing with the ASX; or
- (v) disclosed in writing by MRN to Nine before the Announcement Date,

provided in each case such agreement or instrument and such entitlement to exercise, actual or purported exercise, intention to exercise or assertion was Fairly Disclosed.

(f) **Conduct of MRN's business**

During the Condition Period, none of MRN, or any body corporate which is or becomes a wholly owned subsidiary of MRN, without the written consent of Nine Bidder (such consent, in the case of sub-paragraphs (iii) to (ix) and (xi), not to be unreasonably withheld or delayed) other than the dividend declared by MRN on 7 August 2019:

- (i) announces, makes, distributes or pays any distribution (whether by way of dividend, bonus, capital reduction or otherwise and whether in cash or in specie);
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes or any other securities that are convertible into shares;
- (iii) enters into, amends or agrees to enter into or amend, any material contract, commitment or other arrangement with a related party of MRN or issues a notice of termination, terminates or agrees to terminate, waives or otherwise foregoes any rights under any such arrangement, other than in the ordinary course of business;
- (iv) enters into, amends or agrees to enter into or amend, any contract, commitment or other arrangement where:
 - A. the term of the contract, commitment or arrangement is greater than 12 months and cannot be terminated by MRN on less than 6 months' notice; and
 - B. the contract, commitment or arrangement involved MRN or a subsidiary of MRN incurring expenditure (or additional expenditure in the case of an amendment) in excess of \$1,500,000 per annum;
- (v) other than in the ordinary course of business, terminates, agrees to terminate, waives, foregoes any rights, assigns, disposes of, encumbers or otherwise deals with any rights under any contract, commitment or other arrangement, or gives its consent to any other party or parties to terminate, waive, forego any rights, assign, dispose of, encumber or otherwise deal with their respective rights under any contract, commitment or other arrangement where:

- A. the remaining term of the contract, commitment or arrangement is greater than 12 months; and
 - B. the contract, commitment or arrangement involves MRN or a subsidiary of MRN being entitled to receive revenue (or additional revenue in the case of an amendment) in excess of \$1,500,000 per annum;
- (vi) voluntarily changes any accounting policy applied by it to report its financial position, other than advised by its auditors or required by law;
 - (vii) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business other than as contemplated under any facility agreement disclosed by MRN in writing to Nine prior to the Announcement Date;
 - (viii) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business and intercompany loans within the MRN Group);
 - (ix) other than in the ordinary course of business, releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
 - (x) conducts its business otherwise than in the ordinary course;
 - (xi) has commenced against it any claim or proceeding in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager) that is reasonably likely to have a material impact upon the business of the MRN Group;
 - (xii) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation; or
 - (xiii) agrees to do any of the matters set out in sub-paragraphs (i) to (xii) above.

(g) **No material adverse change**

- (i) During the Condition Period no event, matter or thing occurs or information is disclosed by MRN concerning any event, matter or thing which will or is reasonably likely to:
 - A. have the effect of diminishing the consolidated net assets of the MRN Group as set out in its consolidated balance sheet of MRN at 30 June 2019 as disclosed by MRN in writing to Nine prior to the Announcement Date by at least \$20,000,000; and
 - B. result in an ongoing diminution in the annual underlying consolidated EBITDA of MRN of at least \$3,000,000 (relative to the underlying EBITDA for the 12 months ended 30 June 2019 (**FY19 EBITDA**)) from what it would have otherwise been if the event, matter or thing

(Specified Event) had not occurred, provided that the impact of the relevant Specified Event(s) must be determined after taking into account any matters which offset, or are reasonably likely to offset, the impact of the same Specified Event(s) on the value of EBITDA,

except it does not include any event, change, condition, matter or thing:

- C. which was Fairly Disclosed by MRN before the Announcement Date in a public filing with ASX or Fairly Disclosed by MRN in writing to Nine before the Announcement Date;
- D. relating to costs and expenses incurred by MRN associated with the Offer, including all fees payable to external advisers of MRN;
- E. comprising or resulting from a change in any applicable law, accounting standards or policies of a Public Authority after the date of this agreement;
- F. comprising or resulting from any change or disruption to, or fluctuation in, general, economic, business or political conditions, including any change to or in foreign exchange rates, interest rates or commodities prices, any change or disruption to, or fluctuation in, existing financial markets, or any act of terrorism, war or natural disaster or the like, in Australia or elsewhere;
- G. expressly required by MRN in connection with the Offer; or
- H. expressly consented to in writing by Nine or Nine Bidder for the purposes of this condition.

(h) **Deed of Restraint**

On or before the end of the Offer Period each of MRN, John Desmond Singleton and John Singleton Promotions Pty Ltd ACN 001 608 546 validly enters into and delivers a legally binding deed as set out in Annexure A to the Bidder's Statement.

9.3 Likelihood of satisfaction of the Bid Conditions

As at the date of this Target's Statement, MRN is not aware of whether or not the all Bid Conditions will be satisfied or waived by Nine Bidder, including the Minimum Acceptance Condition discussed at 9.4.

9.4 Likelihood of satisfaction of the Minimum Acceptance Condition

Except as described below, as at the date of this Target's Statement, MRN is not aware of whether or not the Minimum Acceptance Condition, will be satisfied or waived by Nine Bidder.

JSP holds 32.33% of all MRN Shares, HSBC hold 4.14% of all MRN Shares and PEC holds 3.55% of all MRN Shares (as at 10 September 2019, based on information available to MRN). JSP, HSBC and PEC have not yet stated whether they each will accept the Offer. If PEC and JSP, or JSP and HSBC each accept the Offer, the Minimum Acceptance Condition will be satisfied. Nine Bidder would then be entitled to compulsorily acquire all of

the outstanding MRN Shares. If JSP does not accept the Offer and retains its MRN Shares, Nine Bidder will not be entitled to proceed to compulsory acquisition and the Minimum Acceptance Condition will not be satisfied.

If MRN becomes aware that JSP, HSBC or PEC has accepted the Offer, MRN will disclose this to ASX.

9.5 Implications of the Bid Conditions not being satisfied

If any of the Bid Conditions, including the Minimum Acceptance Condition, of the Offer are not satisfied, they may be waived by Nine Bidder at any time, not less than 7 days before the end of the Offer Period.

If the Bid Conditions are unsatisfied and have not been waived, Nine Bidder will have a choice either to:

- (a) waive the Bid Conditions (provided that it does this not less than 7 days before the end of the Offer Period) and proceed with the acquisition of MRN Shares in respect of which it has received acceptances under the Offer; or
- (b) allow the Offer to lapse with the unsatisfied Bid Conditions in which case it will not acquire any MRN Shares under the Offer.

9.6 Offer Period

The Offer will be open for acceptance from 13 September 2019 until 7:00pm (Sydney time) on 14 October 2019, unless extended or withdrawn (see Section 9.7 below).

The circumstances in which Nine Bidder may vary or withdraw the Offer are set out in section 7.23 of the Bidder's Statement.

9.7 Withdrawal of Offer

Nine Bidder may not withdraw the Offer if you have already accepted it. However, if the Bid Conditions have not been satisfied or waived at the end of the Offer Period, then all acceptances will be void.

Before you accept the Offer, Nine Bidder may withdraw offers made in respect of the Offer only with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.8 Withdrawal of your acceptance

Once you accept the Offer (even if it remains subject to the Bid Conditions) you will not be able to sell or otherwise deal with your MRN Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

MRN Shareholders may only withdraw their acceptance of the Offer if:

- (a) the Bid Conditions are not satisfied or waived by the end of the Offer Period. In that situation, you will be free to deal with your MRN Shares; or
- (b) Nine Bidder varies the Offer in a way that postpones the time when Nine Bidder is required to satisfy its obligations (i.e. to pay the Offer Price) by more than 1 month; for example, if Nine Bidder extends the Offer Period by more than 1 month, while the Offer is still conditional.

MRN Shareholders who accept the Offer (even while it is still subject to the Bid Conditions) will give up their rights to sell or otherwise deal with their MRN Shares, unless the above withdrawal rights are exercised.

9.9 When you will receive payment

If you accept the Offer and the Bid Conditions are satisfied or waived before the end of the Offer Period, Nine Bidder will pay you the Offer Price to which you are entitled on or before the earlier of:

- (a) the day that is 1 month after you accept the Offer or, if the Offer is subject to the Bid Conditions when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day that is 21 days after the end of the Offer Period.

9.10 Notice of status of Bid Conditions

Section 7.16 of the Bidder's Statement indicates that the date for giving the notice on the status of the Bid Conditions (**Condition Notices**) is 4 October 2019 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Nine Bidder is required to set out in Condition Notices:

- (a) whether the Offer is free of the Bid Conditions;
- (b) whether, so far as Nine Bidder knows, the Bid Conditions has been fulfilled on the date Condition Notices are given; and
- (c) Nine Bidder's Voting Power in MRN (including Voting Power acquired as a result of acceptances received under the Offer).

If the Offer Period is extended before the date on which Nine Bidder gives Condition Notices, the date for giving Condition Notices will be postponed for the same period, and Nine Bidder is required to notify MRN Shareholders of the new date for Nine Bidder to give the Condition Notice.

If the Bid Conditions are satisfied or waived (so that the Offer becomes unconditional) before the date on which Condition Notices are required to be given, Nine Bidder must, as soon as practicable after it has been satisfied, give the ASX and MRN a notice that states that the Bid Conditions has been satisfied, and similarly, give a notice to ASX and MRN.

9.11 Compulsory acquisition

Nine Bidder has stated in section 3.2 of the Bidder's Statement that it intends to compulsorily acquire all outstanding MRN Shares if it is entitled to do so.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

Follow on compulsory acquisition

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, Nine Bidder has (together with its Associates):

- (a) a Relevant Interest in at least 90% (by number) of MRN Shares; and
- (b) has acquired at least 75% (by number) of the MRN Shares that it offered to acquire under the Offer.

then Nine Bidder will be entitled to compulsorily acquire any outstanding MRN Shares for which it did not receive acceptances, on the same terms as the Offer.

If these thresholds are met, Nine Bidder will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to MRN Shareholders who have not accepted the Offer. MRN Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant MRN Shareholders to establish to the satisfaction of a Court that the terms of the Offer do not represent "fair value", as defined in the Corporations Act.

Nine Bidder must also offer to buy out remaining MRN Shares held by MRN Shareholders if Nine Bidder (and its Associates) have a Relevant Interest in at least 90% of MRN Shares (by number) at the end of the Offer Period.

MRN Shareholders should be aware that if they do not accept the Offer and their MRN Shares are compulsorily acquired, those MRN Shareholders will face a delay in receiving the Offer Price compared with MRN Shareholders who have accepted the Offer. However, these MRN Shareholders will be paid the last price offered by Nine Bidder for MRN Shares under the Offer.

General compulsory acquisition

MRN Shareholders should also be aware that if Nine Bidder does not become entitled to compulsorily acquire MRN Shares in accordance with Part 6A.1 of the Corporations Act, Nine Bidder may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, if Nine Bidder (or together with its related bodies corporate) acquire full beneficial interests in at least 90% of MRN Shares.

10. Additional information

10.1 Issued capital

As at the date of this Target's Statement, MRN's issued capital comprises 171,204,556 fully paid ordinary shares.

10.2 Substantial and largest holders

As at 10 September 2019, based on information available to MRN, the largest shareholders (including substantial shareholders) of MRN are:

Name	Number of MRN Shares held	% held of MRN Shares
Nine Bidder, Nine ¹¹ and Nine Group ¹²	93,196,512	54.44%
John Singleton Promotions Pty Ltd	55,356,705	32.33%
HSBC Custody Nominees (Australia) Limited	7,085,902	4.14%
PEC Nominees Pty Ltd	6,075,743	3.55%

10.3 Notice of Nine Bidder's Voting Power

As at 10 September 2019, Nine Bidder held a Relevant Interest in 54.44% of MRN's issued capital and Voting Power in MRN of 54.44%.

Nine Bidder is required to notify the ASX and MRN before 9.30am on the next trading day during the Offer Period where there is a movement of at least 1% in its Voting Power in MRN Shares (being the Relevant Interests in MRN Shares held by it and its Associates) as compared with its last substantial holder notice. As at 10 September 2019, no such movement has been notified to MRN or ASX.

10.4 Consents

Each person named in this Section 10.4 of this Target's Statement as having given its consent to being named in, or to the inclusion of a statement in, this Target's Statement:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than those statements which have been included in this Target's Statement with the consent of that person; and

¹¹ Pursuant to section 608(3)(a) of the Corporations Act following the acquisition of all of the shares in Fairfax.

¹² Pursuant to section 608(3)(a) and (b) of the Corporations Act, members of the Nine Group have a relevant interest in the 93,196,512 ordinary shares which are indirectly held by Nine

- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or reports which have been included in this Target's Statement with the consent of that person.

Reliance on ASIC Class Orders

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. MRN has relied on this Class Order relief.

As permitted by ASIC Class Order CO 13/521, this Target's Statement contains statements which are made by Nine Bidder, or based on statements made by Nine Bidder, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including the ASX). Pursuant to this Class Order, the consent of Nine Bidder to which such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

MRN Shareholders are entitled to obtain from MRN free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact MRN.

As permitted by ASIC Class Order CO 13/523, this Target's Statement may include or be accompanied by certain statements that:

- (a) fairly represent what purports to be a statement by an official person;
- (b) are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this Class Order, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement.

This Target's Statement includes references to the Bidder's Statement. Nine has not consented to these references being included in, or referred to, in the form and context in which they are included.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS without its consent.

Independent Expert

PricewaterhouseCoopers Securities Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to:

- (a) be named in this Target's Statement as the independent expert engaged by MRN in the form and context in which it is named;
- (b) the inclusion of the Independent Expert's Report and statements noted next to its name, and the references to that report or statements, in the form and context in which they are included in the Target's Statement; and
- (c) the inclusion of other statements in this Target's Statement that are based on or referable to statements made in the Independent Expert's Report or statements that are based on or referable to other statements made by those

persons in the form and context in which they are included in the Target's Statement.

Other persons

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as MRN's Australian legal adviser in the form and context in which it is named.

UBS has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as MRN's financial adviser in the form and context in which it is named.

Computershare Limited has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as MRN's Share Registry in the form and context in which it is named.

Nine has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to certain statements that appear in this Target's Statement and that are attributable to Nine, in the form and context in which they appear.

10.5 Continuous disclosure

MRN is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require MRN to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, MRN has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of MRN Shares.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and MRN's website at www.macquariemedia.com.au.

Copies of documents lodged with ASIC in relation to MRN may be obtained from, or inspected at, an ASIC office. MRN Shareholders may obtain a copy of:

- (a) the Annual Report;
- (b) the Half-Yearly Report;
- (c) MRN's constitution; and
- (d) any document lodged by MRN with the ASX between the release of the Annual Report and the date of this Target's Statement,

free of charge upon request by contacting MRN, or from the ASX website at www.asx.com.au. The Annual Report, Half-Yearly Report and this Target's Statement are also available on MRN's website at www.macquariemedia.com.au.

MRN Shareholders are also encouraged to monitor the MRN website at www.macquariemedia.com.au for any updates on the Offer.

10.6 Insurance and indemnities

MRN has entered into standard form of deeds of indemnity with its Directors against all liabilities which they may incur in the performance of their duties as Directors or officers of MRN, except liability to MRN or a related body corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct

involving a lack of good faith. Subject to the Corporations Act, MRN is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director is indemnified, as authorised by MRN's constitution, against personal liability arising from their respective positions with MRN and its related bodies corporate.

MRN holds a directors' and officers' insurance policy on behalf of current Directors and officers of MRN and its controlled entities.

10.7 Litigation

MRN is not subject to any actual, pending or threatened litigation that is likely to have a material impact upon the business of MRN so far as the Independent Directors are aware.

10.8 Regulatory approval

MRN has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the takeover bid. Nor has MRN been granted any waivers from the ASX in relation to the takeover bid.

10.9 No material change to the financial position of MRN

The financial position of MRN has not, so far as is known by the Directors, materially changed since 7 August 2019, being the date of the Annual Report, other than:

- (a) in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the Offer, as described in Section 6.7; and
- (b) as described elsewhere in this Target's Statement.

10.10 Effect of the Offer on MRN's material contracts

The success or otherwise of the Offer is not expected to affect any material rights or obligations under any of MRN's material contracts.

10.11 No other material information

This Target's Statement is required to include all the information that MRN Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but only to the extent to which it is reasonable for MRN Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director of MRN.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of MRN Shares;
- (b) the matters that MRN Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of MRN Shareholders; and
- (d) the time available to MRN to prepare this Target's Statement.

The Directors are of the opinion that the information that MRN Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Offer is in one or more of:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) MRN's annual reports and releases to the ASX before the date of this Target's Statement;
- (c) documents lodged by MRN with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

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

11. Definitions and interpretation

11.1 Definitions

\$	Australian dollars, unless otherwise stated
Acceptance Form	an acceptance form enclosed within or accompanying the Bidder's Statement
Accounting Standards	the rules about how a company must prepare its accounts in, prescribed by or specified under, the Corporations Act
Announcement Date	12 August 2019, being the date of announcement of the Offer
Annual Report	MRN's 2019 Annual Report
ASIC	the Australian Securities & Investments Commission
Associate	has the meaning in section 12 of the Corporations Act
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
ASX Listing Rules	the official listing rules of ASX, as amended from time to time
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532, the body that administers the CHESS system in Australia
ASX Settlement Operating Rules	the rules of the ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement
Bid Conditions	the conditions as set out at section 7.12 of the Bidder's Statement
Bidder's Statement	Nine Bidder's bidder's statement dated 30 August 2019
Business Days	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Victoria
CGT	capital gains tax under the <i>Income Tax Assessment Act 1997</i> (Cth)
CGT Discount	has the meaning given in Section 6.8
CHESS	Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia
CHESS Holding	a holding of MRN Shares on the CHESS sub-register of MRN
Condition Notices	has the meaning given in Section 9.10 of this Target's Statement
Condition Period	means the period beginning on the Announcement Date and ending at the end of the Offer Period
Controlled Entities	has the meaning given in the Accounting Standards
Controlling Participant	the Participant who is designated as the controlling participant for MRN Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules
Corporations Act	<i>Corporations Act 2001</i> (Cth)

Deed of Restraint	means a deed of restraint in the form set out in Annexure A to the Bidder's Statement
Director	a director of MRN
EBITDA	means earnings before interest, tax, depreciation and amortisation
Encumbrance	means: <ul style="list-style-type: none"> (a) a PPS Security Interest; (b) any other mortgage, charge, pledge or lien; (c) an easement, restrictive covenant, caveat or similar restriction over property; (d) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money); (e) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase); (f) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or (g) an agreement to create anything referred to above or to allow any of them to exist
EV	enterprise value
Fairfax Radio Network	Macquarie Media Operations Pty Ltd ACN 006 806 088
Fairly Disclosed	means such information has been disclosed as would enable a reasonable and sophisticated recipient, experienced in transactions similar to the transaction the subject of the Takeover Bid and familiar with the business of radio broadcasting and associated activities in Australia, to be aware of the nature and scope of the relevant matter, event or circumstance
FTA	Free to Air
Half-Yearly Report	MRN's half-yearly financial report for half year ended 31 December 2018
HSBC	HSBC Custody Nominees (Australia) Limited
IBC	the Independent Board Committee established by the MRN Board to consider the Offer and comprising the Independent Directors
Independent Directors	Mr Russell Tate, Ms Monique Anderson and Ms Louise McCann
Independent Expert	PricewaterhouseCoopers Securities Limited ACN 003 311 617

Independent Expert's Report	the report prepared by the Independent Expert, a copy of which is attached to this Target's Statement as Attachment 1
Issuer Sponsored Holding	a holding of MRN Shares on MRN's issuer sponsored sub-register
JSP	John Singleton Promotions Pty Ltd ACN 001 648 546
Macquarie Media Syndication	Macquarie Media Syndication ACN 002 015 821
Map and Page	Map and Page Pty Ltd ACN 128 153 088
Minimum Acceptance Condition	has the meaning given in Section 6.3
MRN	Macquarie Media Limited ACN 063 906 927
MRN Board	the board of Directors of MRN
MRN Group	MRN and Related Bodies Corporate
MRN Share	a fully paid ordinary share in the capital of MRN
MRN Shareholder	a holder of MRN Shares
MRN Share Registry	Computershare Limited ACN 005 485 825
Nine	Nine Entertainment Co. Holdings Limited ACN 122 203 892
Nine Bidder	Fairfax Media Limited ACN 008 663 161
Nine Group	Nine and its Related Bodies Corporate
Offer	the offer by Nine Bidder to acquire MRN Shares on the terms and conditions contained in the Bidder's Statement
Offer Period	the period from 13 September 2019 until 7:00pm (Sydney time) on 14 October 2019 unless the Offer is extended or withdrawn
Offer Price	\$1.46 cash per MRN Share, being the consideration to be provided to MRN Shareholders under the Offer, as set out in Section 9.1 of this Target's Statement
Participant	has the meaning given in the ASX Settlement Operating Rules
PEC	PEC Nominees Pty Ltd ACN 090 856 670
PPS Security Interest	means a security interest that is subject to the <i>Personal Property Securities Act 2009</i> (Cth)
Public Authority	means any federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, administrative, statutory or judicial entity, arbitral body, commission, board, bureau or authority or agency (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange
Related Bodies Corporate	has the meaning given to 'related body corporate' under the Corporations Act except, for the purposes of this Target's

	Statement, MRN and its subsidiaries (as defined in the Corporations Act) shall not be taken to be Related Bodies Corporate of Nine Bidder or Nine
Relevant Interest	has the meaning given in the Corporations Act
Section	a section of this Target's Statement
Takeover Bid	means the takeover bid constituted by the Offer
Takeovers Panel	means the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
Target's Statement	this document, being MRN's target's statement
Voting Power	has the meaning given in section 610 of the Corporations Act
VWAP	volume weighted average price calculated as the total dollar value of MRN Shares traded divided by the total number of MRN Shares traded during the relevant period

11.2 Interpretation

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

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing the singular include the plural and vice versa and a word of any gender includes the corresponding words of any other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) the word including or any other form of that word is not a word of limitation;
- (e) a reference to a person or an expression importing a natural person includes an individual, the estate of an individual, a corporation, a Regulatory Authority, an incorporated or unincorporated association or parties in a joint venture, a partnership and a trust;
- (f) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (g) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this Target's Statement, and a reference to this Target's Statement includes all schedules, exhibits, attachments and annexures to it;
- (h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;
- (i) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it;

- (j) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (k) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- (l) a reference to time is a reference to time in Sydney, New South Wales;
- (m) a reference to writing includes facsimile and electronic mail transmissions; and
- (n) a reference to dollars, \$, cents and currency is a reference to the lawful currency of the Commonwealth of Australia.

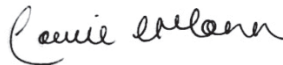
12. Approval of Target's Statement

This Target's Statement is dated 13 September 2019 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of MRN.

Signed for and on behalf of Macquarie Media Limited:



Mr Russell Tate
Independent Director and Chairman, Independent Board Committee



Ms Louise McCann
Independent Director



Ms Monique Anderson
Independent Director

Attachment 1: Independent Expert's Report

www.pwc.com.au

Independent Expert's Report

*Takeover Offer for the
ordinary shares of
Macquarie Media Limited by
Nine Entertainment Co.
Holdings Limited*

11 September 2019

Macquarie Media
Limited

Prepared for the
Directors of
Macquarie Media
Limited

pwc

The Directors
Macquarie Media Limited
Ground Floor, Building C
33-35 Saunders Street
Pyrmont NSW 2009

11 September 2019
Dear Directors

Proposed Takeover of Macquarie Media Limited

Introduction

1. On 12 August 2019 (Announcement Date), Nine Entertainment Co. Holdings Limited (Nine) announced its intentions to acquire the 45.56% equity interest in Macquarie Media Limited (MRN, the Company or the Target) not already owned for a cash consideration of \$1.46 (Offer Price) for each ordinary share in MRN (MRN Share) (the Offer).
2. In addition, MRN announced a final franked dividend of 2 cents for FY19 which was paid on 26 August 2019. This reflects value above and beyond the Offer Price received by MRN Shareholders.
3. Nine is an Australian television broadcasting company that acquired a 100% equity stake in Fairfax Media Limited (Nine Bidder or Fairfax) in December 2018. As part of this transaction, Nine obtained a 54.44% interest in MRN held by Fairfax.
4. If the existing individual shareholders of MRN excluding Nine (MRN Shareholders) decide to accept the Offer, Nine will obtain a full ownership of the Target.
5. The Directors of MRN through the Independent Board Committee (IBC) have engaged PricewaterhouseCoopers Securities Limited (PwC Securities) to prepare an independent expert's report setting out whether, in its opinion, the Offer is fair and reasonable to MRN Shareholders and to state reasons for that opinion.
6. This letter contains a summary of the opinion and main conclusions of PwC Securities and is extracted from the full independent expert's report, a copy of which (including this summary letter) will accompany the Target's Statement.

Our conclusion

The Offer is fair and reasonable

7. Our assessment of the Offer has been undertaken in accordance with the principles of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111, Content of expert reports (RG 111).
8. An offer is fair if the consideration offered is higher or equal to the assessed value of the Target's shares on a controlling basis assuming 100% ownership of the Target. This assessment does not consider any bidder's previous equity ownership or investments held in the Target, an approach which is considered consistent with RG 111.
9. Comparing the value of the shares being acquired and the value of the consideration paid is only one element of the assessment. The reasonableness assessment of an offer is based on a range of factors set out in the Overview of the Offer and Basis of Our Assessment of this report.
10. We consider the Offer to be fair and reasonable to MRN Shareholders.
11. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

The Consideration offered under the Offer is fair

12. We have assessed the fair market value of a MRN share (on a controlling interest basis) as at the date of this report to be in a range from \$1.44 to \$1.66. The Offer proposes a cash consideration per share of \$1.46. On the basis that the cash consideration per share is within our valuation range for a fully paid ordinary share in MRN, we consider that it is fair.

The Offer is reasonable

13. In accordance with RG111.11, the Offer is reasonable on the basis that it is fair. In addition, we consider the Offer to be reasonable for the following reasons.

Ability to sell shares in a relatively illiquid investment with no transaction costs

14. The Offer provides an opportunity for MRN Shareholders to access cash for their investment, with no transaction/brokerage costs. Less than 0.1% of MRN Shares were traded in the last 6 months prior to the Announcement Date. In our opinion, the low liquidity of MRN Shares is a reflection of MRN's capital structure with top four MRN Shareholders owning 94.46% of the issued share capital. By accepting the Offer, the MRN Shareholders can realise their investment and limit their exposure to the risks associated with a continued investment in MRN.

If the Offer is not accepted, the MRN share price is likely to fall further

15. The MRN share price decreased significantly on the announcement of the Offer and has traded in a range of \$1.44 to \$1.49 since then (based on closing share prices to 6 September 2019). We consider that in the absence of the Offer being accepted, the MRN Share price is likely to decrease. In the medium and longer term, MRN Share price will reflect the market's assessment of MRN's ongoing business model and operating performance as well as general movements in financial markets.

Unanimous Board recommendation

16. The IBC has unanimously recommended in favour of the Offer, in the absence of a superior proposal emerging and subject to findings reported by the independent expert.

No alternative proposals have been received

17. The Directors of MRN have advised us that to the best of their knowledge the proposal from Nine is the only proposal available to the MRN Shareholders at the date of this report.
18. We cannot exclude the prospect of an alternative proposal or offer on better terms emerging. In the event that an alternative proposal or offer on better terms emerges before the closure of the Offer, MRN Shareholders will be entitled to reject the Offer and pursue other opportunities. However we do not consider that an alternative offer would likely be successful given the current controlling equity interest held by Nine would deter other bidders.

Existing voting powers of MRN Shareholders will remain if Offer is not accepted

19. MRN currently has 4 major MRN shareholders who control 94.46% of the shares. If the Offer is not accepted the shareholding distribution will not change and these MRN Shareholders will continue to have the same rights and representatives including the ability to effectively block decisions.

Compulsory acquisition will occur with a 90% acceptance

20. The threshold for compulsory acquisition under the Corporations Act 2001 (Corporation Act) Section 661A is 90%, this means only the major MRN Shareholders (excluding Nine) will be required to accept for compulsory acquisition to occur.

Reliance on the MRN Share price

21. The cash consideration per share of \$1.46 is at a discount to the MRN's last share price of \$1.74 prior to the Offer announcement.
22. While a share price achieved on the stock exchange might in some circumstances be an appropriate proxy of the Fair Market Value, the share price of MRN achieved on the Australian Stock Exchange is subject to a number of limitations including but not limited to:
- **Low liquidity:** In the last 12 months prior to the Announcement Date, MRN Shares have been traded on only 109 days out of 261 trading days. This results in 152 inactive days with no traded shares. In the past 12 months prior to the Announcement Date, only 0.5 million shares out of 171.2 million outstanding shares were traded (0.3% of the issued capital). Given that MRN Shares are only thinly traded, the MRN Share price prior to the Offer in our opinion is not a true representation of the Fair Market Value.

- **Market Sentiment:** MRN Share price may have been impacted by a number of market announcements and rumours that limit the reliance on the MRN's trading performance prior to the Offer announcement. These include the Nine and Fairfax transaction announcement in July 2018 and the rumours around the Nine and MRN deal since December 2018.
 - **Concentration of ownership:** With top four MRN Shareholders owning 94.46% of the issued capital, the share price might be impacted by the control retained by the key MRN Shareholders.
23. Based on the capital structure, low liquidity and market announcement impacting MRN Share price prior to the Offer announcement, we have placed no reliance on the MRN Share trading performance.

Other matters

24. The decision to accept or not to accept the Offer is a matter for MRN Shareholders based on each Shareholder's view as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from Shareholder to Shareholder. If in any doubt as to the action they should take in relation to the Offer, MRN Shareholders may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist in this assessment.
25. This independent expert's report has been prepared solely for the benefit of the Directors of MRN and for the benefit of the MRN Shareholders. Neither PwC Securities nor its employees, officers and agents undertake responsibility to any person, other than the Directors of MRN or the MRN Shareholders, in respect of the independent expert's report, including any errors or omissions howsoever caused.
26. MRN has indemnified PwC Securities, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by MRN, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
27. Our opinion is made at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report attached.

Yours faithfully



Richard Stewart

Authorised Representative

PricewaterhouseCoopers Securities Ltd



Meredith Chester

CFA, Affiliate of CAANZ

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1. Overview of the Offer and basis of assessment

1.1. Overview of the Offer

28. On 12 August 2019, Nine announced its intentions to acquire the 45.56% equity interest in MRN not already owned for a cash consideration of \$1.46 for MRN Share pursuant to Chapter 6 of the Corporations Act.
29. Under the Offer, eligible MRN Shareholders, other than Nine or a related body corporate of Nine, will receive \$1.46 per MRN Share. MRN has a total of approximately 171.2 million shares on issue. Of these, approximately 93.2 million shares are held by Nine (equal to 54.44% of the issued ordinary share capital of MRN).
30. Nine announced that the strategic rationale for the transaction is to consolidate the existing television, digital and publishing operations of Nine with the metropolitan radio network of MRN. Consolidation of the traditional media platforms represents a strategy to adapt to the changing media and advertising environment currently disrupted by digital and online content.
31. The combining of the Nine and MRN businesses represent an opportunity to unlock synergies and create a more efficient business structure. In addition to the cost efficiencies that have been partially achieved, the Offer is expected to realise further annualised synergies of more than \$10 million based on Nine's announced view.
32. The Offer is subject to various conditions including:
 - Nine will hold a relevant interest in more than 90% of all MRN Shares on issue as at 14 October 2019 (the close of the Offer Period);
 - Entry into and delivery of a valid Deed of Restraint by each of MRN, John Singleton and his wholly-owned subsidiary company John Singleton Promotions Pty Ltd;
 - No action by a public authority adversely affecting the Offer; and
 - No material adverse change, prescribed occurrence or prohibited actions by MRN as stated in full set out in the full terms and conditions of the Offer included as part of the Bidder's Statements.
33. The IBC has unanimously recommended that MRN Shareholders accept the Offer in the absence of a superior proposal and subject to the opinion of an independent expert that the Offer is reasonable.
34. The Directors of MRN have engaged PricewaterhouseCoopers Securities Ltd (PwC Securities) to prepare an independent expert's report setting out whether, in its opinion, the Offer is fair and reasonable and to state reasons for that opinion.

1.2. Basis for our assessment

35. The proposed merger of MRN and Nine is to be effected by a way of takeover bid by offering a cash consideration of \$1.46 paid for each ordinary share in MRN not already owned (being the Offer). Takeovers are governed by Chapter 6 of the Corporations Act 2001 (Corporations Act). Before the Offer can proceed, it must be considered and approved by MRN Shareholders.
36. Section 640 of the Corporations Act requires a target company to obtain an independent expert report when the bidder's voting power in the target is at least 30% of the target or when the bidder and the target have common directors. An independent expert must state whether, in the expert's opinion, the offer is fair and reasonable and setting out the reasons for that opinion.
37. Nine and its related parties hold an interest of more than 30% of the issued capital of MRN. Accordingly, there is a requirement under the Corporations Act for an independent expert's report to be prepared in connection with the Offer. We have therefore been requested to prepare an independent expert's report stating whether, in our opinion, the Offer is fair and reasonable and set out reasons for that opinion.

1.2.1. Our approach

38. This report has been prepared in accordance with the Corporations Act and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111, Content of expert reports (RG111).

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39. We have prepared this independent expert's report for the purpose of stating, in our opinion, whether or not the Offer is fair and reasonable, and to set out reasons for that opinion.
40. RG111.10 indicates that an expert evaluating a control transaction effected by way of a takeover bid should undertake a form of analysis which considers whether the transaction is "fair and reasonable".
41. RG111 discusses the separate concepts of "fair" and "reasonable" to be applied by an independent expert assessing an offer. An offer is regarded as "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. An offer is "reasonable" if it is "fair" or despite not being "fair", but after considering other significant factors, MRN Shareholders should accept the offer in the absence of any higher bid before the close of the offer.
42. RG111.11 (b) requires that the assessment of fairness of a control transaction under Section 640 of the Corporations Act compares the value of the consideration to the value of the securities being given up assessed on a controlling interest basis assuming 100% of the securities were available for sale. The Regulatory Guides reflect ASIC's underlying philosophy that the premium for control of a company be shared by all members of that company.
43. In evaluating the reasonableness of the Offer, we have considered other significant factors for MRN Shareholders in relation to the Offer including the likelihood of another offer being received on better terms and the likely position of MRN Shareholders if the Offer is rejected. Other factors to be considered are as follows:
- the bidder's pre-existing voting power in securities in the target;
 - other significant security holding blocks in the target;
 - the liquidity of the market in the target's securities;
 - taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
 - any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target;
 - the likely market price if the offer is unsuccessful and;
 - the value to an alternative bidder and likelihood of an alternative offer being made.
44. Fair market value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe.

1.2.2. Sources of information

45. In preparing this report, we have used and relied on the information set out in Appendix B and representations made by MRN.
46. We have conducted checks, enquiries and analyses of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld by MRN. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of MRN in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.
47. The achievement of any prospective financial information prepared by MRN has been relied on by PwC Securities for the purposes of our assessment of the Offer and is not warranted or guaranteed by us. This information is based on predictions of future events, many of which are outside the control of management, and is therefore inherently uncertain. Actual results and outcomes may differ materially from the forward looking information provided to us and reflected in this report.
48. Our assessment has been made as at the date of our report. Economic conditions, market factors and changes in exploration or development potential may result in the report becoming outdated. We reserve the right to review our assessments and, if we consider it necessary, to issue an addendum to our report, in the light of any relevant material information which subsequently becomes known to us prior to the closure of the Offer.
49. All value amounts in the report are denominated in Australian dollars (\$) unless otherwise stated. Financial tables may be subject to rounding.

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50. We have provided draft copies of this independent expert's report to the IBC for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. The IBC's review has not changed the methodology or conclusions reached by us.

1.2.3. General advice

51. In preparing this report, we have considered the interests of the MRN Shareholders taken as a whole. This report contains only general financial product advice and does not consider the personal objectives, financial situation or needs of MRN Shareholders. An individual's decision in relation to accepting or not accepting the Offer may be impacted by the individual's particular circumstances and MRN Shareholders may wish to obtain personal financial product advice from their financial adviser.

1.2.4. Scope exclusions

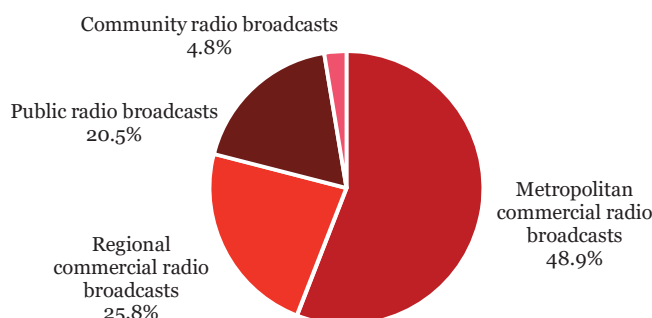
52. This report has been prepared solely for the purpose of assisting MRN Shareholders to consider whether or not to accept the Offer. This report has not been prepared to provide information to parties considering the purchase or sale of securities in MRN or Nine. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this report contrary to the provisions of this paragraph.

2. Industry overview

2.1. Radio Broadcasting in Australia

53. The Australian radio sector comprises commercial, public and community radio networks broadcasting across different platforms. Commercial radio stations generate almost 75% of industry turnover by providing radio program timeslots to media agencies and direct consumers. The remainder of industry revenues are from public and community radio stations that are largely funded by governments.

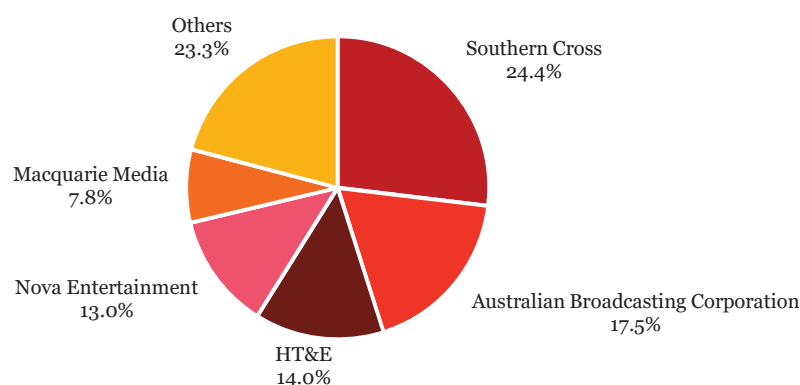
Industry revenue by radio category



Source: IBIS Radio Broadcasting in Australia Industry Report, June 2019

54. The radio broadcasting industry in Australia (Radio Broadcasting Industry) is highly concentrated. In 2019, the industry's four largest players are expected to account for over 68% of industry revenue. These major players typically operate several radio stations throughout metropolitan and regional Australia. The industry's high level of concentration is similar to other traditional media industries within Australia, such as the Newspaper Publishing industry and the Free-To-Air Television Broadcasting industry.

Key industry players



Source: IBIS Radio Broadcasting in Australia Industry Report, June 2019

2.1.1. Regulation

55. The Australian media sector is heavily regulated. The Broadcasting Services Act 1992 is legislation that covers issues relating to content and media ownership in Australia. As this legislation was put in place prior to the introduction of the internet, it primarily covers the traditional platforms of television, radio and print newspapers, which were the dominant media platforms at the time.
56. The media ownership restrictions under this act have prevented traditional media providers from structuring their businesses efficiently or achieving the scale necessary to adapt and compete with newer, cost efficient online services. In October 2017, the Broadcasting Legislation Amendment (Broadcasting

Reform) Act 2017 was approved, repealing a number of media control and diversity rules in the Broadcasting Services Act 1992, most importantly the:

- two-out-of-three rule (the cross-media ownership rule), which prevented a person (either in their own right or as a director of one or more companies) being in a position to control more than two of the three regulated media platforms (commercial television, commercial radio or newspaper) in the same license area; and
- 75% audience reach rule, which prevented a person (either in their own right or as a director of one or more companies) being in a position to control commercial television broadcasting licenses with a combined license area population in excess of 75% of the Australian population.

57. In addition, the Federal Government has introduced changes that will protect and enhance the amount of local television content in regional Australia as well as introducing an incentive for local content to be filmed in the local area.

58. Since the reforms, there has been observed merger and acquisition activity across the media sector. The consolidation of the traditional media sector has allowed companies to set up more efficient business structures to compete with more cost efficient online media platforms. This has been seen with the merger of Nine and Fairfax in 2018 which brought together Nine's free-to-air television network and digital business with Fairfax's newspaper and digital publishing business as well as Fairfax's 54.44% equity stake in MRN.

2.1.2. Historical radio broadcasting industry performance

59. In 2019, the Radio Broadcasting Industry grew at a 5 year compound annual growth rate (CAGR) of 0.1% mainly driven by a strong growth of alternative media streaming platforms (i.e. internet radio and podcasts). This is a result of high internet penetration, development of new technology and rise of digital businesses that have contributed to a change of consumer behaviours and the way advertising is delivered (through alternative media platforms). (IBIS Radio Broadcasting in Australia Industry Report, June 2019)

60. The chart below shows the shift from terrestrial radio over the past three years as consumers have moved to online content. The share of industry revenues generated by terrestrial radio has declined from 89% in 2015 to 69% in 2019 (PwC media outlook, 2019).

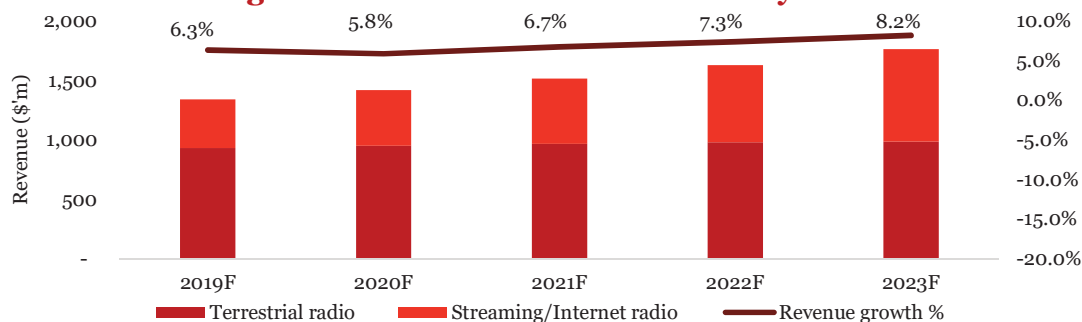
2.1.3. Radio broadcasting industry outlook

61. In 2019, the Radio Broadcasting Industry is expected to grow at a 5 year CAGR of 6.9% driven by the continuing trend of structural shift of radio broadcasting to online platforms. The revenue from terrestrial platforms is expected to grow marginally at a 5 year CAGR of 1.7% (PwC media outlook, 2019).

62. While online platforms will continue to grow at a faster pace when compared to traditional media platforms, the terrestrial platforms are expected to remain contributing the majority of total radio advertising turnover (76% in 2022).

63. Profitability of traditional media platforms is anticipated to decline marginally, as advertising expenditure shifts from traditional media such as radio, television and print, to digital alternatives. This trend is projected to mostly affect smaller, regional broadcasters, as high fixed operating costs make it difficult for smaller players to compete with online alternatives. (IBIS Radio Broadcasting in Australia Industry Report, June 2019)

Radio Broadcasting – Historical and forecast industry revenue



Source: PwC Media Outlook 2019

3. Overview of MRN

3.1. Profile of MRN

64. MRN is an ASX listed Australian media company operating seven metropolitan radio stations in Sydney, Melbourne, Brisbane and Perth. Following the merger with Fairfax on 1 April 2015, (and subsequently Nine's acquisition of Fairfax) MRN operates as a subsidiary of Fairfax with Fairfax holding a 54.44% equity stake.
65. While music broadcasting radio stations are facing increased competition from alternative music distribution platforms, the news-talk radio stations are a more resilient format to competition and have managed to retain its listeners. MRN as a news-talk and sports radio network has an 11.7% market share reaching over 1.8 million listeners every week according to GfK Surveys 5, 2019.
66. The national news-talk network is comprised of Sydney's 2GB, Melbourne's 3AW, Brisbane's 4BC and Perth's 6PR:
- **2GB in Sydney:** A news-talk radio station that has been in operation since 1933. In May 2019, 2GB had a Sydney based market share of 13.4% according to GfK Survey 5, 2019. The format is led by key talent personnel including Alan Jones – Breakfast, Ray Hadley – Mornings, Ben Fordham – Drive, Ross Greenwood – Money News;
 - **3AW in Melbourne:** A leading radio broadcasting station in Melbourne with a market share of 15.0%, based on the GfK's Survey 5, 2019. Among the key talent of 3AW belongs Neil Mitchell, Denis Walter, Tom Elliott, Ross Stevenson and John Burns;
 - **4BC in Brisbane:** Brisbane's only commercial talk station with 8.7% market share according to GfK Survey 5 2019; and
 - **6PR in Perth:** Perth's only commercial talk station with 7.7% market share according to GfK Survey 5 2019.
67. During FY18, MRN switched its three east coast Talking Lifestyle radio stations and a DAB+ station in Perth to the new Macquarie Sports Radio station. Macquarie Sports Radio is Australia's first national commercial sports radio network consisting of three stations broadcasting analogue and DAB+ in Sydney, Melbourne and Brisbane, and in Perth on DAB+ only. The Target also includes digital and online media platforms, a public relations and marketing communications agency, Map and Page, and Macquarie Media Syndication - a company responsible for syndicating programming content.
68. As of June 2019, the Company owns 100% of 12 Australia based subsidiaries listed below:

Buyradio Pty Ltd	Radio 1278 Melbourne Pty Limited
Macquarie Media Operations Pty Limited	Radio 2UE Sydney Pty Ltd
Macquarie Media Syndication Pty Limited	Radio 3AW Melbourne Pty Limited
Harbour Radio Pty Limited	Radio 4BC Brisbane Pty Limited
Macquarie Media Network Pty Limited	Radio 6PR Perth Pty Limited
Map and Page Pty Ltd	Radio Magic 882 Brisbane Pty Limited

3.1.1. Company history

69. We have listed below a summary of key events in MRN since its listing on ASX:

Date	Event
1994	1. Macquarie Radio Network was incorporated
2005	2. Macquarie Radio Network was listed on the Australian Securities Exchange in April, 2005
2009	3. Macquarie Radio Network and Pacific Star Network announced that together the companies would form a joint venture to produce and supply radio programming to the Melbourne market

Date	Event
2010	4. The new joint venture radio station between Macquarie Radio Network and Pacific Star Network, Melbourne Talk Radio MTR 1377AM, was launched
2011	5. The company announced that it had entered into a heads of agreement with Smart Radio Network in Queensland for the acquisition of 8 commercial radio stations. The deal was completed in September 2011.
2012	6. A joint venture between Macquarie Radio Network and Pacific Star Network, Melbourne Radio Operations Pty Limited, announced that it had appointed administrators and Melbourne Talk Radio MTR 1377AM ceased to operate.
2014	7. The company announced that it had entered into an agreement to merge with Fairfax Radio Network 8. As part of the agreement, Macquarie Radio Network Limited was to acquire all the assets and shares in Fairfax Radio Network in a reverse acquisition where Fairfax would receive 54.5% of the shares in Macquarie Radio Network and \$18 million in cash
2015	9. Macquarie Radio Network Limited completed its reverse acquisition of Fairfax Radio Networks Pty Limited which resulted in Fairfax acquiring 54.44% of the shares in the company
Mar	
Oct	10. Macquarie Radio Network divested its interest in its regional business, Macquarie Regional Radio Pty Limited, to a related entity of Resonate Broadcasting Pty Ltd
Nov	11. The company changed its name to Macquarie Media Limited
2017	12. MRN divested 100% interest in its wholly owned subsidiary Radio 2CH Pty Ltd to a subsidiary of Oceania Capital Partners Limited for a consideration of \$5.6m
Jan	
Aug	13. The company divested 100% interest its wholly owned subsidiary Satellite Music Australia Pty Ltd to Stingray Digital International Limited for a cash consideration of approximately \$5.9m
2018	14. MRN announced the appointment of Adam Lang, the Company's Chief Operating Officer, to the position of Chief Executive Officer, effective April 2018
Feb	15. Nine became an indirect holder of Fairfax's equity stake in MRN pursuant to section 608(3)(a) of the Corporations Act following the acquisition of all of the shares in Fairfax
Dec	16. MRN announced the resignation of Mr Greg Hywood as a Director following the merger of Nine and Fairfax
2019	17. Directors have declared a final fully franked dividend for FY2019 of 2 cents per share paid on 26 August 2019
August	18. MRN has announced its results for the full year to 30 June 2019, reporting a 16% decrease in the underlying earnings before interest, tax, depreciation and amortisation (EBITDA) as compared to the prior year

3.2. Financial information

3.2.1. Historical profit and loss

70. The reported operating performance of MRN for the three financial years ended 30 June 2019 (audited) is summarised in the table below:

Statement of Profit or Loss (AUD millions)	FY17	FY18*	FY19
Revenue	131.1	136.4	131.8
Advertising revenue	116.3	121.0	117.8
Programming & cost recoveries	12.2	11.9	11.9
Commission revenue from related party	1.2	2.7	1.5
Royalties	0.9	0.6	0.5
Other income	0.5	0.1	0.2
Operating Expenses	(101.6)	(114.5)	(114.1)
EBITDA	29.5	21.9	17.7
Depreciation and Amortisation	(3.0)	(3.6)	(3.7)
EBIT	26.5	18.3	14.1
Interest	(1.7)	(1.5)	(1.5)
Profit before tax	24.8	16.8	12.6
Income tax expense	(7.4)	(5.3)	(5.0)
Net Profit	17.3	11.5	7.6
Key Performance Indicators			
Revenue growth	(1.50%)	3.99%	(3.31%)
EBITDA Margin	22.48%	16.03%	13.46%
EBIT Margin	20.17%	13.41%	10.68%

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

*note: FY18 financial data is restated in MRN 2019 Annual Report

71. In relation to the historical financial performance of MRN, we note:

- Revenue increased from \$131.1 million in FY17 to \$136.4 million in FY18, which represented a 4.0% increase. The strong performance of the core news-talk stations was partially offset by the short-term revenue decrease from three east-coast “Talking Lifestyle” stations that were switched to a Macquarie Sports Radio format in FY18.
- Revenue in FY19 then decreased to \$131.8 million, representing a 3.3% decrease compared to FY18. The decrease was primarily in the core radio revenue and commissions from related party, which was partially driven by the NSW and federal elections, a subdued housing market, variable business and consumer confidence.
- The EBITDA earnings decreased from \$29.5 million in FY17 to \$21.9 million in FY18. This decrease was mainly attributable to one-off events associated with the impairment of goodwill, radio licenses, and property, plant and equipment of \$6.5 million, legal claims of \$3.0 million and redundancy and restructuring cost of \$1.1 million.

72. After adjusting for these one-off events of \$10.6 million, the normalised EBITDA for FY18 was \$32.4 million with an EBITDA margin of 23.8%.

73. In FY19, the EBITDA of \$17.7 million was impacted by a number of non-recurring events amounting to \$9.4 million which comprised of an impairment of the commercial radio broadcasting licence and goodwill of \$3.6 million, legal claims of \$4.8 million, redundancy and restructuring expenses of \$0.8 million and

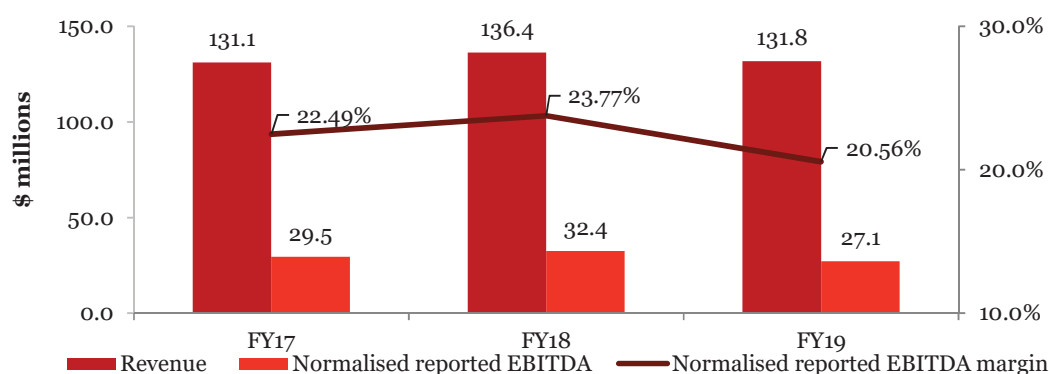
doubtful debt on a sale transaction of \$0.2 million. This implied a normalised EBITDA of \$27.1 million with an EBITDA margin of 20.6%.

Normalised reported EBITDA	FY17	FY18*	FY19
Revenue	131.1	136.4	131.8
Operating Expenses	(101.6)	(114.5)	(114.1)
Reported EBITDA	29.5	21.9	17.7
Reported normalisation adjustments	-	10.6	9.4
Normalised reported EBITDA	29.5	32.4	27.1

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

*note: FY18 financial data is restated in MRN 2019 Annual Report, may not sum due to rounding

Macquarie Media historical financial



Source: MRN 2019 Annual Report

3.2.2. Statement of financial position

74. The summary statement of MRN's financial position as at 30 June 2019, 30 June 2018 and 30 June 2017 is set out in the following table:

Statement of Financial Position (AUD millions)	FY17	FY18*	FY19
Cash and cash equivalents	18.1	18.6	13.8
Trade and other receivables	28.4	29.9	30.4
Assets held for sale	2.7	0.0	0.0
Current tax receivables	0.0	0.0	0.9
Other current assets	2.5	3.1	3.5
Total current assets	51.7	51.6	48.5
Receivables	1.9	3.0	3.0
Property, plant and equipment	23.7	22.6	20.1
Radio licences	108.1	103.1	101.2
Other intangible assets (including goodwill)	89.0	88.1	87.5
Other non-current assets	3.8	4.2	3.8
Total non-current assets	226.4	221.0	215.4
Total assets	278.1	272.6	264.0
Trade and other payables	10.5	14.3	13.1

Statement of Financial Position (AUD millions)	FY17	FY18*	FY19
Liabilities directly associated with held for sale assets	0.2	-	-
Current tax liability	4.6	3.1	0.0
Current provisions	7.4	10.3	11.3
Total current liabilities	22.8	27.7	24.4
Borrowings	40.8	35.8	35.8
Deferred tax liabilities	29.0	27.9	27.1
Other payables	0.5	0.5	0.5
Non-current provisions	1.0	1.2	1.1
Total non-current liabilities	71.2	65.3	64.6
Total liabilities	94.0	93.0	88.9
Net assets	184.1	179.5	175.1

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

*note: FY18 financial data is restated in MRN 2019 Annual Report

A discussion of key balances is set out below:

3.2.2.1. Intangibles

75. The majority (87%) of MRN's employed funds is represented by intangible assets (including the radio licenses).
76. Radio licenses with indefinite lives were allocated to two cash generating units, being Eastern Seaboard stations and the Perth station.
77. Goodwill acquired through business combinations was tested for impairment at the overall Group level.
78. Due to the continuing underperformance of the Perth station along with the challenging economic conditions in the Perth market, the impairment test resulted in an impairment of \$6.5 million in FY18 and \$2.5 million in FY19 of goodwill and Perth's radio license.

Intangibles	FY17	FY18*	FY19
Radio Licences	108.1	103.1	101.2
Other intangible assets	1.3	1.8	1.8
Goodwill	87.8	86.3	85.7
Total	197.1	191.1	188.6

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

3.2.2.2. Property, plant and equipment and other fixed assets

79. MRN's property, plant and equipment balance as at 30 June 2019 was \$20.1 million mainly comprised of equipment of \$11.3 million, leasehold improvements of \$4.0 million, land and buildings of \$4.7 million.
80. Other non-current assets of \$3.8 million as at 30 June 2019 mainly related to prepayments.

3.2.2.3. Net Debt

81. As at 30 June 2019, MRN had total interest bearing debt of \$35.8 million. The floating interest rate on the bank loan facility was 3.12% which represented a slight decrease from 4.12% in the prior year. The table below summarises the terms and expiry dates of Group's financing facilities.

82. The total net debt position of MRN as at 30 June 2019 was \$22.0 million.

Bank Facilities	Terms and expiry dates	Total Facility	Amount Drawn at Jun 19
ANZ loan facility	Expiry date of September 2020	\$45.0 million	\$35.8 million

Source: MRN 2019 Annual Report

83. As at 30 June 2019, MRN held \$13.8 million of cash at bank and at hand.

3.2.2.4. Working capital

84. MRN's working capital of \$9.5 million as at 30 June 2019 was required for the ordinary business operations and comprised of trade related receivables and payables, current portion of the tax liability, employee and claims related provisions and prepayments included under other current assets.

Working Capital	FY17	FY18*	FY19
Trade and other receivables	28.4	29.9	30.4
Other current assets	2.5	3.1	3.5
Trade and other payables	(10.5)	(14.3)	(13.1)
Current tax liability	(4.6)	(3.1)	0
Current provisions	(7.4)	(10.3)	(11.3)
Working Capital (WC)	8.3	5.3	9.5

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

*note: FY18 financial data is restated in MRN 2019 Annual Report

3.2.2.5. Other long-term assets and liabilities

85. As at 30 June 2019, MRN's other long-term balances included deferred tax liability of \$27.1 million, outstanding overdue other payables of \$0.5 million and trade receivables of \$3.0 million, long-term employee related and make good provisions of \$1.1 million.

3.3. Statement of cash flows

86. The summary cash flow statements for Macquarie for the three financial years ended 30 June 2019 (audited) are summarised in the table below:

Statement of Cash Flows (AUD millions)	FY17	FY18*	FY19
Cash flows from Operating Activities			
Receipts from customers (inclusive of GST)	148.0	146.4	143.3
Payments to suppliers (inclusive of GST)	(131.4)	(115.2)	(123.1)
Income taxes paid	(4.1)	(9.1)	(9.7)
Interest received	0.0	0.0	0.0
Dividends received	0.1	-	-
Royalties received	0.9	0.6	0.4
Finance costs	(1.7)	(1.5)	(1.5)
Net cash provided by operating activities	11.9	21.2	9.4
Cash flows from Investing Activities			
Payment for property, plant and equipment	(7.2)	(3.0)	(1.7)
Payment for intangible assets	(0.4)	(0.9)	(0.6)
Proceeds from sale of subsidiary	5.6	5.3	0.0
Net cash (used in) investment activities	(2.0)	1.3	(2.2)
Cash flows from financing activities			
Repayment of borrowings	0.0	(5.0)	0.0
Dividends paid	(8.6)	(17.1)	(12.0)
Net cash provided by/(used in) financing activities	(8.6)	(22.1)	(12.0)
Net increase in Cash	1.3	0.4	(4.8)
Cash at the beginning of the period	16.6	18.1	18.6
Transfer from/(reclassification to) held for sale	0.2	0.0	0.0
Cash at the end of the period	18.1	18.6	13.8

Source: MRN 2019 Annual Report, MRN 2018 Annual Report

*note: FY18 financial data is restated in MRN 2019 Annual Report

87. In relation to MRN's historical cash flows shown above, we note that:

- We have included a discussion on the historical earnings of MRN and working capital earlier in this section of this report.
- Cash flows generated by operations decreased by 56% from \$21.2 million in FY18 to \$9.4 million in 2019, primarily due to lower sales and relatively stable cost base.
- In July 2017 the Target completed the sale of Satellite Music Australia Pty Ltd ("SMA") for total proceeds of \$6.2 million. Proceeds from the sale of SMA were passed back to MRN Shareholders a fully franked special dividend of 3.0 cents per share. The total special dividend payment was \$5.1 million.
- The incremental cash generated from operations and sale of SMA in FY18 were distributed during the year as part of the ordinary and special dividends of \$11.9 million and \$5.1 million, respectively. Net cash increase of \$0.4 million for FY18 is broadly in line with net cash increase of \$1.3 million for FY17.
- We understand the FY19 cash balance has not been reduced for the final dividend of 2 cents declared for the Financial Year 2019.

3.4. Capital structure

3.4.1. Ownership

88. As at the close of trading on 6 September 2019, the issued capital of MRN comprised 171.2 million ordinary shares.

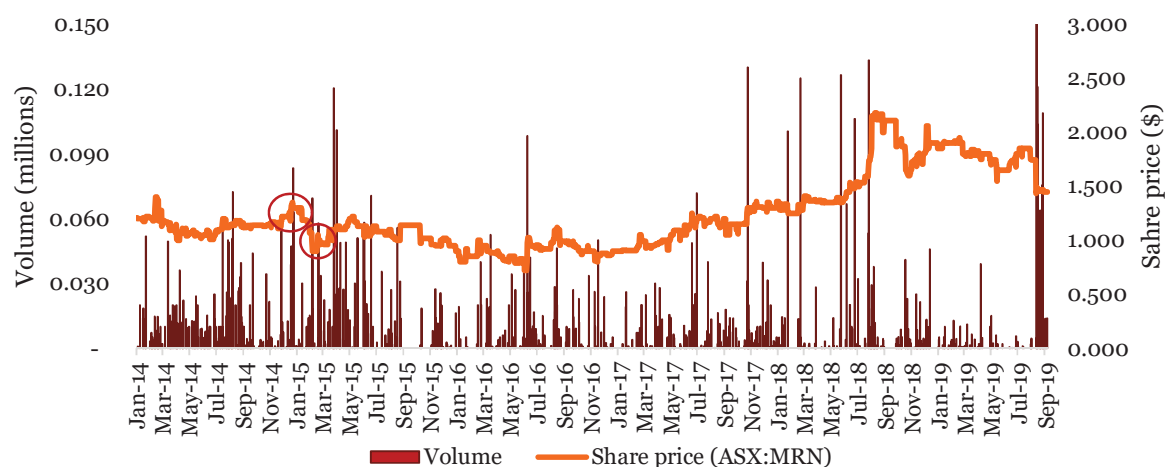
89. Ownership of MRN is highly concentrated with the top 10 MRN Shareholders holding 96.9% of the total ordinary with Fairfax owning a majority interest of 54.44%. The top 10 MRN Shareholders and their respective holdings are set out in the table below:

Rank	Name	Shares (millions)	% held
1	Fairfax Media Limited	93.2	54.44%
2	John Singleton Promotions Pty Ltd	55.4	32.33%
3	HSBC Custody Nominees	7.1	4.14%
4	PEC Nominees Pty Ltd	6.1	3.55%
5	Hadiac Pty Limited	2.2	1.27%
6	Australian Executor Trustees	0.6	0.35%
7	Dixon Trust Pty Limited	0.4	0.25%
8	Mr Richard Ewan Mews	0.4	0.25%
9	Mr Timothy John Eakin	0.3	0.18%
10	Mr Richard Mews & Mrs Wee Khoon Mews	0.3	0.16%
Top 10 MRN Shareholders		165.7	96.92%
Remaining Holders Balance		5.3	3.08%
Total		171.2	100.00%

Source: MRN 2019 Annual Report

3.4.2. Recent share price analysis

90. The figure below illustrates the trading performance of MRN shares from 1 January 2014 to 6 September 2019 with historical volumes and key influencing items:



Source: Capital IQ announcements

Key influencing items

1	22-Dec-14	MRN together with Fairfax announced they have entered into a merger implementation agreement
2	30-Jan-15	MRN announced an expected drop in EBITDA of 25% for the half year ended 31 December 2014
3	31-Mar-15	MRN announced the completion of the merger with Fairfax
4	9-Jun-16	MRN responded to ASX query in regards of the sudden increase in MRN Share price (from a low \$0.80 to a high \$1.05)
5	8-Aug-16	MRN announced the full year financial results that includes 3 months of the combined operations with Fairfax (anticipation of the realisation of synergies and delivery of a 5% annual revenue growth)
6	16-Jun-17	MRN announced that the existing MRN Shareholders (John Singleton and Mark Carnegie) had made an approach to acquire Fairfax's 54.544% stake in MRN
7	5-Oct-17	MRN announced the full year financial results for year ended 30 June 2017 (EBITDA up by 17% from prior year)
8	2-Feb-18	MRN announced the half year financial results for year ended 31 December 2017 (Revenue up by 2.6% and net profit up by 5.5% from the prior year)
9	26-Jul-18	Nine and Fairfax announced the merger
10	5-Dec-18	Nine confirmed the market speculation with regards to preliminary discussions to acquire MRN Shares
11	7-Dec-18	Nine and Fairfax completed the merger
12	6-May-19	MRN amended its FY19 EBITDA guidance from \$29-32 million to \$27-29 million
13	7-Aug-19	Nine announced its results for the full financial year ending in June 2019 with 16% decrease in EBITDA earnings from prior year
14	12-Aug-19	Nine announced the Offer

Source: Capital IQ and ASX announcements

91. The 5, 30 and 90 days volume weighted average price (VWAP) of MRN Share prior to the Offer announcement is \$1.75, \$1.81 and \$1.74, respectively.
92. The share price of MRN prior to the Offer announcement is likely to have been impacted by the following events:
 - The transaction of Nine and MRN had been already speculated in early December 2018, the MRN's VWAP prior to the Offer may already comprise an element of market's sentiment in relation to the Offer; and
 - On 26 July 2018, a merger of Nine with Fairfax was announced. In light of the fact that Fairfax held a 54.44% equity stake in MRN, all else equal the VWAP of MRN may reflect market sentiment in regards to a potential merger of MRN and Nine following the announcement of the merger of Nine and Fairfax.
93. Given a number of transactions, market speculations and movement of the general market conditions, as well as the low liquidity discussed in the next section, it is considered difficult to accurately quantify the direct impact of these individual factors on the trading performance of MRN.
94. We note that MRN Share price decreased after the Offer was announced and has traded in the range of \$1.44 to \$1.49 (based on closing prices to 6 September 2019). This movement largely reflects the terms of the Offer and the payment of dividends.

3.4.3. Liquidity

95. In the 12 months prior to the Announcement Date, MRN Shares have been traded only during 109 days out of 261 trading days. This results in 152 inactive days with no traded shares.
96. In the 12 months prior to the Announcement Date, only 0.5 million shares (0.3% of the issued capital) out of 171.2 million outstanding share were traded. It is therefore our opinion that the MRN Shares are relatively illiquid.

97. Given that MRN Shares are only thinly traded, the MRN Share price in our opinion is unlikely to be representative of the Fair Market Value.

MRN	# share traded (in thousands)	% traded	#inactive days
1 week (prior to Announcement Date)	-	0.000%	5.0
1 month	7.7	0.000%	15.0
3 months	31.0	0.018%	45.0
6 months	148.6	0.087%	86.0
12 months	516.5	0.302%	152.0

Note: % traded are calculated based on the current share outstanding of MRN of 171.20 million

Source: Capital IQ

4. Valuation of MRN shares

4.1. Valuation summary

98. The value of MRN has been assessed on the basis of fair market value as described in Section 1 of this report.
99. We have assessed the value of MRN Shares on a controlling interest basis to be in the range of \$1.44 to \$1.66.

4.2. Our approach

100. There are a number of commonly adopted methodologies that could be used to assess the value of the underlying business (or enterprise value) of MRN. Widely accepted methodologies include:
- **Discounted cash flow** – This method indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows;
 - **Capitalisation of future maintainable earnings** – This method involves multiplying an estimation of a level of sustainable earnings (or profits) of a business by a multiple that is reflective of the underlying risks and growth prospects of the business. The estimation of future maintainable earnings is considered a surrogate for the future cash flows of the business and the process of multiplication is referred as the ‘capitalisation’ of earnings;
 - **Net realisable value of assets** – This approach indicates the market value of the equity of an entity by adjusting the asset and liability balances on the subject company’s balance sheet to their market value equivalents. The net assets approach has a number of variants. Typically the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value; and
 - **Market based assessments** – Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm’s length transactions. This is often the most reliable evidence of market value but in the case of valuation of companies it can be difficult to find directly comparable transactions. For companies whose shares are publicly traded, the relevant share price is considered indicative of the market value of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control.
101. Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.
102. We have selected the capitalisation of future maintainable earnings (CFME) methodology as our primary valuation methodology to assess the underlying value of the equity in MRN, on a controlling interest basis. In choosing to adopt a CFME approach we have considered a number of factors including:
- The nature of MRN’s operations and the relative maturity of the radio industry;
 - MRN’s earnings profile; and
 - The limited availability and subjectivity in forecast cash flows beyond FY19.
103. We have used a market based approach based on the recent comparable transactions as a cross check to our primary valuation approach. As MRN shares are thinly traded, we have placed no reliance of the MRN Share price as in our view it does not reliably reflect the fair value of MRN.

4.3. Valuation assessment

104. The CFME methodology requires consideration of the following factors:
- Assessment of the enterprise value of MRN which includes:

1. Estimation of normalised earnings having regard to historical and projected earnings, consideration of any abnormal or non-recurring items and other factors including industry risks, specific growth prospects and the general economic outlook; and
 2. Determination of an appropriate earnings multiple that reflects the risks inherent in the business.
- Adjustment for the net interest bearing debt in the business and any other assets or liabilities considered surplus; and
 - An adjustment to allow for a premium for control that reflects a 100% business ownership and opportunity to realise cost and revenue related synergies.

4.3.1. Assessment of future maintainable earnings

105. The underlying principle of an earnings-based valuation approach is that the value of the business is based on its future maintainable earnings (FME). The estimated FME should reflect an 'average' of the current expected earnings with variability around this average and growth factored into the adopted capitalisation multiple.
106. In applying the CFME approach it is common to use earnings before interest depreciation and amortisation (EBITDA) or EBIT as the appropriate level of earnings to capitalise. We have chosen EBITDA as the appropriate measure of earnings as this:
- Eliminates distortions that the differences in depreciation and amortisation policies may cause;
 - Eliminates the effects of gearing and provides a value which is independent of the current funding structure of the company; and
 - Removes the effect of different taxation regimes and taxation benefits that may be available to the company.
107. As the information on MRN's future cash flows and the broker's coverage of the Company are limited, we have determined an appropriate level of FME based on the reported historical level of earnings of MRN for FY19 while having regard to a number of other factors set out below:
- FY19 Reported earnings have been adjusted to remove the impacts of one-off and abnormal expenses as discussed, being an impairment of the Perth radio licence and goodwill of \$3.6 million, legal claims of \$4.8 million, redundancy and restructuring expenses of \$0.8 million and doubtful debt on sale transaction of \$0.2 million, and
 - Further adjustments have been made for provision reversals net of cost efficiencies at \$1.1 million as advised by Management.
108. After consideration of all of the above factors and analysis, we consider an appropriate estimate of future maintainable EBITDA to be \$ 26.0 million.

Future Maintainable Earnings	FY19
Revenue	131.8
Operating Expenses	(114.1)
Reported EBITDA	17.7
Reported normalisation adjustments	9.4
Normalised reported EBITDA	27.1
Provision reversals net of cost efficiencies	(1.1)
Adjusted EBITDA	26.0

Source: MRN financial information

4.3.2. Determination of an appropriate earnings multiple

109. The next step in determining the equity value of MRN under the CFME approach is to determine an appropriate multiple to capitalise our assessed level of FME.
110. In our assessment of an appropriate earnings multiple we have had regard to the trading multiples of listed companies within the radio industry cross-checked to the multiples implied by comparable transactions within the industry.

4.3.2.1. Comparable company analysis

111. We have reviewed Australian listed companies within the broader radio industry and used professional judgment to derive a range of companies that we consider to have comparable (albeit but not identical) operations to that of MRN. We have then calculated relevant trading multiples to assess an appropriate earnings based multiple to apply to our assessed level of FME for MRN.

Comparable Company AUD millions	Market Capitalisation	Enterprise Value	EV/EBITDA	
			FY19 (LFY)	FY20 (NFY)
Macquarie Media Limited	248.2	270.3	10.0x	NA
HT&E Limited	509.9	464.8	6.5x	5.6x
Nine Entertainment Co. Holdings Limited	3,422.3	3,678.1	10.5x	7.6x
NZME Limited	82.8	267.8	5.3x	5.5x
Pacific Star Network Limited	58.9	62.4	12.5x	NA
Seven West Media Limited	610.6	1,175.1	4.8x	5.2x
Southern Cross Media Group Limited	942.0	1,233.2	8.4x	9.2x
Median – narrow set			8.4x	7.4x
Mean – narrow set			9.1x	7.4x

Source: Capital IQ and PwC Securities analysis

The companies highlighted in grey represent our selected narrow set.

- Market capitalisation based on a non-controlling basis and a share price as at 6 September 2019.
 - Net debt and FY19 data is based on the latest available actual historical financials.
 - FY20 data is based on the latest forecast sourced from Capital IQ.
112. We have segmented the broader comparable company set and identified the narrow set of comparable companies (highlighted in grey) based on similarities of core operations, size, growth and EBITDA margin to those of MRN:
- HT&E (6.5x): owns and operates Australian Radio Network under the brands KIIS Network, Pure Gold, iHeart and the Edge96. Similarly to MRN, HT&E's revenues and operating results for FY19 have decreased from prior year. Given its similar business operations and financial performance, we would expect HT&E to trade at a similar multiple to MRN;
 - Southern Cross Media Group Limited (8.4x): owns 78 radio stations and 6 digital radio stations across metropolitan and regional Australia. The trading multiple of Southern Cross Media Group would be expected to be at a slight premium to MRN due to its size; and
 - Pacific Star Network Limited (12.5x): is a media company that operates three digital radio stations. Given its diversified service offerings and presence in a digital and online space, we would expect Pacific Star Network to trade at a premium to other traditional radio operators. In addition, the share price of Pacific Star Network Limited may be impacted by a number of additional factors, among others these include a concentrated capital structure (top four shareholders owning 42.1% of the issued capital) and a low liquidity (with 1.3% of the issued capital traded in the last twelve months).
113. We have excluded from our narrow set the following comparable companies:
- MRN: As discussed further in Section 4.3.4.2, market capitalization of MRN might not be an appropriate proxy of Fair Market Value;
 - Nine Entertainment Co. Holdings Limited: Due to its size, diversified business operations;
 - NZME: Due to the relative small market capitalisation, high ownership concentration of the stock and the continuing decrease of operating results; and

-
- Seven West Media Limited: primarily focused in commercial television programming and stations as opposed to radio stations.
114. Based on the above analysis, we have assessed an appropriate range of multiples to be between 7.5 and 8.5 times historical EBITDA. We have adopted this range above the HT&E multiple to reflect the fact that MRN is currently experiencing depressed earnings which we consider there is potential for a return of the historical margins. Applying this to our assessed level of FME derives an enterprise value of between \$194.6 million and \$220.6 million, on a non-controlling minority interest basis.
115. We note that the observed trading multiples are based on the market price for minority or portfolio shareholdings and do not include a premium for full control. We have considered the application of a control premium later in this Section of our report. A summary of our comparable company analysis is contained in Appendix C.

4.3.3. Adjustment for net debt and assessment of surplus assets

116. To assess the equity value of MRN it is necessary to adjust our assessed enterprise value by the level of interest-bearing debt and the value of assets and liabilities which are held by MRN at the valuation date which are considered to be surplus (and for which value is not captured in the assessment of enterprise value).

4.3.3.1. Cash and interest-bearing debt

117. To derive the value of the equity in MRN we have then adjusted the assessed enterprise value for the level of cash held by MRN at 30 June 2019 which is considered to be surplus to normal business requirements less the level of interest bearing debt drawn down at that date.
118. The level of cash on hand at 30 June 2019 is \$13.8 million and is considered to be 'surplus' (available for future investment). We added pro-forma cash generation to 31 August 2019 of \$1.2 million (31 August 2019 accounts are not yet available so we have used 2019 full year cash result pro-rated for 2 months) and deducted the dividend payment of \$3.4 million on 26 August 2019. Therefore, the pro-forma cash on hand as at 31 August 2019 was estimated to be \$11.6 million.
119. The level of interest-bearing debt at 30 June 2019 was \$35.8 million. This results in a net debt position being \$24.2 million.

4.3.3.2. Other sundry assets and liabilities.

120. Based on our review of financial information provided and discussions with MRN, there are no significant assets or liabilities (including potential off-balance sheet or contingent items) which require separate valuation adjustment.

4.3.3.3. Adjustments for control premium

121. We have applied an equity control premium to our assessed minority interest value of the equity in MRN, as purchasers are normally willing to pay a premium in order to obtain control of a company.
122. A premium for control is applicable when the acquisition for control of a company would give rise to benefits such as:
- Control of the Board of Directors of the company;
 - Control of all the decision making and strategy;
 - Access to opportunity to realise revenue and cost synergies;
 - Access to cash flows; and
 - Access to tax benefits.
123. Publicly available research indicates that the average equity control premium in Australia for full control has been in the order of 20% to 50%, however this varies widely depending on the circumstances and may, in some circumstances, include an element reflecting a strategic premium paid by purchasers.
124. These strategic premiums are specific to the acquirer and exist where an investor expects to be able to enhance cash flows by realising synergistic benefits by merging the acquired business with their existing business, and again is willing or must share that benefit with the selling MRN Shareholders. Generally speaking, the acquirer will be reluctant to pay above the value of potential buyer synergies. Nevertheless, in a competitive bidding environment, the price paid will include some element of expected synergies and therefore include a strategic control premium.

125. As per the press announcements, the annualised value of cost synergies is estimated at \$10 million by Nine. If achieved the cost synergies would represent approximately one third of the assessed FME. We would expect that majority of potential purchasers of 100% interest would be able to realise similar synergies and accordingly it is likely that a large amount of these synergies would be included in the applicable control premium.
126. Based on the above, we have selected a control premium of 45.0% which is at a high end of the range observed among other comparable transactions and market studies. This reflects the strategic premium offered to the Seller by Fairfax for the opportunity to access the synergies.

4.3.4. Valuation of MRN

127. Based on the above analysis, we have assessed the value of MRN Shares on a controlling interest basis to be in the range of \$1.44 to \$1.66. Our assessment is based on the controlling interest equity value for MRN ranging from \$247.1 million to \$284.7 million.
128. A summary of the valuation assessment as at the date of this report based on low, high and preferred (midpoint) values is set out below.

Value assessment		Low	High
FME estimate	AUD \$m	26.0	26.0
EBITDA multiple (non-controlling basis)	x	7.5x	8.5x
Enterprise value (100%, non-controlling basis)	AUD \$m	194.6	220.6
Less: net debt	AUD \$m	(24.2)	(24.2)
Equity value (100%, non-controlling basis)	AUD \$m	170.4	196.4
Add: Control premium	%	45%	45%
Equity value (100%, controlling basis)	AUD \$m	247.1	284.7
Number of shares on issue	million	171.2	171.2
Implied value per share	AUD \$	1.44	1.66

Source: PwC Securities analysis

4.3.4.1. Comparable transaction analysis

129. In addition to the comparable company analysis, we also reviewed recent publicly available transaction data since 2011 for the radio industries to derive implied comparable transaction multiples. The observed transaction multiples have been derived based on the reported historical earnings prior to the transaction.

Date closed	Target	Transaction Value (AUD m)	% Sought	EV/ EBITDA
30-Jun-19	Australian Community Media and Printing Business of Nine Entertainment Co. Holdings Limited	105	100%	N/A
07-Dec-18	Fairfax Media Limited	2,159.2	100%	9.1x
29-Mar-18	Crocmedia Pty Ltd	25.0	100%	6.4x
31-Jul-17	Satellite Music Australia Pty Limited	5.9	100%	N/A
19-Jan-17	Radio 2CH Pty Ltd.	5.6	100%	N/A
30-Sep-16	Southern Cross Media Group Limited	118.3	10%	9.3x
31-Mar-16	Southern Cross Media Group Limited	88.3	10%	8.2x
30-Oct-15	Macquarie Regional Radio Pty Limited	2.3	100%	N/A
30-Jan-15	Radio 96FM Perth Pty Ltd	78.0	100%	9.8x
19-Feb-14	50% Stake In Australian Radio Network Pty Limited and The Radio Network	246.5	50%	6.9x
12-Aug-13	Prime Media Group Limited	24.53	100%	7.4x

Date closed	Target	Transaction Value (AUD m)	% Sought	EV/ EBITDA
15-Mar-13	Sunshine Coast Broadcasters Pty Ltd.	17.8	100%	N/A
10-Nov-11	Fairfax Media Limited	193.5	10%	5.7x
19-Apr-11	Austereo Group Ltd.	925.6	100%	10.0x
08-Dec-10	Fairfax Media Limited	50.0	1.5%	7.4x
n/a	Southern Cross Media Group Limited, Northern NSW Television Assets and Operations	55.0	100%	5.5x
Minimum				5.5x
Median				7.4x
Average				7.8x
Maximum				10.0x

Source: Capital IQ and PwC Securities analysis

130. Our analysis indicates the implied transaction multiples are in the range of 5.5x to 10.0x with an average transaction EBITDA multiple of 7.8x.
131. The controlling EBITDA multiple implied by our valuation of MRN Shares is in the range of 10.5x to 11.9x. The implied controlling EBITDA multiple range lies above the market observations which is reasonable given the high potential synergies embedded in the Offer.
132. This wide range, in part, will be caused by the fact that a number of the transactions identified may implicitly include a premium for control which would have depended on the specific rationale for each deal, such as the ability to combine assets/operations or the facilitation of increased market optimisation. The extent to which this strategic value (and associated control premium) is reflected in the transaction terms may depend on the level of perceived synergies created as well as the alternatives available to the acquirer and target.
133. Considering our comments above, we do not consider the range of transaction based earnings multiples observed to be inconsistent with the range of multiples adopted based on comparable company analysis.
134. In considering the above analysis we have had regard to the circumstances of each transaction. A brief synopsis of each company acquired is contained in Appendix D.

4.3.4.2. Valuation cross-check

Discounted cash flow analysis

135. As a high level valuation cross check, we have had regard to the Fair Market Value of MRN Shares assessed using the discounted cash flows method (DCF).
136. This method indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows
137. Given the limited availability of the future earnings forecasts, we have adopted the FME as the best available estimate of the MRN's future earnings.
138. To assess the free cash flow to firm, we have made the following cash adjustments to the FME:
- **Less tax paid:** a 30% Australian corporate rate;
 - **Less capital expenditure:** 3.0% of sales based on MRN's historical three year average capital expenditure cross checked to peers;
 - **Less change of net working capital:** 6.6% of sales based on MRN's historical three year average working capital cross checked to peers; and
 - **Add expected margin improvement:** 2.5% of sales. In FY19, the MRN's operating result has been impacted by the NSW and Federal elections, downturn of the housing market and variable consumer confidence (MRN 2019 Annual Report). The reported normalised EBITDA margin of 20.6% has been approximately 2.5% below the two year historical average of 23.1% (based on a 2-year historical average of the normalised reported EBITDA margin for FY17 and FY18). We have assumed that there is a potential that EBITDA margin will in a short period of time return to the historical level of EBITDA margins.

139. The assessed free cash flow to firm have been capitalised using the Gordon Growth formula at a market build discount rate of 10.50% (Please refer to Appendix E) and a long term growth of 2.5% based on the Reserve Bank of Australia long-term inflation rate target.
140. The DCF analysis implies an EBITDA multiple of 8.6x (on a financial controlling and non-strategic basis). This is broadly in line with the high end of the range adopted to assess the Fair Market Value of MRN Share price.
141. We have performed the same DCF analysis while excluding the expected 2.5% EBITDA margin improvement. The EBITDA multiple implied by this analysis is 7.5x which is in line with the low end of the range adopted to assess the Fair Market Value of MRN. The DCF implied multiples are below the implied EBITDA multiple of the Offer, reflecting the expected synergies of the Transaction.

In AUD million		Low	High
Maintainable EBITDA earnings		26.0	29.3
Less: Depreciation		(3.7)	(3.7)
EBIT		22.3	25.6
Less: Tax	30%	(6.7)	(7.7)
Earnings before interest after tax		15.6	17.9
Add: Depreciation		3.7	3.7
Less: capex	3.0%	(4.0)	(4.0)
Less: net working capital	6.6%	(0.2)	(0.2)
FCFF		15.1	17.4
Long-term growth		2.5%	2.5%
Discount rate		10.5%	10.5%
Enterprise Value		193.8	223.4
Implied EBITDA multiple		7.5x	8.6x

Source: Capital IQ and PwC Securities analysis

142. In addition to above, we have assessed the implied EV/EBITDA multiple on a financial controlling and strategic basis. In order to do this we have taken into account the synergies expected to be achieved as per Nine's announcement.
143. To assess the impact of potential synergies on the free cash flow to the firm (FCFF), we have made the following adjustments to the FCFF assessed above:
- **Synergies:** \$10 million with a ramp up profile of 2 years (year 1: \$5 million, year 2 and onwards: \$10 million);
 - **Implementation costs:** estimated at \$0.1 million based on 2.0% estimate of synergies (year 1: 2% of \$5 million, year 2: 2% of \$5 million); and
 - **Less tax paid:** a 30% Australian corporate rate.
144. This results in an Enterprise Value range of \$283.9 million to \$314.2 million. The implied EV/EBITDA multiple range of 10.9x to 12.1x. This is broadly in line with the controlling EBITDA multiple implied by our valuation of MRN Shares. (analysis detailed in Appendix E)
145. The valuation cross checks supports the Fair Market Value conclusions of MRN assessed under the CFME approach and cross checked to the transaction multiples benchmarks.

Reliance on the MRN Share price

146. The consideration per share of \$1.46 is at a discount to the MRN's last share price of \$1.745 prior to the Offer announcement, even allowing for the dividend declared and paid in August 2019.
147. While a share price achieved on the stock exchange might be an appropriate proxy of the Fair Market Value, the share price of MRN achieved on the Australian Stock Exchange is subject a number of limitations among others these include:
- **Concentration of ownership:** With top four MRN Shareholders owning 94.46% of the issued capital, the share price may be impacted by the control exerted by the key MRN Shareholders.

-
- **Market Sentiment:** MRN Share price may have been impacted by a number of market announcements and rumours that limit the reliance on the MRN's trading performance prior to the Offer announcement. These include the Nine and Fairfax transaction announcement in July 2018 and the rumours around the Nine and MRN deal in December 2018; and
 - **Low liquidity:** low liquidity of MRN Shares limits the reliance of the share price achieved on the market as an appropriate proxy of Fair Market Value.
148. Based on the capital structure, low liquidity and market announcement impacting MRN Share price prior to the Offer announcement, we placed no reliance on the MRN Share trading performance.

5. Evaluation of Offer considerations

5.1. Assessment of the Offer Consideration

149. Under the Offer, the MRN Shareholders are offered \$1.46 for every share held in MRN. To assess if the Offer is fair and reasonable, it is necessary to consider the value of a MRN Share on a controlling interest basis.
150. We note the final franked dividend of 2 cents for the year ended 30 June 2019 was declared on 14 August 2019 and distributed on 26 August 2019.
151. The amount of the dividend represents additional value received by MRN Shareholders prior to the Offer being finalised. Accordingly comparison to the pre-Offer Price should include this amount.
152. The cash amount of the dividend of \$3.4 million was deducted from 30 June 2019 cash balance to compare to the Offer Price which was provided on an ex-dividend basis.

6. Our assessment of the Offer and conclusion

6.1. Assessment of fair

153. We have assessed the Fair Market Value of a MRN Share to be in a range of \$1.44 to \$1.66 on a controlling interest basis.
154. The consideration per share is \$1.46.
155. On the basis that the consideration per share is in a range of the assessed Fair Market Value of a MRN Share, we conclude that this Offer is fair.

6.2. Assessment of reasonableness

The Offer is fair and reasonable

156. Our assessment of the Offer has been undertaken in accordance with the principles of Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111, Content of expert reports (RG 111).
157. An offer is fair if the consideration offered is higher or equal to the assessed value of the Target’s shares on a controlling basis assuming 100% ownership of the Target. This assessment does not consider any bidder’s previous equity ownership or investments held in the Target, an approach which is considered consistent with RG 111.
158. Comparing the value of the shares being acquired and the value of the consideration paid is only one element of the assessment. The reasonableness assessment of an offer is based on a range of factors set out in the Overview of the Offer and Basis of Our Assessment of this report.
159. We consider the Offer to be fair and reasonable to MRN Shareholders.
160. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

The Consideration offered under the Offer is fair

161. We have assessed the fair market value of a MRN share (on a controlling interest basis) as at the date of this report to be in a range from \$1.44 to \$1.66. The Offer proposes a cash consideration of \$1.46. On the basis that the offered consideration is within our valuation range for a fully paid ordinary share in MRN, we consider that it is fair.

The Offer is reasonable

162. In accordance with RG111.11, the Offer is reasonable on the basis that it is fair. In addition, we consider the Offer to be reasonable for the following reasons.

Ability to sell shares in a relatively illiquid investment with no transaction costs

163. The Offer provides an opportunity for MRN Shareholders to access cash for their investment, with no transaction/brokerage costs. Less than 0.1% of MRN Shares were traded in the last 6 months prior to the Announcement Date. In our opinion, the low liquidity of MRN Shares is a reflection of MRN’s capital structure with top four MRN Shareholders owning 94.46% of the issued share capital. By accepting the Offer, the MRN Shareholders can realise their investment and limit their exposure to the risks associated with a continued investment in MRN.

If the Offer is not accepted, the MRN share price is likely to fall further

164. The MRN share price decreased significantly on the announcement of the Offer and has traded in a range of \$1.44 to \$1.49 since then (based on closing share prices to 6 September 2019). We consider that in the absence of the Offer being accepted, the MRN share price is likely to decrease. In the medium and longer term, MRN Share price will reflect the market’s assessment of MRN’s ongoing business model, operating performance as well as general movements in financial markets.

Unanimous Board recommendation

165. The IBC has indicated its unanimous recommendation in favour of the Offer, in the absence of a superior proposal emerging and subject to findings reported by the independent expert.

No alternative proposals have been received

166. The Directors of MRN have advised us that the proposal from Nine is the only proposal available to the MRN Shareholders at the date of this report.
167. We cannot exclude the prospect of an alternative proposal or offer on better terms emerging. In the event that an alternative proposal or offer on better terms emerges before the closure of the Offer, MRN Shareholders will be entitled to reject the Offer and pursue other opportunities. However we do not consider that an alternative offer would likely be successful given the current controlling equity interest held by Nine would deter other bidders.

Existing voting powers of MRN Shareholders will remain if Offer is not accepted

168. MRN currently has four major MRN Shareholders who control 94.46% of the shares. If the Offer is not accepted the shareholding distribution will not change and these MRN Shareholders will continue to have the same rights and representatives including the ability to effectively block decisions.

Compulsory acquisition will occur with a 90% acceptance

169. The threshold for compulsory acquisition under the Corporations Act 2001 (Corporation Act) Section 661A is 90%, this means only the major MRN Shareholders (i.e. excluding Nine) will be required to accept for compulsory acquisition to occur.

Reliance on the MRN Share price

170. The consideration per share of \$1.46 is at a discount to the MRN's last share price of \$1.74 prior to the Offer announcement even including the \$0.02 dividend paid in August 2019.
171. While a share price achieved on the stock exchange might in some circumstances be an appropriate proxy of the Fair Market Value, the share price of MRN achieved on the Australian Stock Exchange is subject a number of limitations including but not limited to:
- **Low liquidity:** In the 12 months prior to the Announcement Date, MRN Shares have been traded on only 109 days out of 261 trading days. This results in 152 inactive days with no traded shares. In the past 12 months prior to the Announcement Date, only 0.5 million shares (0.3% of the issued capital) out of 171.2 million outstanding shares were traded. Given that MRN Shares are only thinly traded, the MRN Share price prior to the Offer in our opinion is not a true representative of the Fair Market Value.
 - **Market Sentiment:** MRN's share price may have been impacted by a number of market announcements and rumours that limit the reliance on the MRN's trading performance prior to the Offer announcement. These include the Nine and Fairfax transaction announcement in July 2018 and the rumours around the Nine and MRN deal in December 2018.
 - **Concentration of ownership:** With top four MRN Shareholders owning 94.46% of the issued capital, the share price might be impacted by the control retained by the key MRN Shareholders.
172. Based on the capital structure, low liquidity and market announcement impacting MRN Share price prior to the Offer announcement, we have placed no reliance on the MRN Share trading performance.

Conclusion

173. On the basis that the consideration per share is within our valuation range for an ordinary share in MRN on a controlling interest basis, we consider that the Offer is fair.
174. We consider that the Offer is reasonable on the basis that it is fair. The Offer is also considered to be reasonable due to the reasons stated above, in the absence of a higher bid.
175. In conclusion, we therefore consider the Offer is both fair and reasonable.

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Appendix A. - Statement of qualifications and declarations

A.1. Qualifications

176. PwC Securities is beneficially owned by the partners of PricewaterhouseCoopers (“PwC”), a large international entity of chartered accountants and business advisors. PwC Securities holds an Australian Financial Services Licence under the Corporations Act.
177. Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an adjunct professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Masters of Business Administration. He has 34 years experience with PwC and extensive experience in preparing valuations and independent expert reports as well as providing merger and acquisition advice. He is also a partner of PwC, and is an authorised representative of PwC Securities.
178. Richard Stewart was assisted by Meredith Chester, Michaela Peterkova and Emma Hu in the preparation of this independent expert report.
179. Meredith has extensive experience in the preparation of valuations and independent expert’s reports.

A.2. Declarations

180. Prior to accepting this engagement, we considered our independence with respect to ASIC Regulatory Guide 112 Independence of Experts. In our opinion, we are independent of MRN and the outcome of the transaction.
181. Neither PwC Securities nor PwC has any interest in the outcome of the Offer. PwC Securities is entitled to receive a fee for the preparation of this Independent Expert’s Report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out of pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the Offer. None of PwC Securities, PwC, Messrs Stewart, and Ms Chester holds securities in MRN and have not held any such beneficial interest in the previous two years.
182. A draft of this report was provided to the IBC for a review of factual accuracy on 3 September 2019 with a final draft provided on 8 September 2019. No changes to our opinion arose as a result of this review.

A.3. Purpose of report

183. This Independent Expert’s Report has been prepared at the request of the Directors of MRN and should not be used for any other purpose. In particular, it is not intended that this Independent Expert’s Report should serve any purpose other than an expression of our opinion on whether the Offer is fair and reasonable to MRN Shareholders. This Independent Expert’s Report has been prepared solely for the benefit of the Directors of MRN and for the benefit of the existing MRN Shareholders.

A.4. Special note regarding forward-looking statements and forecast financial information

184. Certain statements in this Independent Expert’s Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of MRN to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:
 - General economic conditions;
 - The future movements in interest rates and taxes;
 - The impact of terrorism and other related acts on broader economic conditions;
 - Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to MRN in particular; and

-
- Other factors referenced in this Independent Expert's Report.

A.5. Indemnity

185. In preparing this Independent Expert's Report, MRN has indemnified PwC Securities, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by MRN which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
186. In addition, MRN has agreed that if it makes any claim against PwC or PwC Securities for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount MRN may recover from PwC Securities will be reduced by the extent of its contribution to that loss.

A.6. Consent

187. PwC Securities has consented in writing to this Report in the form and context in which it appears being included in the Target Statement which will be issued by the Directors of MRN and which will be distributed to MRN Shareholders.
188. Neither PwC Securities nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Target Statement other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwC Securities to the form in which it appears.

A.7. APES 225 "Valuation Services"

189. This independent expert report has been prepared in accordance with APES 225 "Valuation Services".

Appendix B. - Sources of information

190. In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:

- ASX announcements for MRN;
- Annual Reports (audited) ended 30 June from 2017 to 2019 of MRN;
- FY19 actual to FY20 budget bridge and FY19 normalised of MRN;
- Discussions with management and the advisers to MRN;
- Other information provided by management of MRN;
- GfK Surveys 5 2019, for Sydney, Melbourne, Adelaide, Brisbane and Perth for People 10+;
- Information obtained from Bloomberg, Capital IQ, Mergerstat, Broker Reports and IBISWorld Industry Reports; and
- Other publicly available information including information from websites.

191. We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.

192. In forming our opinion PwC Securities has assumed that:

- matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Target Statement sent by MRN to MRN Shareholders is complete, accurate and fairly presented in all material aspects; and
- the publicly available information relied on by PwC Securities in its analysis was accurate and not misleading.

193. In addition, PwC Securities assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix C. - Comparable companies

194. A brief overview of each of the comparable companies is provided below:

Comparable Company AUD millions	Market Capitalisation	Enterprise Value	EV/EBITDA	
			FY19 (LFY)	FY20 (NFY)
Macquarie Media Limited	248.2	270.3	10.0x	NA
HT&E Limited	509.9	464.8	6.5x	5.6x
Nine Entertainment Co. Holdings Limited	3,422.3	3,678.1	10.5x	7.6x
NZME Limited	82.8	267.8	5.3x	5.5x
Pacific Star Network Limited	58.9	62.4	12.5x	NA
Seven West Media Limited	610.6	1,175.1	4.8x	5.2x
Southern Cross Media Group Limited	942.0	1,233.2	8.4x	9.2x
Median – narrow set			8.4x	7.4x
Mean – narrow set			9.1x	7.4x

Source: Capital IQ and PwC Securities analysis

The companies highlighted in grey represent our selected narrow set.

- Market capitalisation based on a non-controlling basis and a share price as at 6 September 2019.
- Net debt and FY19 data is based on the latest available actual historical financials.
- FY20 data is based on the latest forecast sourced from Capital IQ.

195. A brief overview of each of the comparable companies (source: Capital IQ) is provided below:

Macquarie Media Limited (IQ26467333)

196. Macquarie Media Limited engages in radio and associated media activities in Australia. The company owns and operates 2GB and Macquarie Sports Radio station in Sydney; 3AW and talking lifestyle Melbourne radio station in Melbourne; 4BC and talking lifestyle Brisbane radio stations in Brisbane; and 6PR radio and Macquarie Sports Radio DAB+ station in Perth. In addition, the company engages in syndicating programming content and production of digital and online media through its Websites. The company is headquartered in Pyrmont, Australia. Macquarie Media Limited is a subsidiary of Fairfax Media Limited.

HT&E Limited (IQ877276)

197. HT&E Limited, together with its subsidiaries, operates as a media and entertainment company in Australia, New Zealand, and Hong Kong. The company owns and operates Australian Radio Network under the brands of the KIIS Network, Pure Gold Network, iHeartRadio, The Edge96.1, and Mix106.3 Canberra. Its iHeartRadio is an all-in-one digital radio service and live events platform that lets audiences listen to their favorite live stations, as well as allows listeners to create commercial-free custom stations, and find audio casts to create personalized daily custom talk stations; and creates video content and events in entertainment culture. In addition, the company operates thetheroar.com.au and thetheroar.tv, which are sports opinion and video platforms that combine expert columnists with edited fan-written sports articles; lostateminor.com, a culture and video site, targeting urban creative influencers; and techly.com.au, an Australian lifestyle and tech site for curious millennials. Further, it offers outdoor advertising solutions, including the operation of street furniture and digital outdoor advertising solutions with approximately 22,000 static and digital advertising faces in street furniture, rail, and petro-convenience environments, as well as a network of approximately 450 outdoor advertising panels across Hong Kong tunnels and the

iconic tram shelters on Hong Kong Island. The company was formerly known as APN News & Media Limited and changed its name to HT&E Limited in May 2017. HT&E Limited is based in Sydney, Australia.

Nine Entertainment Co. Holdings Limited (IQ226082439)

198. Nine Entertainment Co. Holdings Limited engages in television broadcasting and program production businesses in Australia. It operates through Television and Digital segments. The company is involved in the creation and distribution of content; and digital, Internet, subscription video, and other media activities, as well as free to air television activities. It also provides advertising services on television and digital platforms. The company offers its services under the Nine Network Television brand, including Channel 9 and 9HD, as well as 9Go!, 9Gem, 9Life, and 9NOW. It also provides its services under Nine digital brand comprising nine.com.au network, an online source of news, sport, entertainment, and lifestyle content; and 9Honey for women. In addition, the company sells Microsoft's suite of advertising products across Australia and New Zealand. Nine Entertainment Co. Holdings Limited was founded in 1956 and is based in Willoughby, Australia.

NZME Limited (IQ876311)

199. NZME Limited, together with its subsidiaries, operates as an integrated media and entertainment company in New Zealand. It is involved in the integrated print, radio, digital media, entertainment, advertising, and events activities, as well as e-commerce business. The company was formerly known as Wilson & Horton Limited. NZME Limited was founded in 2001 and is headquartered in Auckland, New Zealand.

Pacific Star Network Limited (IQ4493502)

200. Pacific Star Network Limited operates as a media company in Australia. The company operates through Broadcasting, Publishing, and Complementary Services segments. It operates three digital radio stations, such as AUSSIE, an all Australian all the time radio station; KOOOL, which plays songs from the 70s and 80s; and Rythmos, an ethnic radio station. The company also broadcasts 1116 SEN, which broadcasts sports radio; SEN+ that features sports content on radio platform 1377AM; and SEN SA, a 24/7 sport content and radio station. In addition, it publishes Frankie, Spaces, Smith Journal, Slow Living, and SEN Inside Football magazines. Further, the company delivers brand content stories to national, metropolitan, and regional audiences through various platforms, such as radio, television, online, in-stadium, and events. The company was formerly known as Data & Commerce Ltd and changed its name to Pacific Star Network Limited in August 2004. Pacific Star Network Limited is based in South Melbourne, Australia.

Seven West Media Limited (IQ878502)

201. Seven West Media Limited, together with its subsidiaries, operates as a multi-media company in Australia. It operates through four segments: Television, The West, Pacific, and Other Business and New Ventures. The company produces and operates commercial television programming and stations. It also publishes newspapers and insert magazines in Western Australia; Quokka, a weekly classified advertising publication; and magazines in print and digital editions. In addition, the company operates 7plus, an over-the-top long-form video platform; and radio stations broadcasting in regional areas of Western Australia. Seven West Media Limited is based in Perth, Australia.

Southern Cross Media Group Limited (IQ27368039)

202. Southern Cross Media Group Limited, together with its subsidiaries, engages in the creation and broadcasting of content on free-to-air commercial radio, television (TV), and online media platforms. It operates through two segments, Regional and Metro. The company owns 78 radio stations and 8 digital radio stations across metropolitan and regional Australia, as well as 34 regional radio stations; and broadcasts 86 free to air TV signals in regional Australia primarily under the Nine Network brand. It also provides audio and visual services, including social media, live events, video, online, and mobile assets that deliver national and local entertainment, and news content. The company was formerly known as Macquarie Media Group. Southern Cross Media Group Limited was incorporated in 2005 and is based in South Melbourne, Australia. Southern Cross Media Group Limited is a subsidiary of Southern Cross Austereo Services Pty. Ltd.

Appendix D. - Comparable transactions

The following table provides analysis of the comparable transaction multiples:

Date closed	Target	Buyer	Total Transaction Value (AUD m)	Percent Sought	EV/EBITDA
30-Jun-19	Australian Community Media and Printing Business of Nine Entertainment Co.	Thorney Investment Group Australia	105	100%	N/A
07-Dec-18	Fairfax Media	Nine Entertainment Co. Holdings	2,159.2	100%	9.1x
29-Mar-18	Crocmedia	Pacific Star Network	25.0	100%	6.4x
31-Jul-17	Satellite Music Australia	Stingray Digital International	5.9	100%	N/A
19-Jan-17	Radio 2CH	Oceania Capital Partners Limited; The Wheatley Organisation	5.6	100%	N/A
30-Sep-16	Southern Cross Media Group	Unknown	118.3	10%	9.3x
31-Mar-16	Southern Cross Media Group	Nine Entertainment Co. Holdings	88.3	10%	8.2x
30-Oct-15	Macquarie Regional Radio	Resonate Broadcasting	2.3	100%	N/A
30-Jan-15	Radio 96FM Perth	Australian Radio Network	78.0	100%	9.8x
19-Feb-14	50% Stake In Australian Radio Network and The Radio Network	APN News & Media	246.5	50%	6.9x
12-Aug-13	Prime Media Group	Grant Broadcasters	24.53	100%	7.4x
15-Mar-13	Sunshine Coast Broadcasters	Eon Broadcasting	17.8	N/A	N/A
10-Nov-11	Fairfax Media	Unknown	193.5	10%	5.7x
19-Apr-11	Austereo Group	Southern Cross National Network	925.6	100%	10.0x
08-Dec-10	Fairfax Media	Hancock Prospecting	50.0	2%	7.4x
n/a	Southern Cross Media Group Limited, Northern NSW Television Assets and Operations	WIN Corporation	55.0	100%	5.5x
Minimum					5.5x
Median					7.4x
Average					7.8x
Maximum					10.0x

Source: Capital IQ

203. A brief overview of each of the companies acquired in the comparable transactions (source: Capital IQ) are provided below:

Target Description

Fairfax Media Limited (IQ30402)

204. Fairfax Media Limited operates as a multi-platform media company in Australia and New Zealand. It operates in Domain Group, Metropolitan Media, Australian Community Media, New Zealand Media, Radio, and Other segments. The company publishes metropolitan newspapers, digital media, and transactions, including The Sydney Morning Herald, The Age, The Australian Financial Review, BrisbaneTimes.com.au, and WAToday.com.au; and lifestyle products under the Good Food, Essential Baby, Essential Kids, and Traveller brands. It also invests in online dating, weather, e-health, online education, and employment services; and services focused on sports, food and wine, business, parenting, and the arts. In addition, the company offers 160 regional publications, including The Canberra Times, Newcastle Herald, The Examiner, The Border Mail, The Courier, and Illawarra Mercury, as well as 130 community-based Websites; and a portfolio of agricultural publications, such as The Land, Queensland Country Life, and Stock and Land. Further, it provides events services under the AgQuip and CRT Farmfest Field Days names; stuff.co.nz, a digital destination; The Dominion Post, The Press, and The Sunday Star-Times a portfolio of regional and community newspapers, magazines, and agricultural publications; neighbourly.co.nz, a hyper-local social network; and stuff-fibre.co.nz, an Internet service provider service. Additionally, the company operates a commercial radio station in Sydney and Melbourne, as well as other news, talk, and sports radio stations; and offers real estate media and services comprising residential, commercial, and rural property marketing solutions and search tools, and information for buyers, investors, sellers, renters, and agents through listings portals on desktop and mobile, and social media and print magazines. The company was incorporated in 1990 and is headquartered in Sydney, Australia. Fairfax Media Limited is a subsidiary of Nine Entertainment Co. Holdings Limited.

Crocmedia Pty Ltd (IQ544508048)

205. Crocmedia Pty Ltd is a sports media content company that connect relevant brands to relevant audiences, through telling stories in radio, television, online, and through events. The company was founded in 2005 and is headquartered in Southbank, Australia. As of March 29, 2018, Crocmedia Pty Ltd operates as a subsidiary of Pacific Star Network Limited.

Satellite Music Australia Pty Limited (IQ20965598)

206. Satellite Music Australia Pty Limited, doing business as SMA Entertainment, provides digital media services. The company offers a range of B2B content services, including music, digital signage, studio, scheduling, and vision and music videos. It serves a range of businesses across various industries in Australia and New Zealand. SMA was founded in 1996 and is based in Pyrmont, Australia. As of July 31, 2017, Satellite Music Australia Pty Limited operate as a subsidiary of Stingray Digital International Limited.

Radio 2CH Pty Ltd. (IQ54038610)

207. Radio 2CH Pty Ltd. owns and operates commercial radio stations. The company was founded in 1932 and is based in Pyrmont, Australia.

Southern Cross Media Group Limited (IQ27368039)

208. Southern Cross Media Group Limited, together with its subsidiaries, engages in the creation and broadcasting of content on free-to-air commercial radio, television (TV), and online media platforms. The company operates through two segments, Regional and Metro. The company owns 78 radio stations and 6 digital radio stations across metropolitan and regional Australia, as well as 34 regional radio stations; and broadcasts 86 free to air TV signals in regional Australia primarily under the Nine Network brand. It also provides audio and visual services, including social media, live events, video, online, and mobile assets that deliver national and local entertainment, and news content. The company was formerly known as Macquarie Media Group. Southern Cross Media Group Limited is based in South Melbourne, Australia. Southern Cross Media Group Limited is a subsidiary of Southern Cross Austereo Services Pty. Ltd.

Macquarie Regional Radio Pty Limited (IQ315570478)

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209. Macquarie Regional Radio Pty Limited operates regional radio stations. The company was incorporated in 2011. As of 30 October, 2015, Macquarie Regional Radio Pty Limited operates as a subsidiary of Resonate Broadcasting Pty Ltd.

Macquarie Radio Network Limited (IQ22144612)

210. As of March 31, 2015, Macquarie Radio Network Limited was acquired by Macquarie Media Limited, in a reverse merger transaction. Macquarie Radio Network Limited engages in the radio and associated media activities in Australia. It owns and operates commercial radio stations, including 2GB, 2UE, and 2CH in Sydney; 3AW and Magic 1278 in Melbourne; 4BC and Magic 882 in Brisbane; 6PR in Perth; and eight stations based in regional Queensland. The company also owns Map and Page, a public relations and marketing communications agency; and media Websites comprising 2GB.com, 2CH.com, and 2gb.com/rugby-league-live. In addition, it is involved in music distribution business. The company is headquartered in Pyrmont, Australia. Macquarie Radio Network Limited is a subsidiary of Fairfax Media Limited.

Sunshine Coast Broadcasters Pty Ltd. (IQ231656451)

211. Sunshine Coast Broadcasters Pty Ltd. owns FM radio stations. The company was incorporated in 1963 and is based in Sunshine Coast, Australia. As of March 15, 2013, Sunshine Coast Broadcasters Pty Ltd. operates as a subsidiary of Eon Broadcasting Pty. Ltd.

Radio 96FM Perth Pty Ltd (IQ38920087)

212. Radio 96FM Perth Pty Ltd provides radio broadcasting services. The company was founded in 1980 and is based in East Perth, Australia. As of January 30, 2015, Radio 96FM Perth Pty Ltd operates as a subsidiary of Australian Radio Network Pty Limited.

Australian Radio Network Pty Limited (IQ22934446)

213. Australian Radio Network Pty Limited owns radio stations in Australia and New Zealand. It also offers digital music service that combines custom music and live radio covering live radio stations; and radio advertising services. Australian Radio Network Pty Limited was formerly known as APN Broadcasting Pty Limited and changed its name to Australian Radio Network Pty Limited in 1995. The company was incorporated in 1994 and is based in Macquarie Park, Australia with studios and offices in Sydney, Melbourne, Brisbane, Adelaide, and Canberra. Australian Radio Network Pty Limited operates as a subsidiary of APN News & Media Ltd.

The Radio Network (IQ22734080)

214. The Radio Network engages in the ownership and operation of radio stations in New Zealand. The company was founded in 1996 and is based in Auckland, New Zealand. The Radio Network operates as a subsidiary of APN News & Media, Ltd.

Austereo Group Ltd. (IQ6524366)

215. Austereo Group Limited, together with its subsidiaries, engages in commercial radio broadcasting operations in Australia. It operates three radio networks, including Today that features hit songs, entertaining shows, promotions and events, and celebrity gossip; Triple M, which provides music; and Radar Radio, a digital radio that plays new music from established artists and upcoming musicians, as well as operates Barry, a digital comedy channel. The company has two joint venture stations in Newcastle and Canberra, as well as involves in offshore markets, including Malaysia and the United Kingdom. Austereo Group Limited also provides marketing solutions, campaign implementation, creative services, and post campaign reporting to consumers and advertisers. It serves five million listeners weekly through its FM, digital, radio, online, and mobile platforms. The company is based in South Melbourne, Australia. As of April 19, 2011, Austereo Group Limited operates as a subsidiary of Southern Cross National Network Pty Ltd.

Appendix E. - Discounted cash flow analysis

Discounted cash flow (financial controlling and non-strategic)

In AUD million		Low	High
Maintainable EBITDA earnings		26.0	29.3
Less: Depreciation		(3.7)	(3.7)
EBIT		22.3	25.6
Less: Tax	30%	(6.7)	(7.7)
Earnings before interest after tax		15.6	17.9
Add: Depreciation		3.7	3.7
Less: capex	3.0%	(4.0)	(4.0)
Less: net working capital	6.6%	(0.2)	(0.2)
FCFF		15.1	17.4
Long-term growth		2.5%	2.5%
Discount rate		10.5%	10.5%
Enterprise Value		193.8	223.4
Implied EBITDA multiple		7.5x	8.6x

Source: PwC Securities analysis

Discounted cash flow (financial controlling and strategic) with no margin improvement

In AUD million		Year 1	Year 2	Terminal Year
Maintainable EBITDA earnings (pre-synergy)		26.0	26.7	27.3
Add: Synergy estimated by Nine		5.0	10.0	10.0
Less: cost to implement synergy	2.0%	(0.1)	(0.1)	
Maintainable EBITDA earnings (post-synergy)		30.9	36.6	37.3
Less: Depreciation	2.8%	(3.7)	(3.8)	(3.8)
EBIT		27.2	32.8	33.5
Less: Tax	30.0%	(8.2)	(9.8)	(10.0)
Earnings before interest after tax		19.1	23.0	23.4
Add: Depreciation		3.7	3.8	3.8
Less: capex	3.0%	(4.0)	(4.1)	(4.2)
Less: Changes in net working capital	6.6%	0.3	(0.2)	(0.2)
FCFF		19.1	22.4	22.9
Partial period		1.0	1.0	1.0
Mid-year convention		0.5	1.5	
Present value factor at discount rate of 10.5%		0.95	0.86	10.8
Present value		18.1	19.3	246.4
Enterprise Value		283.9		
Implied EBITDA multiple		10.9x		

Source: PwC Securities analysis

Discounted cash flow (financial controlling and strategic) with margin improvement

In AUD million		Year 1	Year 2	Terminal Year
Maintainable EBITDA earnings (pre-synergy)		29.3	30.0	30.8
Add: Synergy estimated by Nine		5.0	10.0	10.0
Less: cost to implement synergy	2.0%	(0.1)	(0.1)	
Maintainable EBITDA earnings (post-synergy)		34.2	39.9	40.8
Less: Depreciation	2.8%	(3.7)	(3.8)	(3.8)
EBIT		30.5	36.2	36.9
Less: Tax	30.0%	(9.2)	(10.9)	(11.1)
Earnings before interest after tax		21.4	25.3	25.9
Add: Depreciation		3.7	3.8	3.8
Less: capex	3.0%	(4.0)	(4.1)	(4.2)
Less: Changes in net working capital	6.6%	0.3	(0.2)	(0.2)
FCFF		21.4	24.8	25.3
Partial period		1.0	1.0	1.0
Mid-year convention		0.5	1.5	
Present value factor at discount rate of 10.5%		0.95	0.86	10.8
Present value		20.3	21.4	272.5
Enterprise Value	314.2			
Implied EBITDA multiple	12.1x			

Source: PwC Securities analysis

Comparable company historical financial information

Company	3 Year Average Capex % Sales	3 Year Average Net Working Capital % Sales
Macquarie Media Limited	3.0%	6.6%
HT&E Limited	5.0%	-0.5%
Nine Entertainment Co. Holdings Limited	1.8%	11.9%
NZME Limited	1.9%	-0.7%
Pacific Star Network Limited	n/a	n/a
Seven West Media Limited	1.2%	5.0%
Southern Cross Media Group Limited	4.2%	7.4%
Median - broad set	2.5%	5.8%
Mean - broad set	2.9%	5.0%
Selected	3.0%	6.6%

Source: Capital IQ, as at 6 September 2019

Discount rate

	Low	Mid	High
Normalised Risk-free rate	4.00%	4.00%	4.00%
Asset Beta	0.85	0.90	0.95
Debt / Equity ratio	17.6%	17.6%	17.6%
Equity Beta	1.00	1.06	1.12
Equity market risk premium	6.00%	6.00%	6.00%
Asset specific risk premium	1.50%	1.50%	1.50%
Cost of equity	11.50%	11.85%	12.21%
Base rate for cost of debt	2.60%	2.60%	2.60%
Debt margin (incl. issuance costs)	1.79%	1.79%	1.79%
Pre-tax cost of debt	4.15%	4.15%	4.15%
Tax rate	30.0%	30.0%	30.0%
Post-tax cost of debt	3.07%	3.07%	3.07%
Gearing (D/EV)	15.0%	15.0%	15.0%
Weighted average cost of capital (unrounded)	10.21%	10.51%	10.81%
Weighted average cost of capital (rounded)	10.25%	10.50%	10.75%

Source: Capital IQ, as at 6 September 2019

Beta analysis

Comparable company	Equity beta	No. monthly observations	R-squared	Standard error	Market Cap. (\$m)	5 year average debt/EV	Asset beta
Macquarie Media Limited	-	60	0.01	0.34	248.2	12.4%	-
HT&E	1.32	60	0.20	0.39	509.9	21.3%	1.04
Nine	1.19	60	0.12	0.45	3,422.3	14.3%	1.02
NZME	0.73	38	0.03	0.61	82.8	46.6%	0.39
Pacific Star Network	0.83	60	0.04	0.49	58.9	12.4%	0.72
Seven West Media	1.17	60	0.11	0.46	610.6	36.3%	0.75
Southern Cross Media	0.94	60	0.15	0.29	942.0	28.5%	0.67
Median - broad set						21.3%	0.74
Average - broad set						24.5%	0.77
Median - narrow set						24.9%	0.89
Average - narrow set						25.1%	0.87

Source: Capital IQ, as at 6 September 2019

The companies highlighted in grey represent our selected narrow set.

- Market capitalisation based on a non-controlling basis and a share price as at 6 September 2019.
- Net debt and FY19 data is based on the latest available actual historical financials.

Appendix F. - Glossary

Term	Definition
Announcement Date	12 August 2019
ASIC	Australian Securities and Investments Commission
\$ or AUD	Australian dollar
ASX	Australian Securities Exchange
Broadcasting Reform	Broadcasting Legislation Amendment
CAANZ	Chartered Accountants in Australia and New Zealand
CAGR	Compound annual growth rate
CFME	Capitalisation of future maintainable earnings
CGU	Cash generating unit
Corporation Act	Corporations Act 2001 Section 661A
CY	Calendar year
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV	Enterprise value
Nine Bidder or Fairfax	Fairfax Media Limited
FCFF	Free cash flow to the firm
FME	Future maintainable earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Fiscal Year (01 July to 30 June)
GST	Goods and services tax
IBC	Independent Board Committee appointed by MRN's Board of Directors
IER	Independent expert's report
IT	Information technology
LTGR	Long-term growth rate
LTM	Last twelve months
m	Million
MRN, the Company or the Target	Macquarie Media Limited
MRN Share(s)	A fully paid ordinary share in the capital of MRN
MRN Shareholder(s)	A holder of MRN Shares (excluding Nine as a Shareholder)
Nine	Nine Entertainment Co. Holdings Limited

Term	Definition
Offer	Nine's intentions to acquire the 45.56% MRN's equity interest not already owned for a cash consideration of \$1.46 for each ordinary share
Offer Price	The cash consideration of \$1.46 for each MRN Share
Radio Broadcasting Industry	The radio broadcasting industry in Australia
Target Statement	The target's statement in response to the Offer

Appendix G. - Financial services guide

G.1. PricewaterhouseCoopers Securities Ltd

216. This Financial Services Guide (FSG) is dated 20 March 2015.

G.2. About us

217. PwC Securities (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by MRN Telecommunications Limited to provide a report in the form of an independent expert's report (IER) for inclusion in the Target Statement.

218. You have not engaged us directly but have been provided with a copy of the IER as a retail client because of your connection to the matters set out in the IER.

G.3. This financial services guide

219. This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration PwC Securities may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

G.4. Financial services we are licensed to provide

220. Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

G.5. General financial product advice

221. The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

222. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

G.6. Fees, commissions and other benefits we may receive

223. PwC Securities charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately \$200,000.

224. Directors, authorised representatives or employees of PwC Securities, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

G.7. Associations with issuers of financial products

225. PwC Securities and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or PwC Securities may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

G.8. Complaints

226. If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

G.9. Compensation arrangements

227. PwC Securities has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwC Securities (but who did at the time of the relevant conduct).

G.10. Contact details

228. PwC Securities can be contacted by sending a letter to the following address:

Mr Richard Stewart

Authorised Representative

PricewaterhouseCoopers Securities Ltd

GPO Box 2650

SYDNEY NSW 1171

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Louise McCann
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Lisa Young
Alessandra Steele

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