GTN

Prospectus

Initial public offer of ordinary shares

GTN Limited
ACN 606 841 801

Lead Manager

MACQUARIE

Important Notices

Offer

This Prospectus is issued by GTN Limited (ACN 606 841 801) (**GTN**) and William Yde III (**Management Shareholder**) for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in GTN (**Shares**). See Section 7 for further information on the Offer.

References to GTN and the Restructure

GTN was incorporated on 2 July 2015 in Victoria, Australia. The business known as Global Traffic Network is currently owned by GTCR Gridlock Holdings (Cayman) LP (GTN Cayman), which is 3.1% owned by the Management Shareholder (through GTN) and 96.9% owned by the GTCR Funds and other members of management of the GTN Group (through GTCR Cayman). In connection with the Offer, the GTN Group will undertake the Restructure under which GTN Cayman will become a wholly owned subsidiary of GTN. Completion of the Restructure is subject to Listing. The Restructure will take effect on the date the Shares are issued and transferred pursuant to the Offer.

Under the Restructure, the GTCR Funds will receive Shares, which will be issued under this Prospectus at the Offer Price, as well as cash in exchange for securities in GTN Cayman. As such, these Shares have not been issued as at the Prospectus Date and will only be issued in connection with the Restructure. Securities in GTN Cayman held by members of management of the GTN Group (apart from the Management Shareholder) will be cancelled in exchange for a nominal amount of cash as part of the Restructure.

Unless otherwise specified, this Prospectus is prepared as if the Restructure has occurred. For example, the Investment Overview in Section 1, the Industry Overview in Section 2, the Company Overview in Section 3 and the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information in Section 4 represent the business operations of GTN after completion of the Restructure.

Refer to Section 10.4 for a description of the Restructure.

Lodgement and Listing

This Prospectus is dated 12 May 2016 (**Prospectus Date**) and was lodged with ASIC on that date.

GTN will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List and quotation of Shares on ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or sold on the basis of this Prospectus after the Expiry Date.

Note to Applicants – not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in GTN. If you have any questions, you should consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

In particular, you should consider the best estimate assumptions underlying the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (see Section 4) and the risk factors (see Section 5) that could affect the business, financial condition and financial performance of GTN. You should carefully consider these risk factors in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of GTN, the repayment of capital by GTN or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by GTN, the Management Shareholder or the Directors. You should rely only on information in this Prospectus.

Exposure Period

The Corporations Act prohibits GTN from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued or sold under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at www.gtnetwork.com.au for Australian investors only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available to Australian investors in electronic form at www.gtnetwork.com.au. The Offer constituted by this Prospectus in electronic form at www.gtnetwork.com.au is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States). If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the GTN IPO Information Line on 1800 095 654 (within Australia) 8.30am to 5.30pm (Sydney time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 095 654 from 8.30am to 5.30pm (Sydney time), Monday to Friday.

Applications for Shares may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Refer to Section 7 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of the business conducted by GTN Cayman known as Global Traffic Network. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

All references to FY2013, FY2014 and FY2015 appearing in this Prospectus are to the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 respectively, unless otherwise indicated. All references to 1H FY2015 and 1H FY2016 appearing in this Prospectus are to the half financial years ended 31 December 2014 and 31 December 2015 respectively, unless otherwise indicated. The Historical Financial Information is presented on both an actual and pro forma basis and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (**IFRS**). This Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 4 and 5.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements. These forward looking statements speak only as of the Prospectus Date, and GTN and the Management Shareholder have no intention of updating or revising any forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause GTN's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general assumptions as set out in Section 4.7.1, the specific assumptions as set out in Section 4.7.2, the sensitivity analysis as set out in Section 4.10, and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of GTN, the Management Shareholder, the Directors and its management. GTN and the Management Shareholder cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be distributed to, or relied upon by, persons in the United States.

Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. See Section 10.8 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia.

Warning to New Zealand Investors

(a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008.

(b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

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

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

(e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

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

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

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

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

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

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary in Appendix A or are defined in the context in which they appear.

Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

Disclaimer

Except as required by law, and only to the extent so required, neither GTN, the Management Shareholder nor any other person warrants or guarantees the future performance of GTN, or any return on any investment made pursuant to this Prospectus.

As set out in Section 10.9, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis. GTN, the Management Shareholder, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trades Shares before receiving a holding statement, even if such person received confirmation of allocation from the GTN IPO Offer Information Line or confirmed their firm allocation through a Broker.

Macquarie Capital (Australia) Limited (ABN 79 123 199 548) has acted as Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and each of its respective affiliates, officers, employees and advisors expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Independent Limited Assurance Reports on Historical Financial Information and on Forecast Financial Information and Financial Services Guides

The provider of the Independent Limited Assurance Reports on Historical Financial Information and on Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act (**Financial Services Guides**). The Independent Limited Assurance Reports and accompanying Financial Services Guides are provided in Sections 8 and 9.

Questions

If you have any questions about how to apply for Shares, call your Broker. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in GTN, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in GTN.

Offer management

The Offer is managed and underwritten by Macquarie Capital (Australia) Limited.

This document is important and should be read in its entirety.

Table of contents

Important Information		04
Chairman's Letter		05
1.	Investment Overview	06
2.	Industry Overview	21
3.	Company Overview	30
4.	Financial Information	48
5.	Risks	91
6.	Key People, Interests and Benefits	100
7.	Details of the Offer	112
8.	Independent Limited Assurance Report on Historical Financial Information	124
9.	Independent Limited Assurance Report on Forecast Financial Information	131
10.	Additional Information	139
Appendix A: Glossary		157
Appendix B: New Southern Cross Austereo Affiliate Contract		162
Appendix C: Significant Accounting Policies		165
Corporate Directory		IBC

Important Information

Key Dates

Prospectus lodgement date	Thursday, 12 May 2016
Retail Offer Opening Date	Friday, 20 May 2016
Retail Offer Closing Date	Monday, 30 May 2016
Expected commencement of trading on ASX on a conditional and deferred settlement basis	Wednesday, 1 June 2016
Settlement of the Offer	Friday, 3 June 2016
Issue and sale of Shares	Monday, 6 June 2016
Expected dispatch of holding statements	Tuesday, 7 June 2016
Expected commencement of trading on ASX on a normal settlement basis	Wednesday, 8 June 2016

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. GTN, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer Statistics

Offer Price	$1.90 per Share
Total number of Shares offered under this Prospectus	98.9 million
Total value of Shares offered under this Prospectus	$187.9 million
Total New Shares to be issued under the Offer	97.4 million
Total Existing Shares to be sold by the Management Shareholder under the Offer	1.5 million
Total Shares to be held by Existing Owners on Completion	102.3 million
Total Shares on issue immediately after Completion	201.2 million
Indicative market capitalisation(1)	$382.3 million
Indicative enterprise value(2)	$445.9 million
Enterprise value to FY2016 pro forma forecast Adjusted EBITDA ratio(2)	13.8x
Enterprise value to FY2017 pro forma forecast Adjusted EBITDA ratio(2)	9.8x
Market capitalisation to FY2016 pro forma forecast NPATA ratio(3)	24.2x
Market capitalisation to FY2017 pro forma forecast NPATA ratio(3)	14.9x
Estimated FY2017 forecast dividend yield at the Offer Price (based on dividend payout policy)(4)	5.5%

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

(1) Based on the Offer Price.
(2) Based on indicative market capitalisation and $63.6 million expected net debt position at Completion.
(3) Based on indicative market capitalisation.
(4) Based on the target dividend payout ratio of 100% of FY2017 statutory NPAT and the indicative market capitalisation.

Chairman's Letter

Dear Investor,

On behalf of the Directors of GTN, it is my pleasure to invite you to become a shareholder in GTN. GTN provides a differentiated advertising platform that enables Advertisers to reach large audiences frequently and effectively.

Since commencing operations in Australia in 1997, GTN has grown to become one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom and is progressing towards its goal of achieving this status in Brazil.

GTN's success can be attributed to the value proposition it provides to both broadcasters and advertisers. GTN has established longstanding relationships with a number of the radio and television networks (Affiliates). GTN's value proposition to Affiliates is the provision of traffic and other information reporting services, which, in many cases, converts an important programming segment from a cost centre to a profit centre. GTN's value proposition to advertisers is the ability to effectively engage with a large number and broad demographic of potential consumers through purchasing from GTN advertising spots adjacent to GTN's traffic and information reports.

GTN is the largest supplier of traffic information reports to radio stations in its operating geographies.

GTN operates through the media of radio and television. In FY2015, 97% of GTN's Revenues were generated through the sale of radio spots and 3% were generated through the sale of television spots. The radio advertising industry within the four countries GTN currently operates in has grown consistently and has remained a relatively constant proportion of total advertising expenditure over the last 35 years. Radio advertising expenditure in GTN's operating geographies grew from $3.8 billion in 2004 to $5.0 billion in 2014.

GTN's growth strategy is focused on organic growth through: (i) continuing to grow the number of Affiliates in existing markets; (ii) increasing the number of radio and television spots obtained from Affiliates; (iii) placing spots adjacent to new forms of content; (iv) increasing the net spot rate paid by advertisers; (v) increasing the sell-out rate of spots; and (vi) expanding into new geographies.

On Completion, new investors under the Offer are expected to hold 49.2% of the Shares on issue, the GTCR Funds will hold 49.1% of the Shares on issue and Management Shareholder will hold 1.7% of the Shares on issue. GTN will apply to ASX for admission to the Official List and quotation of its Shares by ASX.

This Prospectus contains detailed information about the Offer, the industry in which GTN operates, and its financial and operating performance. GTN is subject to a range of risks including maintenance of key Affiliate and outsourcing relationships, failure to sell spots and GTN's short forward sales pipeline, loss of key management personnel, risks associated with the Southern Cross Austereo Affiliate Contract, review event risk under the Facility Agreement, popularity of radio and television, impact of new technology, potential impact of GTN's fixed cost structure on its flexibility, advertising agency industry consolidation, broadcasting industry fluctuations as well as regulation and consolidation and exposure to movements in foreign exchange rates. The risks associated with investing in GTN are detailed in Sections 1.4 and 5. It is important that you read this Prospectus carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,

Gary Miles

Chairman

Section 1

Investment Overview

1. Investment Overview

1.1 Introduction		
Topic	**Summary**	**For more information**
What is GTN?	GTN provides a differentiated advertising platform that enables Advertisers to reach large audiences frequently and effectively. GTN derives almost all of its income from the sale of radio advertising. GTN is the largest supplier of traffic information reports to radio stations in Australia, Canada, the United Kingdom[1] and Brazil. In exchange for providing these reports, GTN receives commercial advertising spots adjacent to traffic, news and information reports. These spots are bundled together by GTN and sold to Advertisers on a national, regional or specific market basis.	Section 3.1
Where does GTN operate?	GTN commenced operations in Australia in 1997. Since then, GTN has selectively and successfully expanded into three other attractive markets including most recently, the promising Brazilian market. The countries in which GTN currently operates – Australia, Canada, the United Kingdom and Brazil – are four of the top 10 largest advertising markets in the world.	Section 3.1.5
Why is GTN valuable to Affiliates?	GTN has longstanding relationships with a number of the radio and television stations to which it provides traffic and other information reporting services (Affiliates). GTN has successfully established itself within its Affiliates' operations by providing them with quality, timely and important information. In some cases, GTN also provides cash compensation to Affiliates in exchange for spots, which, in many cases, allows Affiliates to convert an important programming segment from a cost centre to a profit centre. This stable income stream can constitute a material portion of the Affiliates' overall profits, further solidifying GTN within their operations.	Section 3.1.3
Why is GTN valuable to advertisers?	GTN provides one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom and is progressing towards its goal of achieving this status in Brazil. This enables Advertisers to communicate with high-value demographics cost effectively. GTN's advertising spots are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities during peak audience hours. GTN's product is designed to create high audience engagement and a high return on investment for Advertisers. This large and effective platform has enabled GTN to establish longstanding relationships with large, national Advertisers.	Section 3.1.2
What industry does GTN operate in?	GTN operates in the advertising industry, through the media of radio and television. In FY2015, 97% of GTN's Revenues were generated through the sale of radio spots and 3% were generated through the sale of television spots. The radio advertising industry within the four countries GTN currently operates in has grown consistently and has remained a relatively constant proportion of total advertising expenditure over the last 35 years. Radio advertising expenditure in GTN's operating geographies grew from \$3.8 billion in 2004 to \$5.0 billion in 2014. GTN currently operates television information services in Australia and Canada, and continues to evaluate opportunities to operate those services in Brazil.	Section 2
Why is the Offer being conducted?	The Offer is being conducted to provide: – a liquid market for Shares and an opportunity for others to invest in GTN; – GTN with access to the capital markets to improve capital management flexibility; – funds to repay existing debt facilities; – funds to pay the transaction costs associated with the Offer; – Existing Owners with an opportunity to realise all or part of their investment in the GTN Group; and – funds for identified acquisitions and other expansion opportunities.	Section 7.1.2

(1) Traffic report production is outsourced in the United Kingdom.

1. Investment Overview (continued)

1.1 Introduction (continued)		
Topic	**Summary**	**For more information**
What is the Restructure?	The business of GTN is currently conducted by GTN Cayman, which as at the Prospectus Date is the holding company of the GTN Group. As at the Prospectus Date, 3.1% of GTN Cayman is owned by the Management Shareholder (through GTN) and 96.9% is owned by the GTCR Funds and other members of management of the GTN Group (through GTCR Cayman). In connection with the Offer, GTN will undertake the Restructure, under which GTN will acquire the GTCR Funds' interest in GTN Cayman for a combination of cash and Shares. Securities in GTN Cayman held by members of management of the GTN Group will be cancelled in exchange for a nominal amount of cash as part of the Restructure.	Section 10.4

1.2 Key features of GTN's business model		
Topic	**Summary**	**For more information**
How does GTN generate its income?	GTN primarily derives income by selling schedules of advertising spots to large Advertisers. Advertisers purchase a schedule of advertising spots on a national, regional or specific market basis. The schedule includes spots on all of the Affiliates in the relevant market.	Section 3.1.1
What is GTN's growth strategy?	GTN's growth strategy is focused on organic growth through: – continuing to grow the number of Affiliates in existing markets; – increasing the number of spots obtained from Affiliates; – embedding spots in new forms of content; – increasing the net spot rate; – increasing the sell-out rate; and – expanding into new geographies. In addition, GTN may consider acquisition opportunities that it believes will enhance value for its Shareholders. In particular, GTN has an exclusive option to acquire all of the assets of Radiate, a leading radio advertising platform in the United States.(2) GTN's business in each operating geography is at a different stage of maturity and GTN is pursuing tailored growth strategies in each market.	Section 3.6

(2) GTN US has entered into an option agreement with Radiate and Radiate Holdings, the sole member of Radiate, which gives an entity nominated by GTN US the exclusive option to acquire all of the assets of Radiate at any time from 1 September 2016 to 30 September 2016. Further details of the option are provided in Section 3.7.

1.2 Key features of GTN's business model (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is GTN's pro forma historical and forecast financial performance?[3]</td><td>The Financial Information presented below contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the risk factors set out in Section 5. A reconciliation between the Pro Forma Historical Results and Actual Historical Results and between the Pro Forma Forecast Results and Statutory Forecast Results (which will differ significantly) is provided in Section 4.3.3.

Summary Financial Information[4]

<table>
<tr><th></th><th colspan="3">Pro Forma Historical Results</th><th colspan="2">Pro Forma Forecast Results</th></tr>
<tr><th>$'000s</th><th>FY2013</th><th>FY2014</th><th>FY2015</th><th>FY2016</th><th>FY2017</th></tr>
<tr><td>Revenue</td><td>125,004</td><td>138,049</td><td>153,484</td><td>164,142</td><td>177,353</td></tr>
<tr><td>EBITDA</td><td>17,563</td><td>24,467</td><td>28,598</td><td>28,800</td><td>37,172</td></tr>
<tr><td>Adjusted EBITDA[5]</td><td>17,563</td><td>24,467</td><td>28,598</td><td>32,342</td><td>45,644</td></tr>
<tr><td>NPAT</td><td>(9,162)</td><td>(3,365)</td><td>(2,964)</td><td>3,293</td><td>21,119</td></tr>
<tr><td>NPATA</td><td>5,913</td><td>11,542</td><td>12,547</td><td>15,815</td><td>25,722</td></tr>
<tr><td>Adjusted EPS (cents)[6]</td><td>2.9</td><td>5.7</td><td>6.2</td><td>7.9</td><td>12.8</td></tr>
</table>
</td><td>Section 4</td></tr>
<tr><td>What is GTN's dividend policy?</td><td>Subject to future business conditions and the future cash flow requirements of GTN, the Board of Directors intend to target a dividend payout ratio of 100% of Statutory NPAT. GTN's cash generative model supports the high payout ratio whilst still providing excess cash. For example, in FY2017 GTN is forecast to generate $29.5 million of net cash flow before dividends and NPAT of $21.1 million.

The Board of Directors currently anticipate that both an interim and a final dividend to Shareholders will be paid in respect of FY2017. The first dividend is expected to be determined for the six months ending 31 December 2016 and paid in March 2017.

Assuming a FY2017 result consistent with the Forecast Financial Information, GTN currently intends to pay an interim and full year dividend in respect of FY2017 of 10.5 cents per Share in aggregate, based on the dividend payout ratio of 100%, FY2017 Statutory NPAT of $21.1 million and total Shares on issue immediately after Completion of the Offer of 201.2 million. The Board expects the interim and final dividend for FY2017 to be 95% franked.

Future dividends, and the level to which dividends are franked, will depend on the performance of the GTN business as well as other factors the Board may consider relevant at the time. It is likely that the level of franking for future dividends may reduce as Australia contributes a smaller proportion of GTN Group's earnings.

Details of GTN's dividend policy are set out in Section 4.11.</td><td>Section 4.11</td></tr>
<tr><td>Does GTN currently have any debt facilities?</td><td>On Completion, GTN will have approximately $115 million of debt facilities (drawn to approximately $100 million).

As set out in Section 4.4.2, the drawn amount less cash of $33 million gives a net debt balance of approximately $64 million, which equates to 2.0x pro forma net debt to FY2016 pro forma Adjusted EBITDA. The Board believes this is appropriate given the business' historical performance and current financial position.</td><td>Section 4.4.2</td></tr>
</table>

(3) Certain financial data included in this Prospectus, such as Adjusted EBITDA, EBITDA, NPATA and Adjusted EPS are 'non-IFRS financial information'. GTN believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of GTN. Readers are cautioned not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus. The Forecast Financial Information is based on assumptions and accounting policies set out in Sections 4 and Appendix C, and is subject to the key risks set out in Section 5.

(4) See Section 4.3.3 for details of the pro forma adjustments made to statutory financial information.

(5) Adjusted EBITDA is EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract. Refer to Section 4.9 for additional details.

(6) Adjusted EPS is calculated based on NPATA and 201.2 million total Shares on issue immediately after Completion.

1.3 Key strengths		
Topic	Summary	For more information
Established market leader in multiple geographies	GTN is able to deliver high frequency and effective radio and television advertisements with expansive reach. GTN currently operates one of the largest broadcast media advertising platforms by reach in Australia, Canada and the United Kingdom and GTN's goal is to achieve the same status in each market it enters, including Brazil. GTN US also has an exclusive option to acquire all of the assets of Radiate, a leading radio advertising platform in the United States.(7)	Section 3.1.5
Valuable and differentiated product for Advertisers	GTN offers Advertisers a product that is differentiated from traditional advertising platforms: – **Broad and consistent audience reach:** Advertisers are able to reach a large number of high-value demographics. In addition, advertising across a large network of Affiliates delivers audience consistency as Advertisers are less exposed to the ratings swings of a single station; – **High frequency:** advertisements are heard frequently throughout the day on every Affiliate within the network in the purchased market or region, enabling Advertisers to communicate their message repeatedly; – **Ideal placement:** advertisements are typically aired during the morning and afternoon commute periods, which generally have the largest audience; – **High recall:** short (typically 10 second duration) advertising spots are adjacent to audience-engaging information reports (for example traffic or news), are standalone to other advertisements and are often read live by well-known on-air personalities. This format is designed to maximise efficacy, enhance recall and minimise switching during advertisements; and – **Audience coverage:** spots are sold on a national, regional or specific market basis, making the product relevant to both nationally and regionally-focused Advertisers. The value of GTN's offering to Advertisers is evident in the longstanding relationships GTN has developed with large national Advertisers. GTN's client base now includes over 1,100 Advertisers and over 92% of GTN's top 50 clients have been retained as clients, year on year since FY2013.	Sections 3.1.2 and 3.2

(7) GTN US has entered into an option agreement with Radiate and Radiate Holdings, the sole member of Radiate, which gives an entity nominated by GTN US the exclusive option to acquire all of the assets of Radiate at any time from 1 September 2016 to 30 September 2016. Further details of the option are provided in Section 3.7.

1. Investment Overview (continued)

1.3 Key strengths (continued)		
Topic	**Summary**	**For more information**
Quality offering that is embedded within Affiliates' business model	GTN seeks to provide Affiliates with: – **Tailored content:** GTN customises the information it provides to its Affiliates to help ensure the reports appeal to that Affiliate's target audience; – **Quality product:** GTN commits substantial resources to its information gathering and dissemination capabilities. Consequently, Affiliates receive more substantive and higher quality reports than they would likely be able to cost effectively produce themselves; – **Cost efficiencies:** Affiliates utilise GTN's traffic reports instead of having to procure this information on their own. This allows Affiliates to eliminate the non-core operating costs associated with real time content development, which is particularly helpful to many Affiliates that may not be large enough to produce traffic reports cost effectively on their own; – **Contractual earnings:** GTN provides station compensation to certain Affiliates in the form of cash payments. These payments represent stable recurring cash flows for these Affiliates and, in some instances, form a material part of that Affiliate's profits; and – **Revenue opportunity:** Affiliates are often permitted to sell sponsorships at the opening of an information report (i.e. "this report is brought to you by"), providing them with a revenue source without a cost base. By providing Affiliates with quality content and, in many cases, effectively transforming a cost centre into a profit centre, GTN has been able to successfully establish itself within Affiliates' business models. This has allowed GTN to develop longstanding relationships with Affiliates and consistently grow its network of Affiliates.	Sections 3.1.3 and 3.3
Long history of sustained growth	GTN's high quality product offering has enabled it to achieve a track record of sustained growth in spots inventory, Revenue and NPATA, since GTN was founded in 1997. This consistent growth has been driven by: – expanding the Affiliate network; – increasing the number and types of spots under contract with existing Affiliates; – increasing the net spot rate; and – expanding into new geographies.	Section 3.1

1.3 Key strengths (continued)		
Topic	Summary	For more information
Significant growth opportunities in existing and new markets	GTN believes it has significant opportunity to grow in each of its existing geographies as well as to expand into new geographies. GTN's business in each operating geography is at a different stage of maturity. ATN, which operates in Australia, is GTN's largest segment and contributed 54% of GTN's FY2015 Revenue. UKTN, which operates in the United Kingdom and is GTN's second largest segment, contributed 28% of GTN's FY2015 Revenue. GTN's earlier stage operations in Canada and Brazil represent very large growth opportunities. Canada and Brazil represented only 14% and 3% of GTN's FY2015 Revenue respectively. However, those countries represent larger market opportunities than Australia since they have significantly larger populations and advertising markets. GTN is pursuing tailored growth strategies in each market, which are outlined below: – **Australia** – expand regional radio presence by adding regional radio stations to its Affiliate network as the population continues to grow in these areas; this is continuing to be a growth area for Advertisers; and – increase advertising spots by diversifying the content of the reports to which the spots are adjacent such as weather, sports and entertainment; – **Canada** – continue to fill gaps in current network in order to achieve Revenue and margin benefit from creating a more valuable national network; – **United Kingdom** – increase key national audiences for Advertisers by negotiating additional traffic inventory with current Affiliates, obtaining inventory from new Affiliates, and providing the entertainment news product to more Affiliates; and – **Brazil** – build out network of Affiliates in existing markets; – continue to enter new markets (five high priority metropolitan areas with populations of over 3.5 million have already been identified); and – expand Affiliate network to include television networks. In addition, GTN's model is readily transferable to new geographies, as demonstrated by GTN's successful entry into the Brazilian cities of Rio de Janeiro, Sao Paulo and Belo Horizonte. GTN is considering entry into the United States and may consider entry into a number of Asia-Pacific and Latin American countries with attractive characteristics.	Section 3.6
Highly scalable business model	The largely fixed cost base means the business model is highly scalable. Once content has been developed, it can be provided to additional Affiliates in exchange for spots inventory, without incurring additional information gathering costs. This drives margin improvement as the business achieves scale in each geography.	Section 3.4

1.3 Key strengths (continued)		
Topic	Summary	For more information
High barriers to entry	GTN is the sole operator of its size and type in the geographies where it is present and possesses a number of structural advantages which impede potential competitors, including: – a large and difficult-to-replicate network of Affiliates; – established positions within the operations of its Affiliates; – significant investment in information gathering infrastructure; – scale advantages in terms of cost and reach; – longstanding relationships with Advertisers; – highly recognisable on-air talent; – a long track record; and – a highly experienced management team with deep industry relationships. In February 2016, GTN entered into a 30-year information supply agreement with its largest Affiliate in Australia, Southern Cross Austereo, further establishing its position as one of the largest broadcast media advertising platforms by reach in the country.	Section 3.5
Strong cash flow generation provides support for a high dividend payout ratio	GTN's established information gathering infrastructure and ability to access government traffic centres support low capital expenditures, which drives free cash flow generation. The strong cash flow generation supports a high dividend payout ratio. The Board intend to target a dividend payout ratio of 100% of statutory NPAT. This implies a dividend yield of 5.5% based on the indicative market capitalisation.	Sections 4.5 and 4.11
Highly experienced management team	GTN's experienced senior management team is led by Chief Executive Officer, William Yde III, who has 33 years of experience in the advertising industry, and has led GTN since founding it in 1997. Chief Operating Officer and Chief Financial Officer, Scott Cody, has 28 years of experience in the advertising industry. He joined GTN as Chief Operating Officer in June 2005 and was appointed Chief Financial Officer in September 2005.	Section 6.2

1.4 Key risks		
Topic	Summary	For more information
Maintenance of key Affiliate and outsourcing relationships	GTN's success depends on its ability to maintain existing relationships and contracts with Affiliates. GTN faces competition in providing its traffic reporting services to Affiliates, both from the Affiliates themselves (who may decide to produce traffic reporting services internally) and from third party sources of traffic information services. The loss of significant Affiliate Contracts through non-renewal or termination could materially reduce the Revenue GTN is able to generate from advertising sales in the future. GTN may also be required to increase the amount of cash compensation it pays Affiliates to obtain spots, including in response to potential competitors. If GTN is required to increase the amount of cash compensation it pays to obtain spots, GTN may experience a material reduction in its cash flows which may adversely affect GTN's ability to pay dividends or meet debt servicing obligations. It may also have an adverse effect on GTN's future financial position and future financial performance. Additionally, in the United Kingdom, GTN outsources the production and reporting of traffic information and entertainment news services to third parties. An increase in the charges for these services, the cancellation of the provision of these services or any change in the quality of these services could adversely impact GTN's financial performance and future financial prospects. UKTN's contract with the third party provider of traffic production and report services expires on 31 December 2017.	Section 5.1.1

1. Investment Overview (continued)

1.4 Key risks (continued)		
Topic	**Summary**	**For more information**
Sale of advertising spots and short forward sales pipeline	GTN's financial success depends on its ability to compete successfully with other forms of advertising in selling its spots to Advertisers. GTN's forward sales pipeline is short, with Advertisers booking a significant portion of orders not more than four weeks in advance, which makes it difficult to predict GTN's future Revenue. GTN's advertising Revenue may fall below expectations, as a result of factors such as increased competition in advertising markets, specific issues impacting GTN's ability to sell and deliver spots to Advertisers and a deterioration in general market conditions which could result in an adverse effect on GTN's future financial performance and cash flows.	Section 5.1.2
Key management	GTN's financial success is dependent to a significant degree upon the efforts of its current executive officers and other key management, the majority of whom currently reside in the United States. GTN relies on a high quality management team with significant experience in the advertising and broadcasting industries. The loss of the services of William Yde III and other key management, or the failure to attract additional key individuals on equivalent compensation packages, could materially adversely affect GTN's operations and its relationships with key Affiliates and Advertisers and may have an adverse effect on the future financial performance of the business.	Section 5.1.3
Southern Cross Austereo Affiliate Contract	The Southern Cross Austereo Affiliate Contract has a term of 30 years (20 year initial term plus 10 year extension) and included an upfront payment of $100 million from ATN to Southern Cross Austereo. Due to the long term nature of the Southern Cross Austereo Affiliate Contract, ATN may not receive full value for its upfront payment over the term of the contract, potentially including as a result of: – the insolvency of Southern Cross Austereo; – a material reduction in Southern Cross Austereo's market share and accordingly the value of spots provided by Southern Cross Austereo; and – changing consumer preferences that reduce the value of radio spots generally.	Section 5.1.4
Review event risk under the Facility Agreement	GTN obtains significant funding from its lenders . The Banking Facilities described in Section 4.4.4 have a term of five years. However, the Facility Agreement includes certain "review events", which could lead to an acceleration of amounts owing under the Facility Agreement where one is breached and a resolution is not agreed with the financiers within 30 days. The review events are listed in Section 5.1.5.	Section 5.1.5
Popularity of radio and television	GTN's business is dependent upon the performance of the highly competitive radio and television industries. GTN generates Revenue by selling spots sourced from its Affiliates. Demand for GTN's spots may decline if the audiences of its Affiliates decline. GTN's Affiliates compete for audiences and advertising revenues with various forms of media, including new technology and alternative media platforms. Any reduction in the audiences of radio and television stations, may adversely impact GTN's advertising Revenue and future financial performance and cash flows.	Section 5.1.6
Impact of new technology	GTN's ability to maintain relationships and contracts with Affiliates and sell its spots to Advertisers may be disrupted by new technology. The introduction of new technology may result in GTN facing competition from providers of information reporting services that utilise new technologies to which GTN does not have access, both for the purpose of gathering and delivering information. An attempt by GTN to incorporate new technology into its operations may present various risks to GTN's business model.	Section 5.1.7

1. Investment Overview (continued)

1.4 Key risks (continued)		
Topic	Summary	For more information
Potential impact of GTN's fixed cost structure	A substantial majority of GTN's costs are fixed and are difficult to reduce in the short term, in particular, compensation paid to Affiliates. These fixed costs mean that any decrease in Revenue could largely flow through to earnings and therefore disproportionately adversely affect GTN's future financial performance and cash flows.	Section 5.1.8
Advertising agency industry consolidation	A significant amount of GTN's advertising Revenues are placed through advertising agencies that represent the ultimate client Advertiser. As a result of advertising industry consolidation, certain advertising agencies now represent more Advertisers and are responsible for a greater proportion of GTN's Revenue, and those advertising agencies now have greater market power and may be able to extract more favourable pricing and other concessions from GTN.	Section 5.1.9
Advertising industry fluctuations	GTN's ability to sell its spots may be subject to economic and industry fluctuations. The advertising industry tends to be affected by general economic conditions and is sensitive to the overall level of consumers' disposable income within a given market. A decline in general economic conditions within a market in which GTN operates could adversely affect advertising Revenues and, in turn, may have an adverse effect on GTN's future financial performance and cash flows.	Section 5.1.10
Broadcasting industry regulation and consolidation	A substantial majority of GTN's spots are sourced through a limited number of Affiliates. The potential consolidation of radio and television stations and networks in the countries in which GTN operates may result in a reduction of its negotiating leverage and may increase GTN's costs impacting GTN's profitability. In addition, the loss of relationships with key Affiliate Contracts could adversely impact on GTN's future operating and business performance. In Australia, the Australian Government has proposed reforms to restrictive media ownership laws, which remain subject to Parliamentary approval and legislation. If the proposed reforms to the restrictive media ownership laws are implemented by legislation, this could lead to consolidation among media industry participants in the Australian market.	Section 5.1.11
Exposure to movements in foreign exchange rates	A large part of GTN's Revenue (46% in FY2015) is generated outside Australia and is denominated in foreign currencies. Adverse movements in the exchange rate between the Australian dollar and the foreign currencies of the jurisdictions in which GTN conducts its business will affect, among other things, the Australian dollar amount of GTN's Revenue and expenses, which may impact GTN's future financial performance and cash flows and may adversely affect GTN's ability to pay dividends and to service debt obligations.	Section 5.1.12
Operations in new markets	One potential source of GTN's long term growth is its continued expansion within Brazil (see Section 3.6.5) and possible expansion into other new markets (see Section 3.6.6). GTN's inexperience in these new markets increases the risk that potential expansions will not be successful. GTN may not be able to replicate its operations in Australia, Canada and the United Kingdom while have historically generated positive EBITDA in new markets due to cultural differences, regulatory restrictions, economic conditions or other factors.	Section 5.1.16
Expansion into other information services	In the future, GTN may consider expanding its operations into the generation of additional information reporting services, including news, entertainment and sports information services. GTN provides traffic information services in each jurisdiction in which it operates and also provides entertainment news services in the United Kingdom. GTN's inexperience in providing news and other information services increases the risk that such expansions will not be successful and that it may generate losses and incur significant expenses and capital expenditures in undertaking these expansions. GTN's potential expansion into news and other information services may incur significant expenses and capital expenditures and utilise management resources.	Section 5.1.17

1.5 Directors and key management		
Topic	Summary	For more information
Who are the Directors of GTN?	– Gary Miles, Independent Non-Executive Chairman and chairman of the Nomination and Remuneration Committee – William Yde III, Managing Director and Chief Executive Officer – Mark Anderson, Non-independent Non-Executive Director – David Ryan AO, Independent Non-Executive Director and chairman of the Audit and Risk Committee – Robert Loewenthal, Independent Non-Executive Director	Section 6.1
Who is the key management of GTN?	– William Yde III, Managing Director and Chief Executive Officer – Scott Cody, Chief Operating Officer and Chief Financial Officer – Gary Worobow, Executive Vice President, Business and Legal Affairs – Christopher Thornton, National Sales Director ATN – Victor Lorusso, Chief Operations Manager ATN – Lee Sibian, President and Executive Vice-President Sales CTN – John Quinn, Chief Operating Officer UKTN	Section 6.2

1.6 Significant interests of key people and related party transactions		
Topic	Summary	For more information
Who are the Shareholders before the Offer and what will be their interest post Completion, based on the midpoint of the Indicative Price Range?	See table below. At Completion, 50.8% of the Shares will be subject to voluntary escrow arrangements. See Section 7.1.3 for further information.	Section 7.1.3

	Shares held pre-Completion[(1)(2)]		Shares (disposed) / acquired	Shares held on Completion	
	(m)	(%)	(m)	(m)	(%)
GTCR Funds	152.1	96.9%	(53.2)	98.9	49.1%
Management Shareholder	4.9	3.1%	(1.5)	3.4	1.7%
New Shareholders	-	-%	98.9	98.9	49.2%
Total	157.0	100%	44.2	201.2	100%

Topic	Summary	For more information
What significant benefits are payable to Directors and other persons connected with GTN or the Offer and what significant interests do they hold?	On Completion, William Yde III will hold 3,426,717 Shares. Each of Gary Miles, David Ryan and Rob Loewenthal intend to apply for Shares under the Priority Offer. Final Directors' shareholdings will be notified to ASX following Listing. The Directors may hold their interests in Shares directly or indirectly through holdings by companies or trusts. All Non-Executive Directors (other than Mark Anderson) will receive directors' fees. William Yde III will receive remuneration as the Managing Director. Advisors and other service providers are entitled to fees for services as set out in Section 6.3.1.	Section 6.3

(1) Indicates the number of Shares the Shareholders would have held had the Restructure been completed before the Offer.
(2) Post-Completion, Gary Worobow will continue to hold the 10 Shares he holds pre-Completion.

1.6 Significant interests of key people and related party transactions (continued)		
Topic	Summary	For more information
Will any Shares be subject to restrictions on disposal following Completion?	The Escrowed Shareholders have agreed to enter into voluntary escrow arrangements with GTN under which they will be restricted from dealing with Shares they hold on Completion. Under the terms of the voluntary escrow arrangements, subject to certain customary exceptions, Escrowed Shares held by GTCR Funds may only be sold in the period prior to 4:15pm (Sydney time) on the date that GTN's financial results are announced for FY2017 on the following basis: **Shares to be released from escrow:** 25% of Escrowed Shares held by the GTCR Funds at Completion **Escrow release conditions:** After 4.15pm (Sydney time) on the first date on which both the conditions below have been satisfied: • GTN's 1H FY2017 financial results are announced; and • the volume-weighted average price in any 10 consecutive trading days following announcement of those financial results exceeds the Offer Price by more than 20% (disregarding, for the purpose of ascertaining this 10 day trading period, any trading days during which Shares are in trading halt for the entirety of that day). After the announcement of the financial results for FY2017, any remaining Escrowed Shares held by the GTCR Funds will cease to be subject to escrow restrictions. Shares held by the Management Shareholder on Completion will also be subject to a voluntary escrow arrangement. Under the terms of the escrow arrangement, and subject to customary exceptions, the Escrowed Shares held by the Management Shareholder will be subject to escrow restrictions until the announcement of the financial results for FY2017.	Section 7.10

1.7 Proposed use of funds and key terms and conditions of the Offer		
Topic	Summary	For more information
What is the Offer?	The Offer is an initial public offering of 98.9 million Shares comprising 97.4 million New Shares and 1.5 million Existing Shares at the Offer Price of $1.90 per Share. The Offer is expected to raise approximately $187.9 million. On Completion, 201.2 million Shares will be on issue and 102.3 million Shares will be held by the Existing Owners. The Shares being offered under the Offer will represent 49.2% of the Shares on issue on Completion. 98.9 million Shares will be issued to the GTCR Funds under the Restructure, which will be issued under this Prospectus at the Offer Price. 3.4 million Existing Shares will continue to be held by the Management Shareholder. Each Share issued and sold pursuant to this Prospectus will, from the time they are issued, rank equally with all other Shares on issue.	Section 7.1
Who is the issuer of this Prospectus?	GTN Limited (ACN 606 841 801) (**GTN**)	Section 7.1

<table>
<tr><th colspan="3">1.7 Proposed use of funds and key terms and conditions of the Offer (continued)</th></tr>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What are the key Offer statistics?</td><td>
<table>
<tr><td>Offer Price</td><td>$1.90 per Share</td></tr>
<tr><td>Total number of Shares offered under this Prospectus</td><td>98.9 million</td></tr>
<tr><td>Total value of Shares offered under this Prospectus</td><td>$187.9 million</td></tr>
<tr><td>Total New Shares to be issued under the Offer</td><td>97.4 million</td></tr>
<tr><td>Total Existing Shares to be sold by the Management Shareholder under the Offer</td><td>1.5 million</td></tr>
<tr><td>Total Shares to be held by Existing Owners on Completion</td><td>102.3 million</td></tr>
<tr><td>Total Shares on issue immediately after Completion</td><td>201.2 million</td></tr>
<tr><td>Indicative market capitalisation[(1)]</td><td>$382.3 million</td></tr>
<tr><td>Indicative enterprise value[(2)]</td><td>$445.9 million</td></tr>
<tr><td>Enterprise value to FY2016 pro forma forecast Adjusted EBITDA[(2)]</td><td>13.8x</td></tr>
<tr><td>Enterprise value to FY2017 pro forma forecast Adjusted EBITDA[(2)]</td><td>9.8x</td></tr>
<tr><td>Market capitalisation to FY2016 pro forma forecast NPATA ratio[(3)]</td><td>24.2x</td></tr>
<tr><td>Market capitalisation to FY2017 pro forma forecast NPATA ratio[(3)]</td><td>14.9x</td></tr>
<tr><td>Estimated FY2017 forecast dividend yield at the Offer Price (based on dividend payout policy)[(4)]</td><td>5.5%</td></tr>
</table>
(1) Based on the Offer Price
(2) Based on indicative market capitalisation and $63.6 million expected net debt position at Completion
(3) Based on indicative market capitalisation
(4) Based on the target dividend payout ratio of 100% of FY2017 statutory NPAT and indicative market capitalisation
</td><td></td></tr>
<tr><td>What is GTN?</td><td>GTN is a new company established to be the new holding company of the GTN Group from Completion.</td><td>Section 10.4</td></tr>
<tr><td>What is the proposed use of funds raised under the Offer?</td><td>The Offer will raise approximately $187.9 million.
The proceeds of the Offer will be applied towards:
• strengthening GTN's balance sheet via the repayment of a portion of its existing debt facilities;
• payment of the transaction costs associated with the Offer;
• one-off Offer related bonuses to senior management;
• identified acquisitions and other expansion opportunities;
• payment to the GTCR Funds for the purchase of their securities in GTN Cayman; and
• payment of proceeds from the sale of 1.5 million Existing Shares to the Management Shareholder.</td><td>Section 7.1</td></tr>
<tr><td>How is the Offer structured?</td><td>The Offer comprises:
• the Retail Offer which includes:
  • the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of participating Brokers, who receive an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States or are not a US Person; and
  • the Priority Offer, which is open to selected investors nominated by GTN in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under this Prospectus; and
• the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus.</td><td>Section 7.1</td></tr>
<tr><td>Is the Offer underwritten?</td><td>Yes. The Offer is fully underwritten by the Lead Manager.</td><td>Section 7.2</td></tr>
<tr><td>Who is the Lead Manager on the Offer?</td><td>The Lead Manager is Macquarie Capital (Australia) Limited.</td><td>Section 7.2</td></tr>
</table>

1.7 Proposed use of funds and key terms and conditions of the Offer (continued)		
Topic	Summary	For more information
Will the Shares be quoted on ASX?	Yes. GTN will apply to ASX within seven days of the Prospectus Date for its admission to the Official List and quotation of Shares on ASX (under the code "GTN"). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion is conditional on ASX approving this application and on completion of the Restructure. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 10.9
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Priority Offer and Institutional Offer was determined by the Lead Manager and GTN having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4 and 7.7.2. The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager and GTN. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their eligible clients. The allocation of Shares among Applicants in the Priority Offer will be determined by GTN in its absolute discretion, in consultation with the Lead Manager. GTN and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, GTN and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares.	Sections 7.3.4, 7.4.4 and 7.7.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 10.11. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 10.11
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 7 June 2016.	Section 7.2 and Key Dates on page 4
What is the minimum Application size?	The minimum Application size under the Broker Firm Offer and Priority Offer is $2,000 of Shares in aggregate.	Section 7.2
How can I apply?	Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Broker Firm Offer. Applicants under the Priority Offer must apply in accordance with the instructions provided in their Priority Offer invitation. The Lead Manager has separately advised Institutional Investors of the Application procedure under the Institutional Offer. To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.	Sections 7.3.2, 7.4.2 and 7.7.1

1.7 Proposed use of funds and key terms and conditions of the Offer (continued)		
Topic	**Summary**	**For more information**
When can I sell my Shares on ASX?	It is expected that trading of Shares on ASX will commence on or about 1 June 2016 on a conditional and deferred settlement basis. It is expected that dispatch of holding statements will occur on or about 7 June 2016 and that Shares will commence trading on ASX on a normal settlement basis on 8 June 2016. It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	Section 10.9 and Key Dates on page 4
Can the Offer be withdrawn?	GTN may withdraw the Offer at any time before the issue and sale of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.12
Where can I find out more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the GTN IPO Offer Information Line on: • within Australia: 1800 095 654; or • outside Australia: +61 1800 095 654, from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you have any questions about whether to invest in GTN, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in GTN.	Section 7.2

Section 2

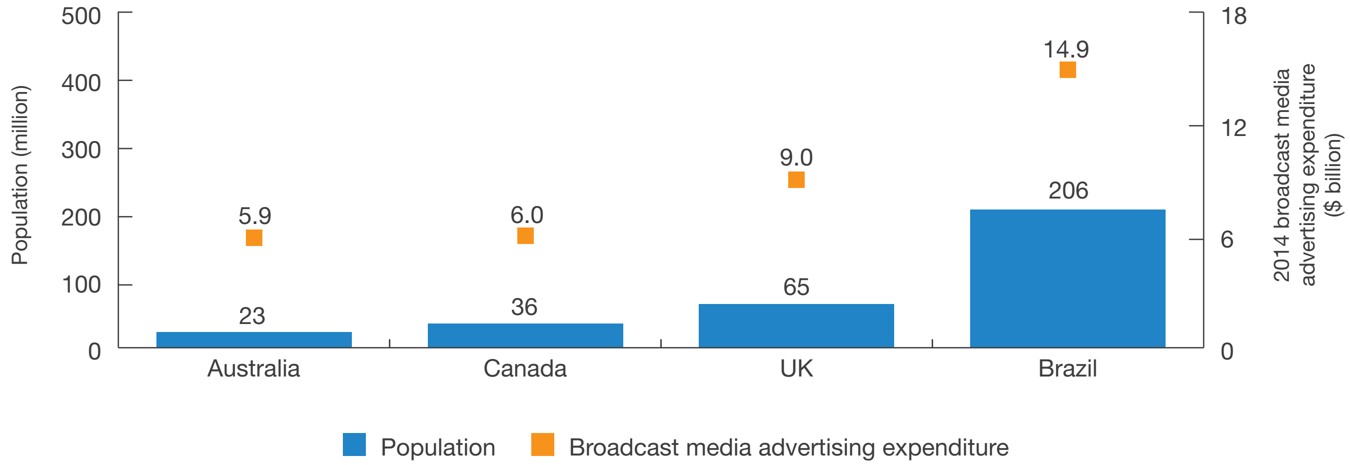
Industry Overview

2. Industry Overview

2.1 Introduction

GTN provides a differentiated advertising platform that enables Advertisers to reach large audiences frequently and effectively. GTN is one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom and is progressing towards its goal of achieving this status in Brazil. The geographies in which GTN operates represent four of the 10 largest advertising markets in the world.

Figure 2.1: Population and broadcast media advertising expenditure in countries where GTN operates*, **



* Broadcast media advertising expenditure consists of radio and television advertising expenditure

** All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

In FY2015, 97% of GTN's Revenue was generated through the sale of radio advertising spots and 3% was generated through the sale of television advertising spots.

2.2 Radio advertising industry overview

2.2.1 Overview

The radio broadcasting industry is generally segmented into commercial radio broadcasters and public radio broadcasters. Public radio stations are generally government funded. The key source of funding for commercial radio broadcasters is the sale of airtime, known as spots, to advertisers. Consequently, a commercial broadcaster's revenue is determined by the number of advertising spots they are able to sell and the price at which these spots are sold.

Radio advertising expenditure within the four countries GTN currently operates in, grew from $3.8 billion in 2004 to $5.0 billion in 2014. From 1980 to 2014, combined radio advertising expenditure in these four markets has maintained a 6% to 8% share of total advertising expenditure.

2.2.2 Key drivers of radio advertising expenditure

2.2.2.1 Audience reach

Radio has the ability to reach a broad audience. Weekly radio audience reach is 95% in Australia, 88% in Canada, 90% in the United Kingdom and 89% in Brazil, where audience reach is defined as the total percentage of the population exposed, at least once, to a particular advertising medium over a specified time period.

2.2.2.2 Audience engagement

Radio achieves high audience engagement. A key measure of engagement is 'time spent listening', which measures the average amount of time the metropolitan radio audience spends listening to metropolitan radio stations per week. In 2014, Australian listeners spent a total of 14.6[(1)] hours, Canadian listeners spent 18.4 hours, United Kingdom listeners spent 21.4 hours, and Brazilian listeners spent 19.2[(2)] hours, in each case per week.

2.2.2.3 Demographic reach

Radio enables advertisers to reach a broad variety of demographics. Individual radio stations broadcast different types of content and are hosted by different personalities, thereby tending to attract listeners with different demographics.

(1) This refers to the average listening hours per person, per week in Australia, for all commercial and digital listening.

(2) Hours spent listening per week in Brazil was calculated by obtaining the average daily number of hours listened and multiplying this number by five days (representative of the working week).

2.2.2.4 Advertising return on investment (ROI)

Radio has a high ROI for advertisers. This is supported by Commercial Radio Australia and the United Kingdom Radio Advertising Bureau reports which indicate that radio has one of the highest ROIs compared to other forms of media advertising.

2.3 Television advertising industry overview

The television broadcasting industry is typically segmented into free-to-air and subscription television broadcasters. Free-to-air broadcasters can be segmented into private commercial television broadcasters and public broadcasters. Private commercial broadcasters are typically funded by advertising revenue, while public broadcasters are typically government funded.

GTN currently operates television information services in Australia and Canada and continues to evaluate opportunities to operate those services in Brazil.

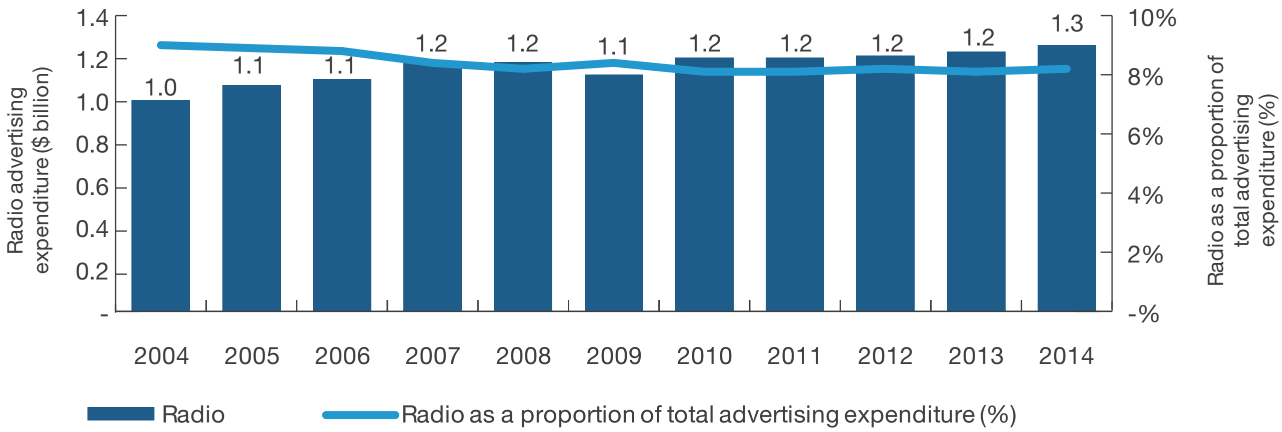
Household penetration of televisions is almost 100% in the two markets in which GTN provides television services. The weekly audience reach of television is 88% in Australia and 98% in Canada. In FY2015, the sale of television advertisements represented only 3% of GTN's total Revenue.

2.4 Australian radio advertising industry overview

2.4.1 Industry size and growth

The Australian radio advertising industry grew at a CAGR of 2.3% between 2004 and 2014 to a total of $1.3 billion. Radio advertising has been a stable segment of the Australian advertising industry, consistently accounting for 8% to 9% of total Australian advertising expenditure since 2004. The robustness of radio is also evident as radio advertising expenditure in 2014 was 25.2% higher than it was in 2004, while total advertising expenditure (ex-internet[3]) was 9.6% lower.

Figure 2.2: Australian radio advertising expenditure*



* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

(3) Internet was the fastest growing segment of the advertising industry over 2004 to 2014.

2.4.2 Nature of the Australian radio advertising market

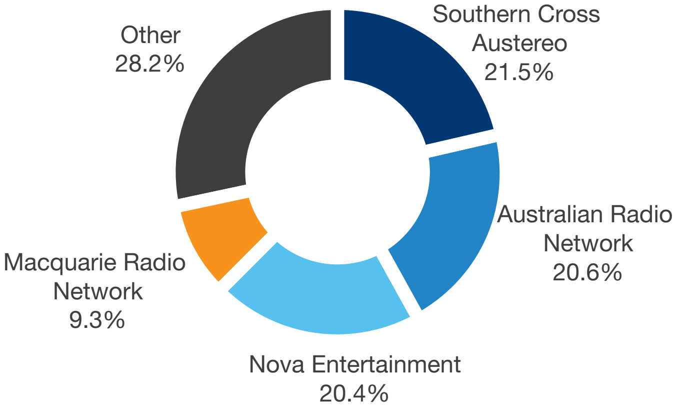
The Australian commercial radio landscape is split between metropolitan and regional stations. Metropolitan stations represent approximately 70% of total Australian radio advertising revenue.

Figure 2.3: Segmentation of advertising revenue by station type (2012-2013)

Source: Australian Communications and Media Authority, “Broadcasting financial results, 2012-13”.

The four largest Australian commercial radio networks hold 72% of the total metropolitan ratings share. Ratings share is a station’s average audience expressed as a percentage of the total radio audience.

Figure 2.4: Metropolitan ratings share by radio network



Source: Gfk Radio Ratings, Survey 1, 2016

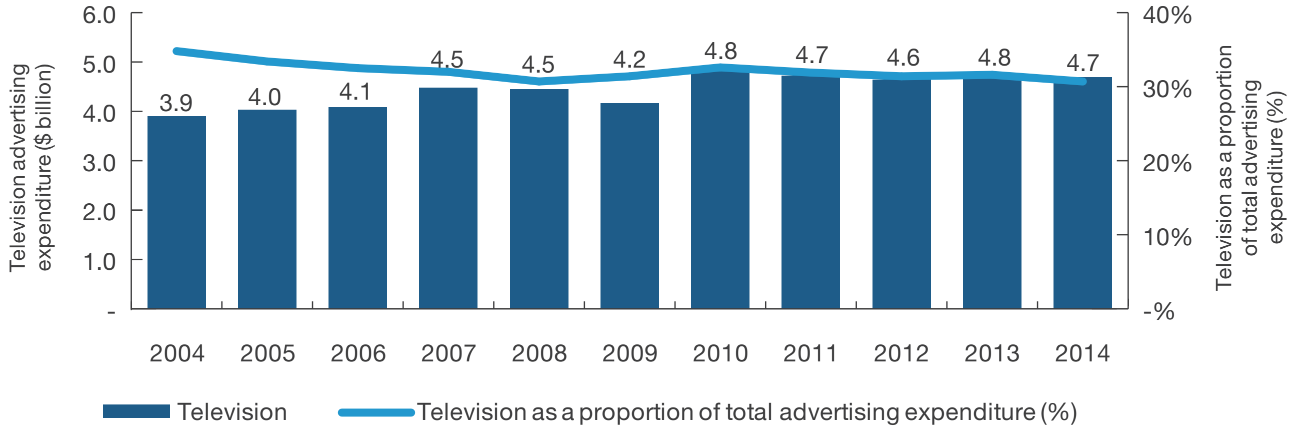
2. Industry Overview (continued)

2.5 Australian television advertising industry overview

2.5.1 Industry size and growth

The Australian television industry grew at a CAGR of 1.9% between 2004 and 2014 to a total of $4.7 billion. Television advertising has consistently accounted for 30% to 35% of total Australian advertising expenditure since 2004.

Figure 2.5: Australian television advertising expenditure*



* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

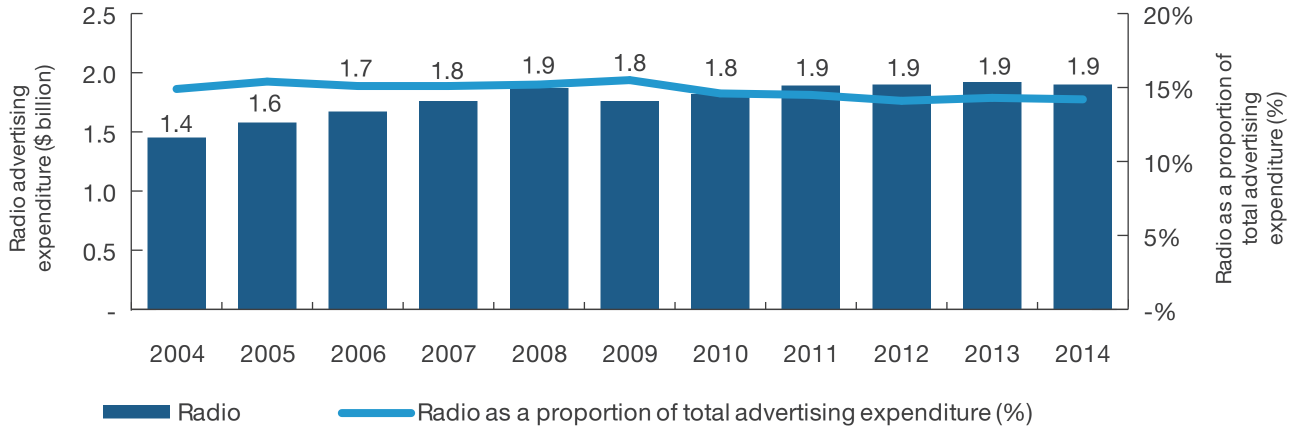
The Australian commercial television landscape is split between metropolitan and regional stations. Metropolitan stations represent approximately 79% of total Australian television advertising revenue. ABC and SBS are the two public television broadcasters in the Australian market.

2.6 Canadian radio advertising industry overview

2.6.1 Industry size and growth

The Canadian radio advertising industry grew from $1.4 billion in 2004 to $1.9 billion in 2014, representing a CAGR of 2.8%. Radio advertising consistently accounted for 14% to 16% of total Canadian advertising expenditure since 2004. In 2014, radio advertising expenditure was 31.4% higher than it was in 2004, while total advertising expenditure (ex-internet) was 4.4% lower.

Figure 2.6: Canadian radio advertising expenditure*



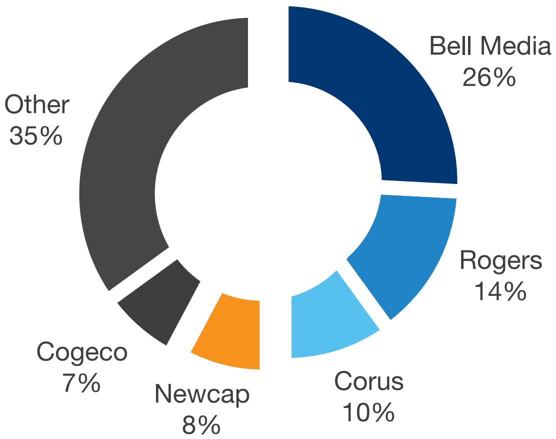
* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

2.6.2 Nature of the Canadian radio advertising market

In Canada, the top four radio broadcasting networks, Bell Media, Rogers, Newcap and Corus account for 58% of commercial radio revenue in the Canadian market. The Canadian radio broadcasting market has stations that broadcast in languages other than English – French in particular.

Figure 2.7: Commercial radio revenue share by broadcaster (2014)



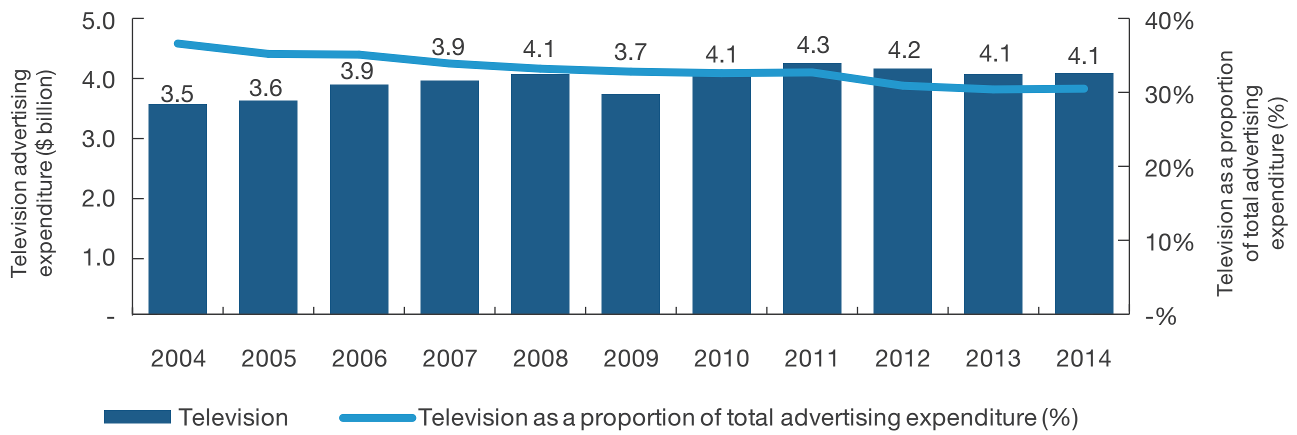
Source: Canadian Radio-television and Telecommunications Commission, "Communications Monitoring Report 2015"

2.7 Canadian television advertising industry overview

2.7.1 Industry size and growth

The Canadian television industry grew from $3.5 billion in 2004 to $4.1 billion in 2014, representing a CAGR of 1.4%. Television advertising accounts for the second largest portion of total advertising expenditure in Canada and accounted for 30% to 37% of total advertising expenditure over the past decade.

Figure 2.8: Canadian television advertising expenditure*



* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

The Canadian television broadcasting landscape is dominated by five television networks that account for over 90% of total television revenues.

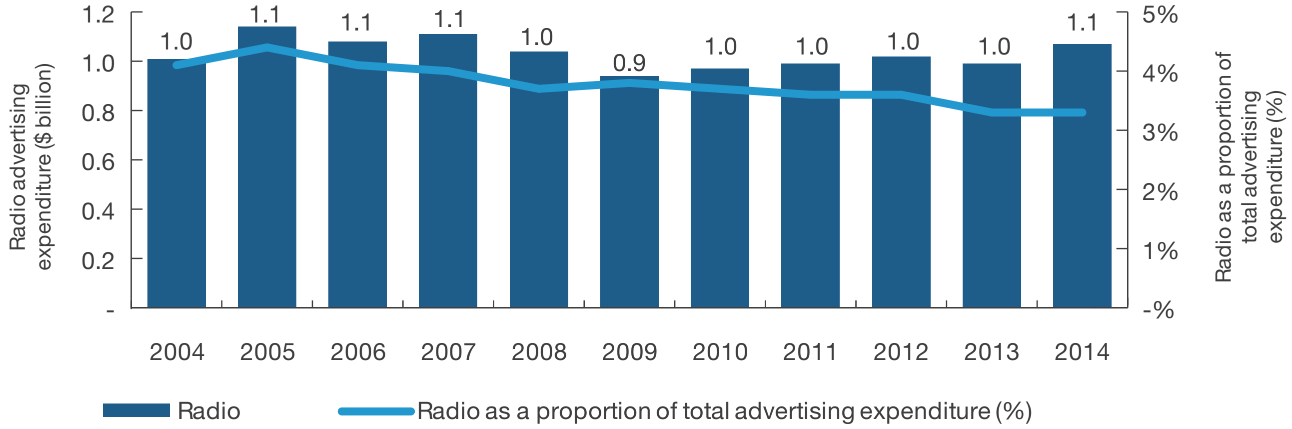
2. Industry Overview (continued)

2.8 United Kingdom radio advertising industry overview

2.8.1 Overview

The United Kingdom radio advertising industry grew from $1.0 billion in 2004 to $1.1 billion in 2014, representing a CAGR of 0.6%. Radio advertising consistently accounted for 3% to 4% of total United Kingdom advertising expenditure since 2004. In 2014, radio advertising expenditure was 5.7% higher than it was in 2004, while total advertising expenditure (ex-internet) was 28.1% lower.

Figure 2.9: United Kingdom radio advertising expenditure*



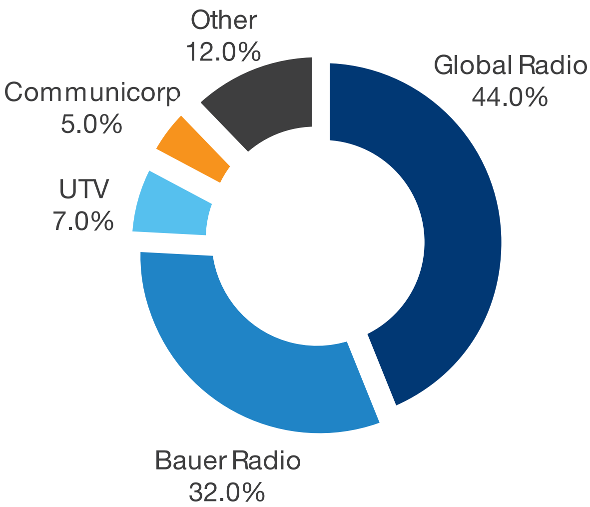
* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

2.8.2 Nature of the United Kingdom advertising market

The two largest commercial radio networks in the United Kingdom, Global Radio and Bauer Radio, hold a combined 76% share of the total weekly commercial radio audience in the United Kingdom.

Figure 2.10: Commercial radio share of weekly audience hours



Source: Office of Communications, "The Communications Market 2015"

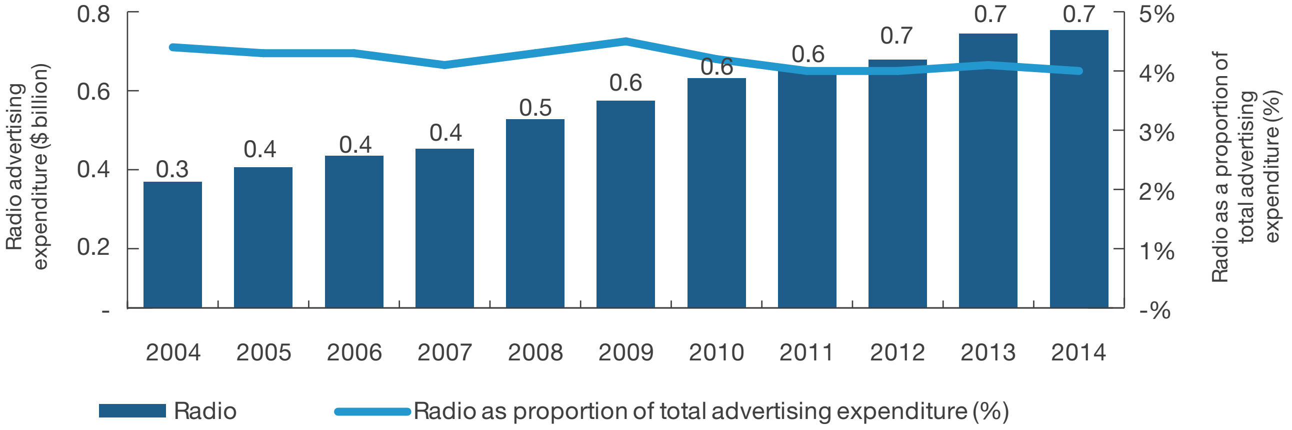
In the United Kingdom radio broadcasting market, the British Broadcasting Corporation accounted for 54% of total listening hours in 2014. The remainder was primarily accounted for by commercial radio stations. In the United Kingdom, radio stations primarily sell airtime based on how many people are estimated to have heard the advertisement. Specifically, rates are quoted on a CPT basis, which represents the cost for reaching one thousand people.

2.9 Brazilian radio advertising industry overview

2.9.1 Overview

The Brazilian advertising industry has nearly tripled in the last decade, growing at a CAGR of 9.4% from 2004 to 2014, and generated total revenue of $18.8 billion in 2014. The Brazilian radio advertising industry grew from $0.3 billion in 2004 to $0.7 billion in 2014, representing a CAGR of 8.3%. Radio advertising has consistently accounted for 4% to 5% of total Brazilian advertising expenditure since 2004.

Figure 2.11: Brazilian radio advertising expenditure*



* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

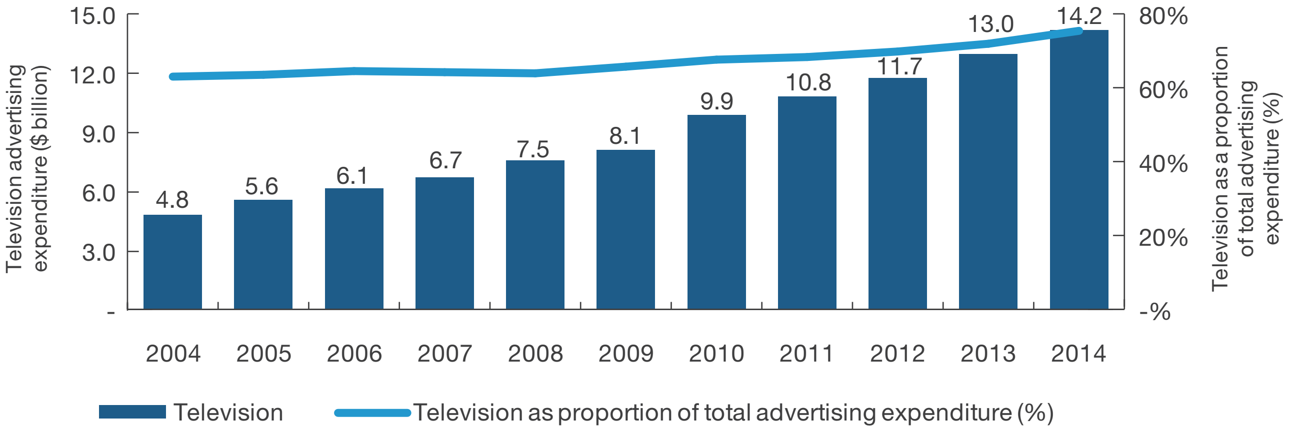
2.9.2 Nature of the Brazilian radio advertising market

Brazil's radio broadcasting market is highly fragmented. There are 3,209 FM and 1,921 AM stations across Brazil. Brazil's largest radio network, Rede Gaucha SAT, owns 160 radio stations, or only 3.0% of all the radio stations in Brazil.

2.10 Brazilian television advertising industry overview

The Brazilian television advertising industry grew at an 11.4% CAGR from 2004 to 2014 and has continued to grow as a percentage of the total advertising market.

Figure 2.12: Brazilian television advertising expenditure*



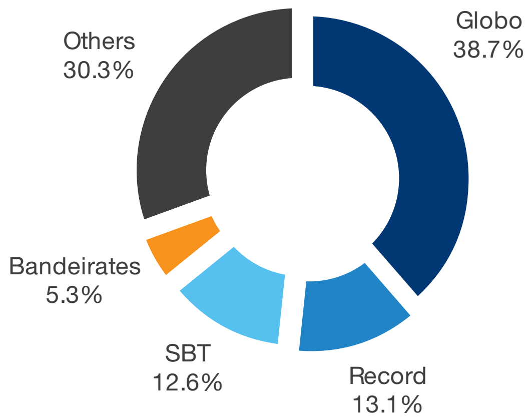
* All USD figures have been converted to AUD at the FX rate of 0.76 (AUD/USD)

Source: ZenithOptimedia

2. Industry Overview (continued)

The three largest television broadcasting networks account for 64% of audience share in Brazil.

Figure 2.13: Audience share by television broadcaster (2013)



Source: Heernet Ventures Ltd

Section 3

Company Overview

3. Company Overview

3.1 Overview of GTN

GTN provides a differentiated advertising platform that enables Advertisers to reach large audiences frequently and effectively. GTN is one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom and is progressing towards its goal of achieving this status in Brazil.

GTN is the largest supplier of traffic information reports to radio stations in its operating geographies. In exchange for providing these and other reports and in certain cases cash compensation, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of Affiliates. The adjacent spots are bundled together by GTN and sold to Advertisers on a national, regional or specific market basis.

GTN's advertising platform provides Advertisers with high impact campaigns because advertisements are ideally placed during peak audience times and are aired frequently across large audiences. GTN's advertisements are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities. This product is designed to create high audience engagement and high recall among listeners, leading to a high ROI for Advertisers.

This has enabled GTN to establish longstanding relationships with large national Advertisers, resulting in strong growth in Revenue and earnings since GTN's inception.

GTN has successfully established itself within its Affiliates' operations by providing them with quality, timely and important information. In some cases, GTN also provides cash compensation to Affiliates in exchange for spots, which, in many cases, allows Affiliates to convert an important programming segment from a cost centre to a profit centre. This stable income stream can constitute a material portion of the Affiliates' overall profits, further solidifying GTN within their operations.

GTN currently operates in Australia, Canada, the United Kingdom and Brazil - four of the 10 largest advertising markets in the world. GTN began operations in Australia in 1997, and has selectively and successfully expanded into other attractive markets including, most recently, the promising Brazilian market.

GTN is actively pursuing several opportunities for continued growth within existing markets, in addition to evaluating new geographies for potential expansion.

In FY2015, 97% of GTN's Revenues were generated through the sale of radio advertising spots and 3% were generated through the sale of television advertising spots.

Figure 3.1: Overview of GTN's divisions

Country		**Australia (ATN)**	**Canada (CTN)**	**United Kingdom (UKTN)**	**Brazil (BTN)**
Population	(millions)	23.5	35.5	64.5	206.1
GTN years of operation	(years)	18	10	6	3
% of GTN Revenue (FY2015)[1]	(%)	54%	14%	28%	3%
GTN audience in existing markets	(#)	12.3m radio[2] 5.2m TV	14.3m radio 8.4m TV	27.6m radio	14.4m radio
Number of Affiliates	(#)	113 radio 13 TV	99 radio 6 TV	250 radio	35 radio
Proportion of metropolitan commercial radio listeners in GTN's existing markets	(%)	100%	59%	100%	54%
GTN penetration within existing metropolitan commercial radio markets	(%)	96%	86%	79%	48%
Overall commercial radio market penetration	(%)	96%	51%	79%	26%
FY2015 spots inventory	('000s)	736	534	1,321	93
FY2015 Revenue	($ millions)	83.5	21.2	43.5	5.3
% FY2015 Revenue (radio)	(%)	96%	93%	100%	100%

(1) Numbers may not add due to rounding.
(2) Excludes unrated markets, which are estimated to include over 1.4 million additional radio listeners.

3.1.1 GTN business model

3.1.1.1 Operating model

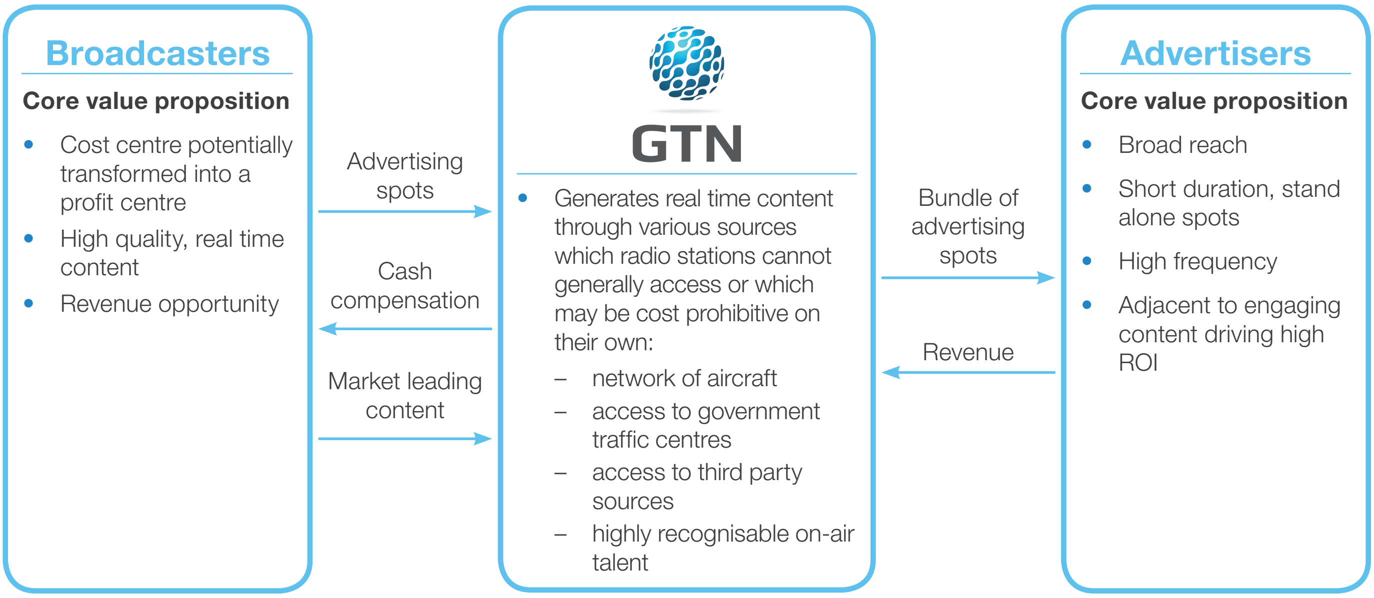
GTN provides an advertising platform designed to enable Advertisers, generally large national advertisers, to reach high-value demographics cost effectively. The advertising spots GTN offers are adjacent to information reports that listeners are typically highly engaged with, as this content is "of use" to the consumer, such as traffic and news. The advertising spots are generally 10 seconds long and read live by well-known on-air personalities. GTN is able to obtain radio spots that are primarily aired during peak listenership hours (i.e. during morning and afternoon commutes). The placement and format of GTN's advertising spots are designed to maximise efficacy, enhance recall and minimise switching during advertisements.

Advertisers purchase a schedule of radio spots on a national, regional or specific market basis. The schedule includes spots on all radio Affiliates in the relevant market. Spots sold in advertising packages are allocated on a percentage-based rotation such that each Advertiser receives a pro rata share of advertising spots on each Affiliate throughout the relevant markets. GTN does not sell spots on individual radio Affiliates.

GTN provides Affiliates with information reports at no charge, and in some cases, provides cash compensation to the Affiliates in exchange for advertising spots, allowing Affiliates, in many cases, to turn an important programming segment from a cost centre into a profit centre. Affiliate Contracts are typically multi-year, generally cover all of an Affiliate's stations across the relevant market and provide a fixed number of spots over the life of the agreement.

GTN collates information for its traffic reports from a range of sources including aircraft, access to government traffic centres, radio scanners and station listener lines, to provide up-to-the-minute information to Affiliates.

Figure 3.2: GTN value proposition



3.1.1.2 Revenue model

GTN primarily generates Revenue by selling schedules of advertising spots to large Advertisers. The majority of GTN's advertising Revenue is generated through advertising agencies who have been engaged by advertisers. In these situations, GTN attempts to maintain a relationship with the advertisers directly to assist with the sale process. GTN also sells some spots directly to advertisers.

GTN's Revenue is a product of its spots inventory, its sell-out rate and the price at which it sells the spots, also referred to as the net spot rate:

– **Spots inventory**

GTN's spots inventory refers to the number of advertising spots it holds across its Affiliate network;

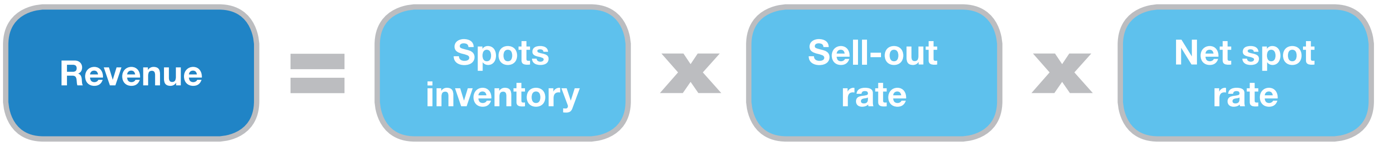
– **Sell-out rate**

The sell-out rate refers to the portion of total available spots that are sold; and

– **Net spot rate**

The net spot rate is the price charged to customers per advertising spot. It is shown net of agency commissions. Given national, regional and specific market packages are sold at different prices, GTN's average net spot rate is primarily driven by the mix of national, regional and specific market advertising packages sold.

Figure 3.3: Revenue model



Each of GTN's operating geographies has generally been able to grow spots inventory each year. Inventory is grown either through expanding the Affiliate network (in existing or new markets) or growing the number of spots under contract with existing Affiliates.

GTN can accommodate orders from advertisers with lead times as short as one hour in advance, providing advertisers the flexibility to conduct timely and relevant campaigns. Advertisers book a significant portion of orders not more than four weeks in advance. This short forward sales pipeline is typical for the radio business.

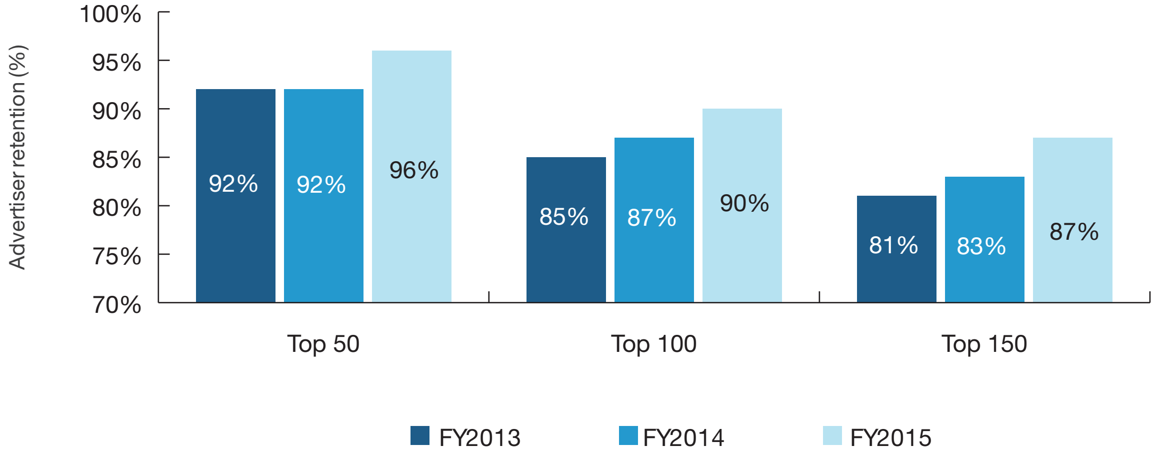
3.1.2 Value proposition to advertisers

GTN provides a different value proposition to advertisers in comparison with the traditional advertising model as summarised below. This has enabled GTN to build a loyal customer base, comprised primarily of large Advertisers.

- **Audience reach:** GTN operates one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom, and GTN's goal is to achieve the same status in each market GTN enters, including Brazil. This enables Advertisers to communicate with a large number and broad demographic of potential consumers.
- **High frequency:** GTN's adjacent advertisements are heard frequently throughout the day on every Affiliate in the purchased market or region, enabling Advertisers to communicate their message repeatedly. This format is designed to maximise efficacy, enhance recall and minimise switching during advertisements.
- **High engagement:** GTN's advertising spots are adjacent to information reports that have been found to be useful and engaging for listeners. In 2015, GTN commissioned a research study conducted by Neuro Insight which measured brain activity and demonstrated that traffic update content was the most engaging content for listeners.
- **Ideal placement:** A large proportion of GTN advertising spots are aired during morning and afternoon commute periods, which generally have the largest audience.
- **High recall:** GTN's advertisements are designed to provide high recall rates by being short in duration (10 seconds), adjacent to information reports and standalone to other advertisements.
- **Audience consistency:** Advertisers using GTN's platform are less exposed to ratings swings of individual radio Affiliate stations since GTN's customers receive spots on multiple radio Affiliate stations.
- **Audience coverage:** GTN sells spots on a national, regional or specific market basis. This allows the product to be relevant for both nationally and regionally-focused Advertisers.

The value proposition provided by GTN to advertisers has led to high retention rates among its client base.

Figure 3.4: Retention rate of top GTN clients over time*



* Based on Revenue retained from GTN client.

3.1.3 Value proposition to broadcasters

GTN provides a strong value proposition to broadcasters as summarised below. This has allowed GTN to develop longstanding relationships with Affiliates and consistently grow its network of Affiliates. GTN seeks to provide Affiliates with:

- **Tailored content:** GTN customises the information reports that it provides to Affiliates by providing pertinent and geographically-relevant information that meets the content and style requirements of each Affiliate. This helps to ensure that the reports appeal to each Affiliate's target audience;
- **Quality product:** GTN commits substantial resources to its information gathering and dissemination capabilities, including considerable training of its reporters and producers. Consequently, Affiliates receive more substantive and higher quality reports than they would likely be able to cost effectively produce themselves;
- **Cost efficiencies:** Affiliates utilise GTN's reports instead of having to procure this information on their own, which would require significant capital outlay in order to acquire aircraft and other information gathering infrastructure. This allows Affiliates to eliminate the non-core operating costs associated with real time content development, which is particularly helpful to many Affiliates that are not large enough to cost effectively produce traffic reports on their own;
- **Contractual earnings:** GTN provides station compensation to certain Affiliates in the form of cash payments. These station compensation payments represent stable recurring cash flows for these Affiliates and, in some instances, form a material part of that Affiliate's overall profits; and
- **Revenue opportunity:** Affiliates are permitted to sell sponsorships at the opening of an information report (i.e. "this report is brought to you by"), providing them with a revenue source without a cost base.

3.1.4 Company history

Figure 3.5: Key events in GTN's history

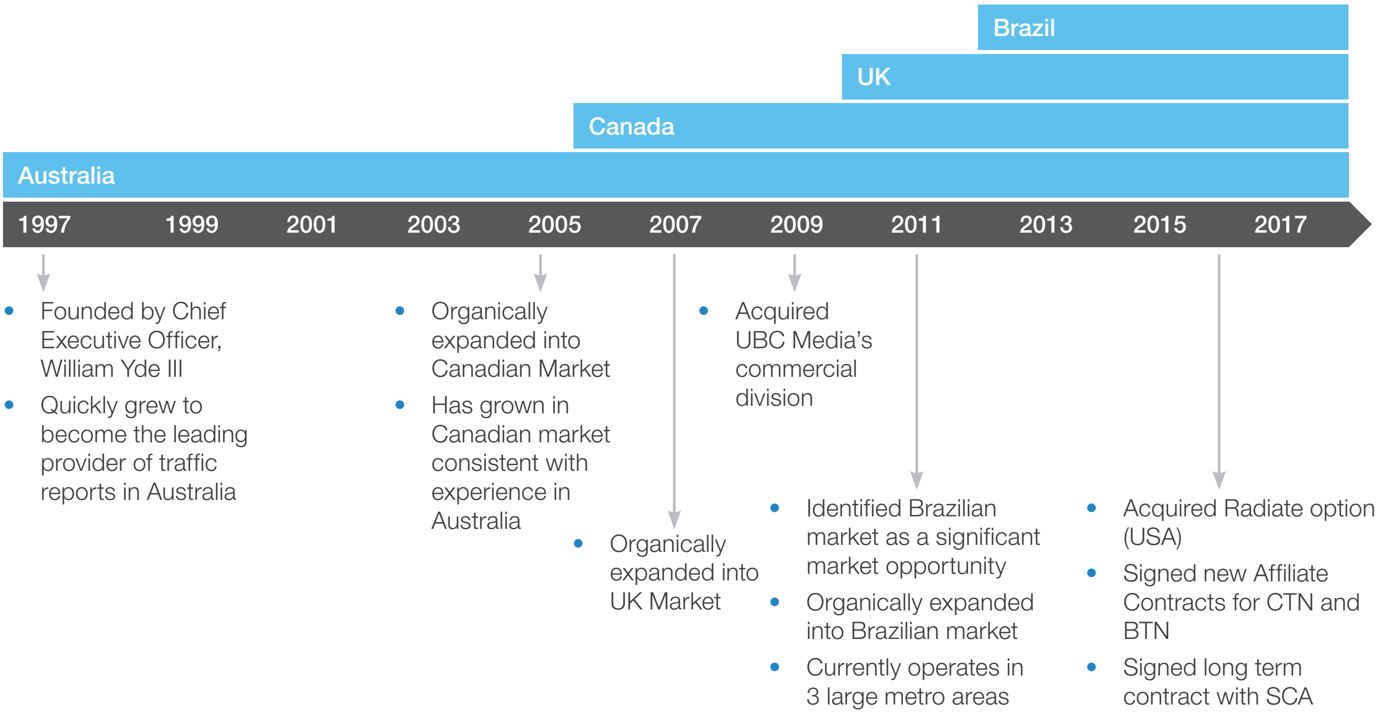
1997	Entered the Australian market through the establishment of ATN
2005	Entered the Canadian market through the establishment of CTN
2006	Conducted initial public offering and listed on the NASDAQ stock exchange
2007	Entered the United Kingdom market through the establishment of UKTN
2009	Acquired UBC Media's commercial division through UKTN
2011	Acquired by GTCR and de-listed from the NASDAQ Entered the Brazilian market through the establishment of BTN

3.1.5 Geographic footprint

GTN operates in four key geographies – Australia, Canada, United Kingdom and Brazil. GTN's operations in each market are at different stages of maturity in building out a national network.

3. Company Overview (continued)

Figure 3.6: Geographic expansion

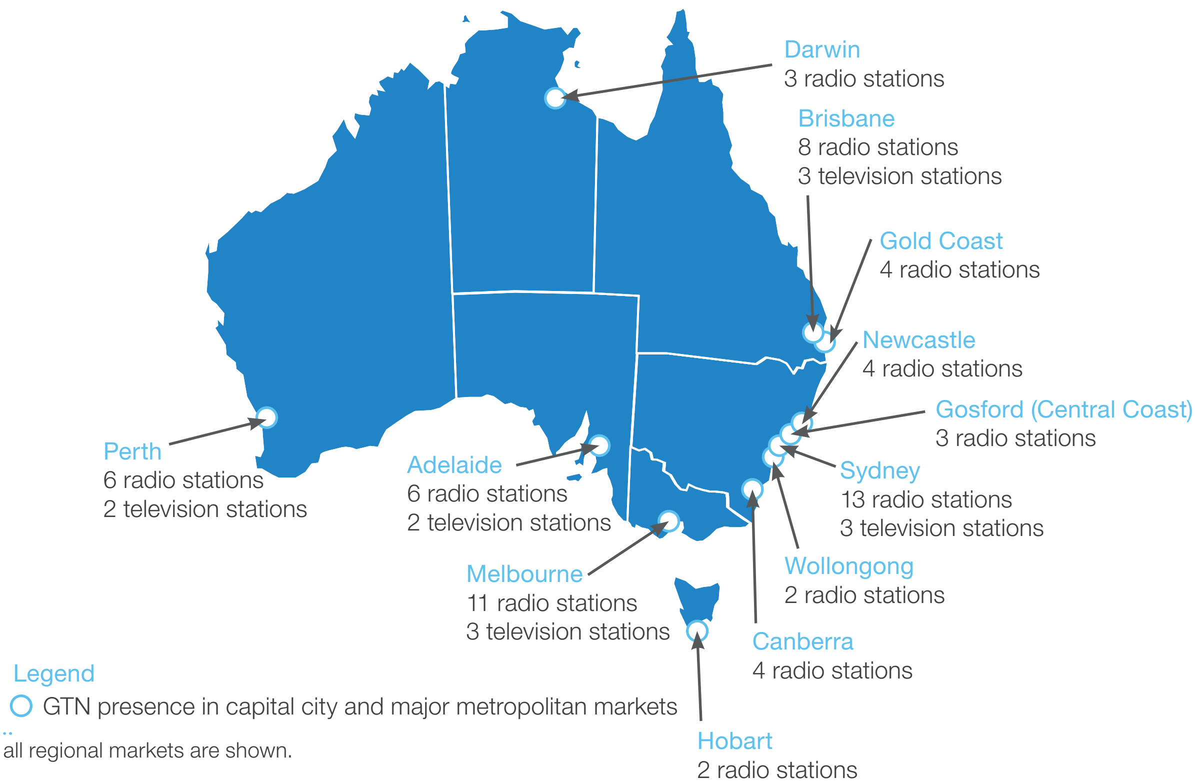


3.1.5.1 Australia (ATN)

ATN commenced operations in 1997 and is now one of the largest broadcast media advertising platforms in Australia by audience reach, covering 32 markets and a majority of the country's population. ATN's platform has 96% commercial radio audience reach in metropolitan areas and 33-100% commercial radio station coverage in the regional areas it serves.

ATN's Affiliate network consists of approximately 113 radio stations and includes all four major commercial radio networks: Southern Cross Austereo, Australian Radio Network, Nova Entertainment and Macquarie Radio Network. ATN's Affiliate network also includes approximately 13 television stations including Channel Nine, Channel Seven and Channel Ten. ATN delivered $83 million of Revenue in FY2015, of which radio represented 96% and television represented 4%.

Figure 3.7: ATN Affiliate network (major metropolitan markets)

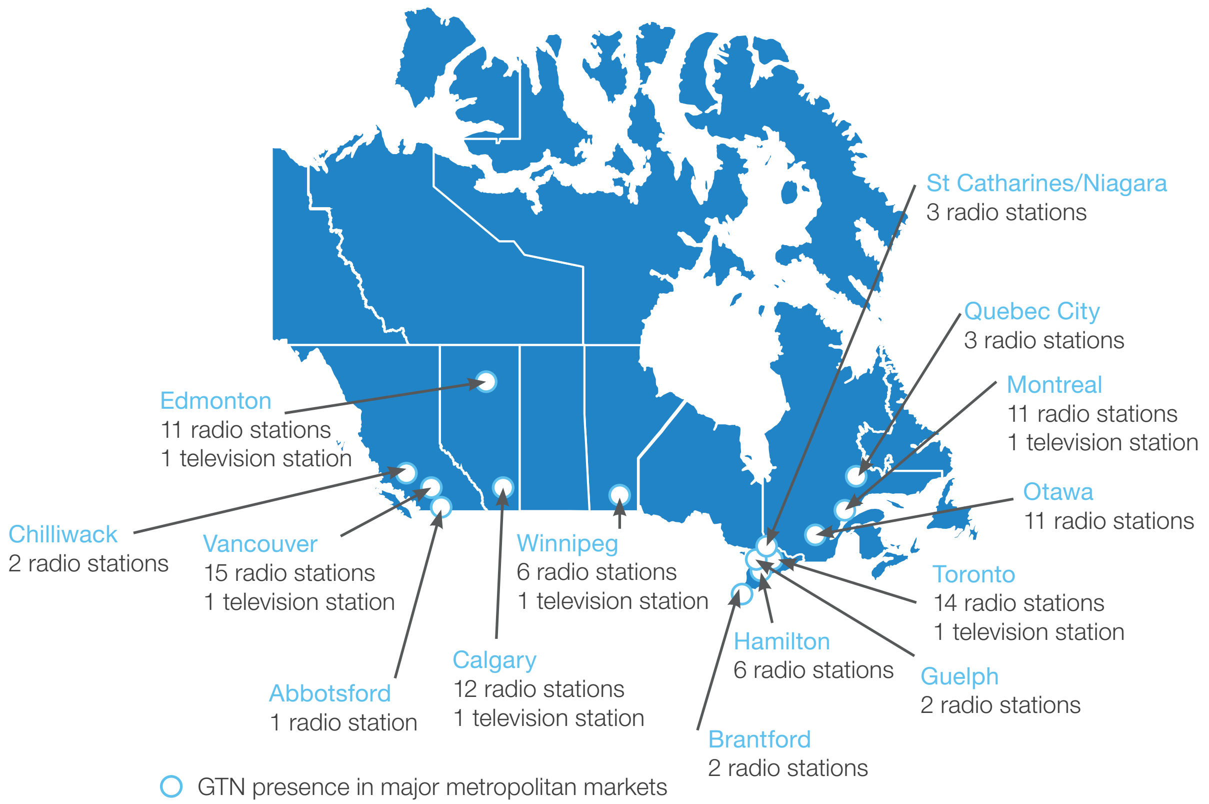


NB Not all regional markets are shown.

3.1.5.2 Canada (CTN)

CTN commenced operations in 2005 and is now one of the largest broadcast media advertising platforms in Canada by audience reach, covering 14.3 million radio listeners and 8.4 million television viewers in CTN markets. CTN's Affiliate network consists of approximately 99 radio stations and includes Bell Media, Rogers, Newcap and Corus, which are the largest broadcasters in Canada and comprise 58% of total commercial radio revenue in the Canadian market. CTN's platform delivers 86% cumulative commercial radio audience reach within the markets in which it operates. CTN has opportunities to grow by increasing the number of Affiliate relationships in certain markets, increasing its spots inventory with existing Affiliates and increasing its net spot rate. CTN's Affiliate network also consists of approximately six television stations. CTN delivered $21 million of Revenue in FY2015, of which radio represented 93% and television represented 7%.

Figure 3.8: CTN Affiliate network



3.1.5.3 United Kingdom (UKTN)

UKTN commenced operations in 2007 and is now one of the largest broadcast media advertising platforms by audience reach in the United Kingdom, covering all markets and reaching 27.6 million commercial radio listeners, representing 79% commercial radio audience reach. UKTN's Affiliate network includes approximately 250 radio stations and consists of all of the major commercial radio broadcasters in the United Kingdom.

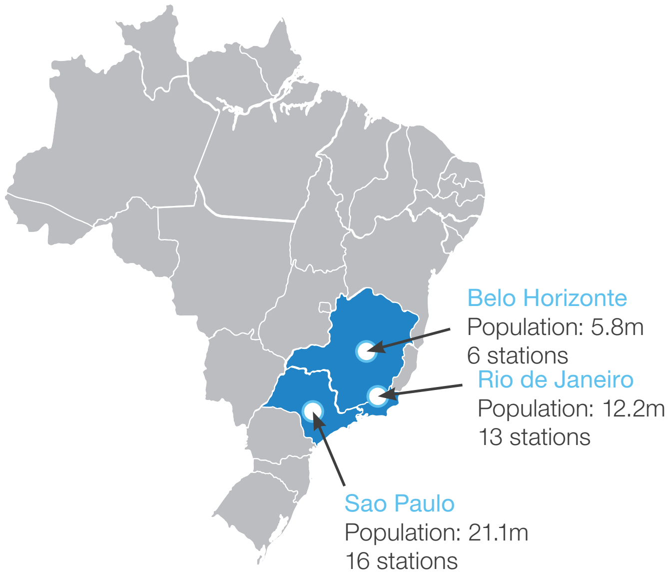
Due to the market structure in the United Kingdom, there are certain differences between UKTN and GTN's other operating geographies. The main difference between UKTN and GTN's other operating geographies is that the majority of station compensation arrangements are based on a revenue share arrangement from the sale of Impacts rather than a fixed price per spot. Another difference between UKTN and GTN's other operating geographies is that the arrangements that call for fixed compensation are based on number of Impacts delivered rather than number of commercial spots.

Impacts on UKTN's network are sold exclusively on a nationwide basis. The broad reach of this national network is valuable to advertisers and has enabled UKTN to continue to generate recurring cash flows. UKTN delivered $44 million of Revenue in FY2015, of which radio represented 100%.

3.1.5.4 Brazil (BTN)

BTN is currently the sole provider of third party traffic reporting to radio broadcasters in Brazil. Since entering the market in 2011, BTN has grown to cover approximately 35 radio stations across three major metropolitan markets, being Sao Paulo, Rio de Janeiro and Belo Horizonte. These markets represent 54% of the total metropolitan radio audience in Brazil. BTN has 48% metropolitan commercial radio audience reach in its current metropolitan markets, with plans to enter another five identified markets over time (see Section 3.6.5.3 for more detail). BTN delivered $5 million of Revenue in FY2015, of which radio represented 100%.

Figure 3.9: BTN Affiliate network



GTN presence in major metropolitan markets

3.2 Customer base

GTN's advertising platform attracts a number of large advertisers. GTN has longstanding relationships with over 1,100 Advertisers globally. A summary of the ranking of GTN's top 10 Advertisers based on FY2015 Revenue is outlined below. The annual spend and ranking of clients may vary significantly year on year. GTN's largest single client accounted for less than 4% of Revenue and its top 10 clients only account for approximately 16% of FY2015 Revenue.

Figure 3.10: Top 10 clients by Revenue in each operating geography*

Region	ATN	CTN	UKTN	BTN
1	Big W	Pfizer	Mercedes	Sky
2	Flight Centre	Shoppers Drug Mart	Halfords	Fiat
3	Woolworths	BMW Group Canada	Sky	Net (Claro)
4	NSW Lotteries	Mitsubishi	Jaguar	Totvs
5	Myer	Economax	VW	Corega (GSK)
6	Snooze	Via-Rail Canada	Sainsbury's	TIM Celular
7	King Furniture	RBC Financial Group	DSG	Caoa
8	Kia	GM Alberta	Audi	Renault
9	Transport for NSW	Imperial Oil	Ford	Locaweb Serviços
10	Coles Express	Target	Moneysupermarket	Honda Automóveis

* Ranked by FY2015 Revenue.

3.3 Affiliate network

GTN's value proposition for broadcasters has resulted in longstanding Affiliate relationships and consistent growth in its Affiliate network. Contracts with some Affiliates date back as far as 1997 and have been renewed multiple times. GTN currently has approximately 516 radio and television stations in its Affiliate network. Contracts with Affiliates vary in length but most are multi-year, cover all of an Affiliate's stations across the relevant market and provide a fixed number of spots over the life of the agreement. The Company considers its key competitors to be Affiliates who decide to produce information reports internally. GTN has a long track record of renewing Affiliate Contracts. Generally, staggered Affiliate Contract expiries impede prospective competitors from building out a national network to compete with GTN's offering.

Figure 3.11: Affiliate Contract tenure (six major radio broadcasters)

Broadcaster	Years with GTN
Broadcaster 1	10+
Broadcaster 2	10+
Broadcaster 3	7+
Broadcaster 4	10+
Broadcaster 5	7+
Broadcaster 6	10+

Note: Includes predecessor stations.

The value proposition to Affiliates is evident in ATN's long term relationship with Southern Cross Austereo, one of ATN's largest Affiliates. ATN has provided traffic reports to Southern Cross Austereo for over 10 years. In February 2016, ATN entered into a contract with Southern Cross Austereo agreeing to provide traffic reports for the next 30 years. This involved an upfront payment of $100 million and recurring annual payments of $2.75 million from February 2017 (increased by the lesser of CPI and 2.5%) of station compensation to secure spots inventory for ATN over the same period.

3.4 Operations

3.4.1 Content gathering procedures

GTN's traffic reports are produced using a large variety of sources. GTN combines information gathered directly through its own aircraft, radio scanners and station listener lines with third party information provided by government traffic centres and other sources to ensure the information it provides to Affiliates is as comprehensive, accurate and timely as possible. This information is sorted by geographic area so that each reporter can tailor the information to be pertinent to the station they are reporting on. The effort and expense required to produce these quality reports would be very difficult for Affiliates to replicate themselves. The scale of GTN's information collecting infrastructure and strength of GTN's relationships with third party providers represent a barrier to entry for potential competitors.

GTN provides the aggregate information it collects from its extensive network back to certain third party information providers. Given the mutually beneficial nature of the arrangements with these information providers, GTN's relationships with them are generally non-contractual.

Information collected on GTN's infrastructure is processed, written into script and entered into GTN's content distribution system by local writers and producers.

Radio reports are generally delivered by GTN's professional broadcasters, reading customised reports on air. Television traffic reports are generally supplemented (where available) by video footage obtained from GTN aircraft equipped with remote omni-directional camera systems and a camera showing the reporter inside the aircraft. In the United Kingdom, GTN's traffic operations are outsourced to a third party. UKTN's contract with the third party provider of production and report services expires on 31 December 2017.

3.4.2 IT and communication systems

GTN uses several proprietary software systems, developed over time in support of its primary business operations, which can be categorised into three key functions: (i) an incident gathering system which geo-codes information regarding traffic incidents and makes that information available in multiple formats; (ii) systems which allow reporters to view their daily broadcast schedules, advertising copy, and report delivery/exception information; and (iii) systems which manage advertising inventory, bookings, station information, and logs to clients. In the future, additional investment in these systems (or the development of new systems) may be required.

3.4.3 Business infrastructure

GTN leases operation centres, broadcast studios and marketing/administrative offices in Australia, Canada, the United Kingdom and Brazil. ATN currently has 14 broadcast studios and leases 1,129 square metres of space. CTN has seven broadcast studios and leases 1,879 square metres of space. UKTN leases 181 square metres of space. BTN has five broadcast studios and leases 206 square metres of space.

GTN owns and operates 17 aircraft across three jurisdictions. ATN has four helicopters. CTN has one fixed wing aircraft and six helicopters. BTN has six helicopters. GTN has all required operating licences in the geographies in which it operates.

3.4.4 Sales and marketing strategy

3.4.4.1 Sales model

The sales model of selling short, adjacent spots on a national, regional or specific market basis is designed to accomplish three goals:

- create an advertising platform that does not compete directly with the Affiliates that supply GTN with the adjacent spots. The spots are exclusively sold in aggregated offerings and are not sold on an individual radio Affiliate basis;
- provide an advertising platform that will complement an Advertiser's other advertising efforts and enhance the effectiveness of an Advertiser's campaign by expanding its reach and frequency; and
- allow Advertisers to reach a high percentage of their target audience in a consistent and dependable manner. In many cases, an Advertiser can dominate their targeted demographics as well as any secondary targets they may have.

GTN can accommodate orders from advertisers with lead times as short as one hour in advance, providing advertisers the flexibility to conduct timely and relevant campaigns. Advertisers book a significant portion of orders not more than four weeks in advance. This short forward sales pipeline is typical for the radio business.

3.4.4.2 Sales force

GTN has advertising sales teams located in Australia, Canada, the United Kingdom and Brazil. There are currently approximately 29 sales representatives and managers in Australia, 13 in Canada, five in the United Kingdom and 12 in Brazil.

Sales personnel are primarily incentivised by a percentage of the Revenue they generate, and generally receive higher commission rates on Revenue in excess of their budget. Sales managers generally receive cash bonuses based on attaining or exceeding their monthly budgets.

In Australia, GTN currently has sales offices in Sydney, Melbourne, Brisbane and Adelaide. In Canada, GTN has sales offices in Toronto, Montreal and Vancouver. In the United Kingdom, GTN has a sales office in London. In Brazil, GTN has sales offices in Sao Paulo and Rio de Janeiro. In addition to its direct sales force, GTN uses contractors in Australia, Canada and the United States.

Although the majority of GTN's customers purchase advertising spots through advertising agencies, the sales teams aim to maintain a relationship with the Advertiser directly to assist with the sale process.

3.4.5 Employees

Figure 3.12: Staff by region (as at 30 June 2015)

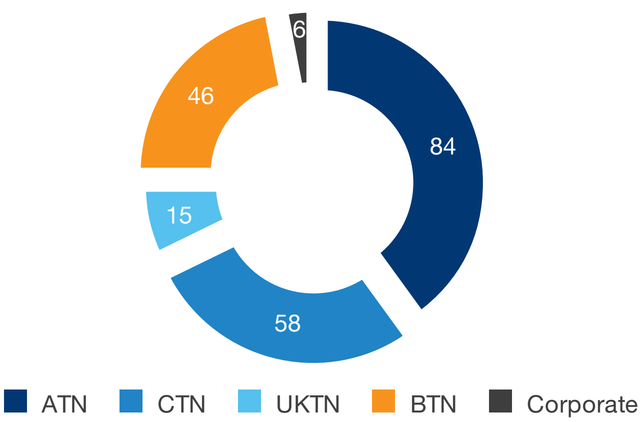
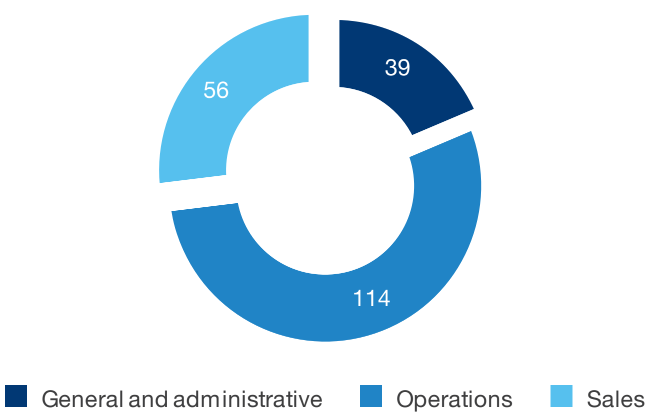


Figure 3.13: Staff by type (as at 30 June 2015)



3.5 Barriers to entry

GTN is the sole operator of its size and type in the geographies where it is present and possesses a number of structural advantages which impede potential competitors. These include:

- **Large and difficult to replicate network of Affiliates**
  - GTN has developed extensive, broad-reaching Affiliate networks over the last 18 years. These networks cannot be easily replicated since the expiry dates of its Affiliate agreements are generally staggered;
- **Established position within its Affiliates' operations**
  - GTN is established within Affiliates' operations due to the importance of the information reports it supplies and the cash compensation that it pays to some Affiliates;
  - GTN's six largest Affiliate relationships have all been held for more than seven years and four have been held for over 10 years; and
  - GTN's established position within its Affiliates' operations is demonstrated by ATN's agreement with Southern Cross Austereo, signed in February 2016, with a 30 year term;
- **Significant investment in information gathering infrastructure**
  - GTN has substantial infrastructure to support its information gathering operations that is comprised of aircraft, radio scanners and station listener lines, third party information provided by government traffic centres and other sources;
- **Scale advantages in terms of cost and reach**
  - The large Affiliate network allows GTN to benefit from economies of scale and achieve significant operating leverage on its relatively fixed cost structure. GTN's scale efficiencies would make it difficult for potential competitors to be able to economically compete with GTN on price; and
  - Further, GTN's broad audience reach, provided by its large network of Affiliates, is a key component of its value proposition to advertisers;
- **Longstanding relationships with Advertisers**
  - GTN has longstanding relationships with a large number of Advertisers, which provides them with a deep understanding and awareness of advertiser preferences;
- **Highly recognisable on-air talent**
  - GTN has a number of well-known on-air personalities which further enhance audience engagement. A number of these personalities have been employed by GTN for an extended period; and
  - It is common for GTN's reporters to become integral to the identity of the stations they broadcast on and are often asked to participate in broader station events that are unrelated to GTN;
- **Long track record**
  - GTN has an 18 year operating history in Australia and a track record of successful operations in each of its other markets. This provides benefits in terms of Advertiser and Affiliate relationships and brand credibility; and
- **Highly experienced management team with deep industry relationships**
  - GTN's management team has vast experience executing GTN's business model and has very limited direct peers globally who have operated comparable businesses.

3. Company Overview (continued)

3.6 Growth drivers and business strategy

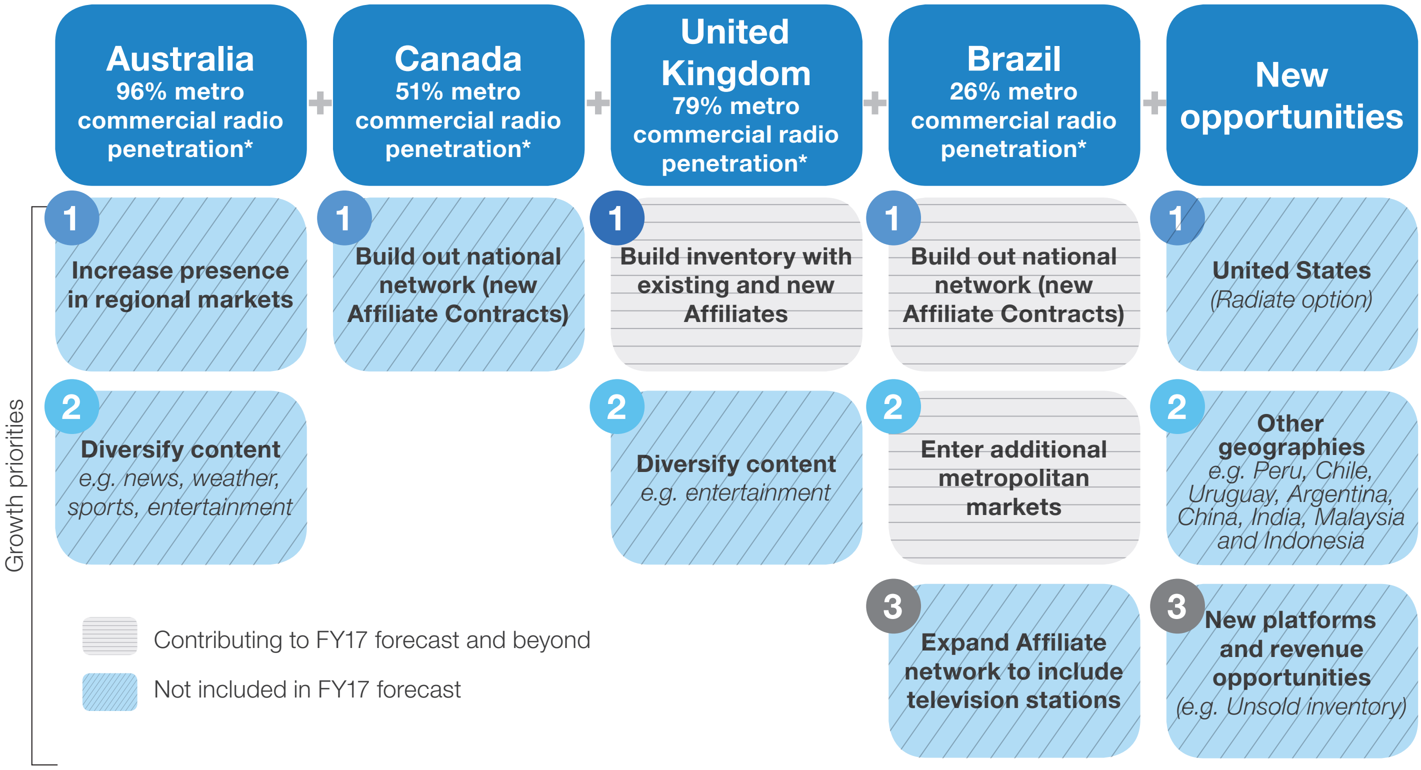
GTN has a number of opportunities to grow, including:

- continuing to grow the number of Affiliates in existing markets;
- increasing the number of spots obtained from Affiliates;
- diversifying into new forms of content;
- increasing the net spot rate;
- increasing the sell-out rate; and
- expanding into new geographies.

In addition, GTN may consider acquisition opportunities where it considers it can enhance value for its Shareholders.

GTN's business in each operating geography is at a different stage of maturity and GTN is pursuing tailored growth strategies in each market.

Figure 3.14: Growth strategy by geography



* Based on commercial radio market size

3.6.1 Overview of GTN's metropolitan Affiliate networks

GTN's advertising network varies in scale across its different operating geographies as demonstrated by the varying proportion of total metropolitan commercial radio listeners reached.

Australia has a total of 10.3 million commercial radio listeners across all of its metropolitan markets. The metropolitan markets in which ATN operates represent 100% of Australia's total metropolitan commercial radio listener population. In aggregate, ATN reaches 96% of metropolitan commercial radio listeners in the markets in which it operates. As a result, ATN covers 96% of the total metropolitan commercial radio listener population in Australia.

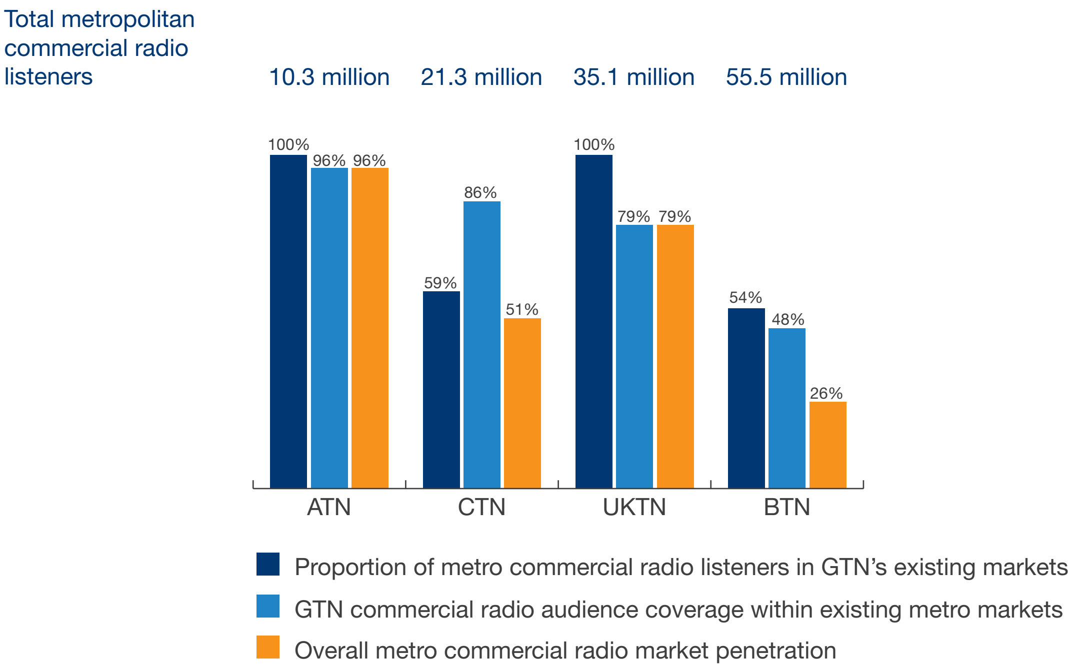
Canada has a total of 21.3 million commercial radio listeners across all of its metropolitan markets. The metropolitan markets in which CTN operate represent 59% of Canada's total metropolitan commercial radio listener population. In aggregate, CTN reaches 86% of metropolitan commercial radio listeners in the markets in which it operates. As a result, CTN covers 51% of the total metropolitan commercial radio listener population in Canada.

The United Kingdom has a total of 35.1 million commercial radio listeners across all of its metropolitan markets. The metropolitan markets in which UTKN operates represent 100% of the United Kingdom's total metropolitan commercial radio listener population. In aggregate, UKTN reaches 79% of metropolitan commercial radio listeners in the markets in which it operates. As a result, UKTN covers 79% of the total metropolitan commercial radio listener population in the United Kingdom.

Brazil has a total of 55.5 million commercial radio listeners across all of its metropolitan markets. The metropolitan markets in which BTN operates represent 54% of Brazil's total metropolitan commercial radio listener population. In aggregate, BTN reaches 48% of metropolitan commercial radio listeners in the markets in which it operates. As a result, BTN covers 26% of the total metropolitan commercial radio listener population in Brazil.

While ATN exhibits the largest scale among all of GTN's operating geographies, the size of the Canadian, United Kingdom and Brazilian markets, as indicated by the total number of commercial radio listeners in those markets, demonstrates the growth potential for GTN as it progressively achieves scale in those operating geographies.

Figure 3.15: Metropolitan commercial radio audience penetration



3.6.2 Australia

ATN's growth strategy is focused on increasing its spots inventory by expanding the number of regional stations in its Affiliate network and providing new types of information reports to its existing Affiliates.

3.6.2.1 Expansion of ATN's regional radio presence

Regional radio advertising expenditure represented 30% of total radio advertising expenditure in Australia; however, regional radio represented only 6% of ATN's radio Revenue in FY2015. The regional radio market is currently underpenetrated by ATN and GTN is looking to expand its regional presence. ATN has the ability to provide traffic and entertainment reporting services to these stations in exchange for spots.

Figure 3.16: FY2015 ATN revenue segmentation

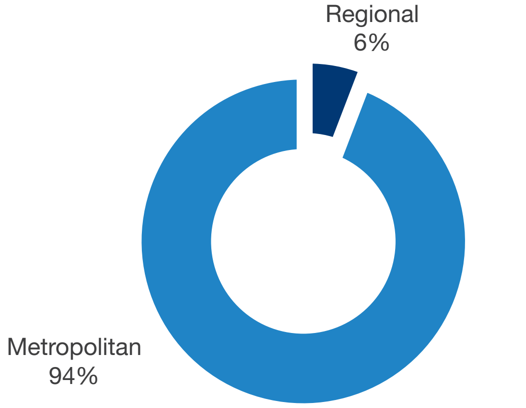
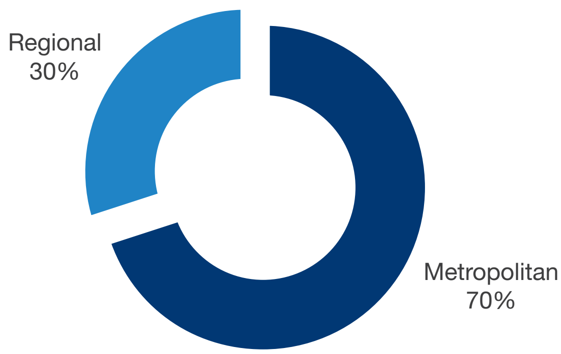


Figure 3.17: Overall Australian advertising revenue by station type



3.6.2.2 Diversification of content

ATN is seeking to increase its spots inventory by providing adjacent advertisements in content other than traffic reports. Currently, out of its 113 radio Affiliates only 35 provide spots adjacent to other forms of content in addition to traffic reports. ATN also has the ability to sell adjacent advertising spots in a range of other reports such as weather, sports and entertainment news. ATN has the opportunity to obtain spots adjacent to other forms of content from the remaining 78 of its radio Affiliates. In addition, ATN has opportunity to provide additional forms of content to its Affiliates.

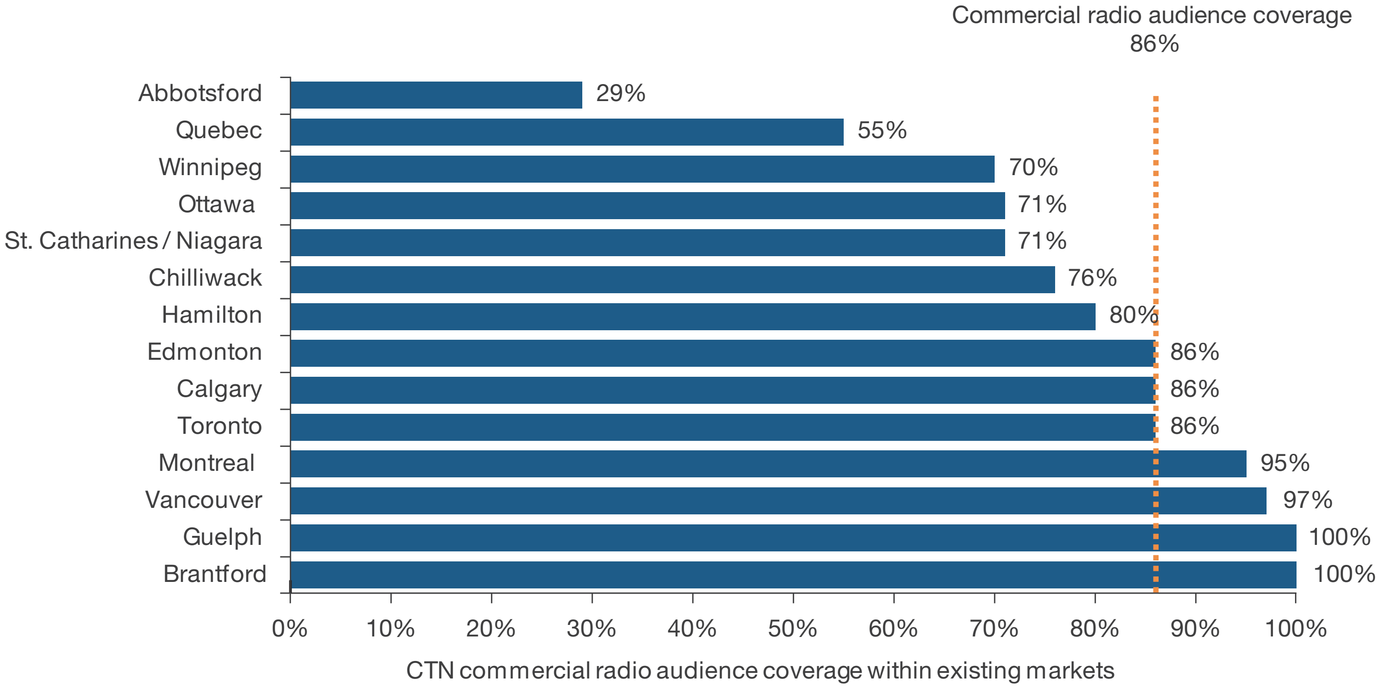
3.6.3 Canada

CTN's growth strategy is centred on completing the build out of its national network, which GTN believes would drive a step change in Revenue and operating margin for the CTN platform.

3.6.3.1 CTN's current status

At present, CTN's Affiliate network has a cumulative reach of 86% of the Canadian commercial metropolitan radio audience within the markets in which it operates. CTN's audience reach increased when a new Affiliate agreement was signed in 2HFY2016. This additional valuable inventory and expanded audience reach have not yet fully impacted CTN's financial performance and are expected to drive growth in Revenue. As demonstrated in Figure 3.18, CTN's network continues to have coverage gaps in key markets. Signing up additional Affiliates in these key markets would enable CTN to expand its audience reach and build out a true national network. CTN is pursuing new broadcasters in these key coverage gap markets.

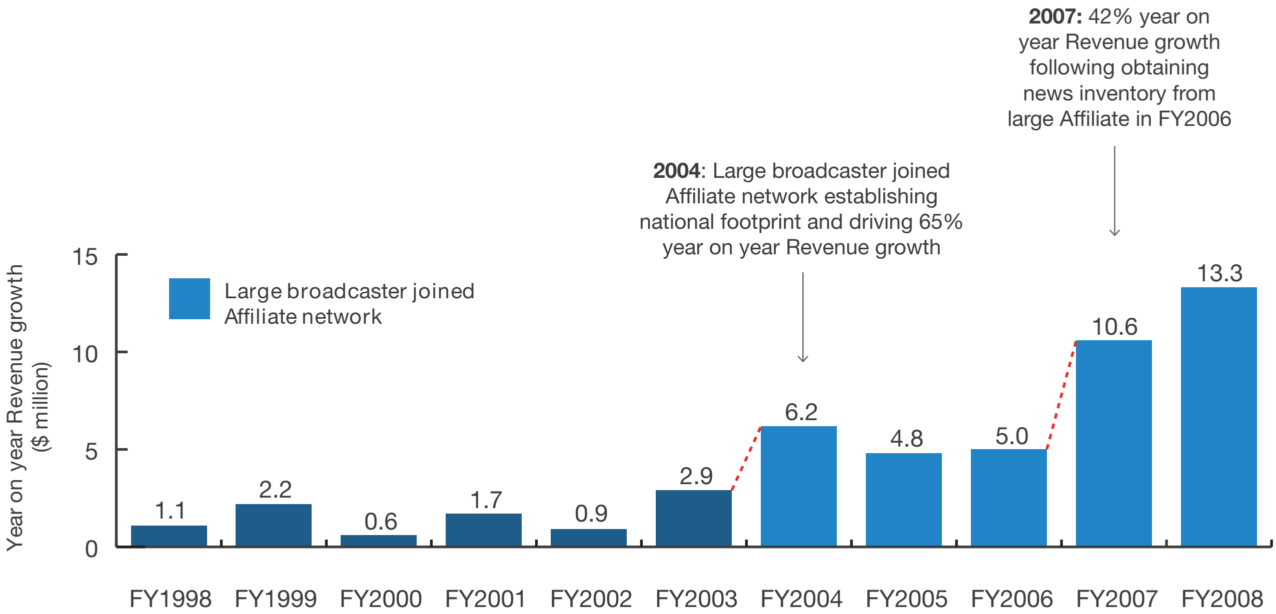
Figure 3.18: CTN coverage gaps



3.6.3.2 The ATN experience

ATN signed a large broadcaster as an Affiliate in 2004, which built out ATN's national footprint. In the subsequent four years, ATN's spots sold increased by 144%, the net spot rate increased by 32% and Revenue increased by 216%.

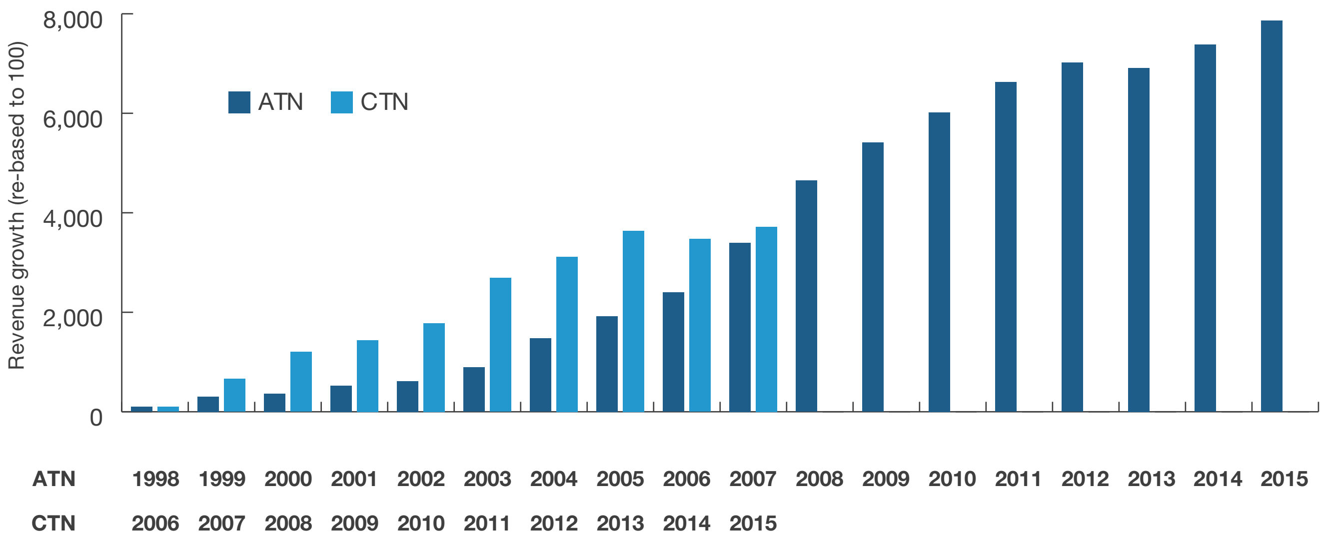
Figure 3.19: ATN Revenue step change (year on year)



3.6.3.3 A comparison of CTN and ATN

A comparison of CTN and ATN's growth profile since inception demonstrates that CTN is tracking ATN closely in terms of Revenue growth (see Figure 3.20). GTN expects that as CTN continues to expand its network and audience reach, the platform will become increasingly valuable to advertisers, which should drive Revenue and margin improvement, similar to that experienced by ATN.

Figure 3.20: CTN vs. ATN growth profile



Further, Canada provides a larger market opportunity than Australia does due to the relative size of Canada's population and radio advertising market. Canada has a population of 35.5 million and a $1.9 billion annual radio advertising market, which compare favourably to Australia's 23.5 million population and $1.3 billion annual radio advertising market.

3.6.4 United Kingdom

3.6.4.1 Increase of audience reach

UKTN has the opportunity to increase the frequency with which it reaches its audience by negotiating for additional traffic inventory with its existing Affiliates.

3.6.4.2 Diversification of content into entertainment news

UKTN is seeking to drive Revenue growth by providing entertainment news reports to a larger number of Affiliates. In FY2015, only 10% of UKTN's Impacts came from advertisements adjacent to entertainment news reports. UKTN currently receives advertising inventory associated with entertainment news reports from just 122 of its total 250 Affiliates, representing a large cross-sell opportunity. In addition, UKTN intends to create additional growth by obtaining more Impacts from existing Affiliates. This should be facilitated by the fact that UKTN does not currently get a spot in all of its Affiliates' traffic reports.

3.6.5 Brazil

3.6.5.1 Market opportunity

BTN's growth strategy is centred on expanding the number of markets that BTN operates in and the number of Affiliates in its network. GTN considers Brazil to be a highly attractive market, given its high rate of economic growth, large population and large advertising market. Brazil's population, as demonstrated in Figure 3.17, is almost nine times that of Australia and is heavily concentrated into metropolitan areas. Brazil also has a highly fragmented radio station landscape, with over 5,100 radio stations.

Figure 3.21: Relative market size

	ATN	CTN	UKTN	BTN
Population (million)[(1)]	23.5	35.5	64.5	206.1
2014 radio and television advertising expenditure ($ billion)[(2)]	5.9	6.0	9.0	14.9
Radio and television advertising expenditure CAGR 2009-2014 (%)[(2)]	2.4%	1.8%	4.6%	11.5%

Source: (1) World Bank; (2) ZenithOptimedia

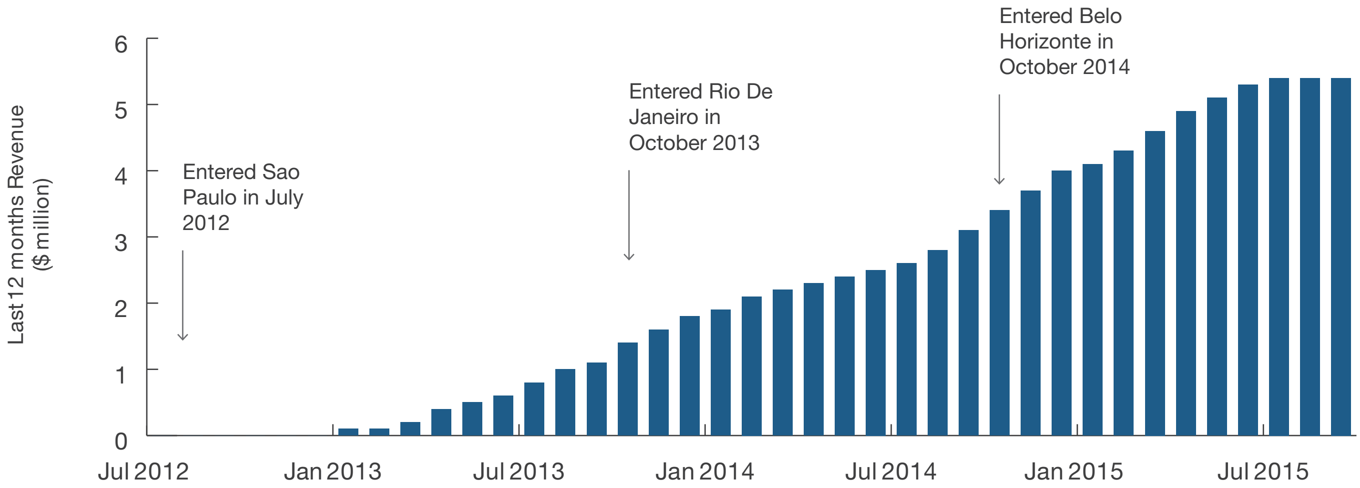
3.6.5.2 Build out network in existing markets

BTN currently has 35 radio stations in its Affiliate network across three major metropolitan markets and reaches 48% of the commercial metropolitan radio audience within these markets. BTN is seeking to expand its Affiliate network within these three markets in order to increase its audience reach and drive Revenue growth.

3.6.5.3 Enter new metropolitan areas

BTN has entered three markets since 2013, with each one resulting in a significant uplift in Revenue.

Figure 3.22: BTN rolling last 12 months Revenue



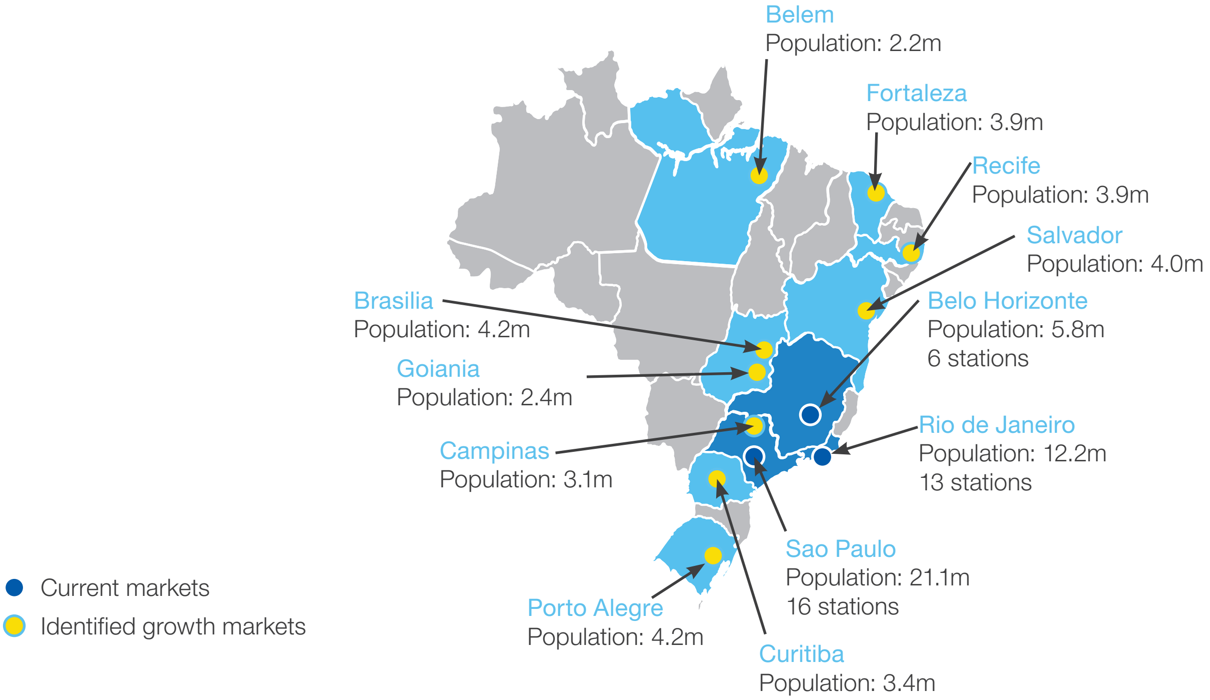
BTN plans to enter additional markets in Brazil over time and has identified five high-priority metropolitan areas: Porto Alegre (population of 4.2 million), Salvador (population of 4.0 million), Recife (population of 3.9 million), Fortaleza (population of 3.9 million) and Brasilia (population of 4.2 million). GTN plans to commence operations in Porto Alegre in FY2017.

3. Company Overview (continued)

Figure 3.23: Key metrics for BTN current and identified growth markets

	Population greater than 3.5 million	Audience reach	Number of listeners per minute (million)	Average listener hours per day
Existing markets				
Rio de Janeiro	✓	88%	1.2	3.7
Sao Paulo	✓	88%	2.3	3.8
Belo Horizonte	✓	94%	0.7	3.8
Identified growth markets				
Porto Alegre	✓	93%	0.4	3.8
Salvador	✓	88%	0.3	3.3
Recife	✓	89%	0.5	4.6
Fortaleza	✓	94%	0.6	4.5
Brasilia	✓	88%	0.2	2.9

Figure 3.24: BTN potential geographic expansion opportunities



3.6.5.4 Expand Affiliate network to include television stations

BTN also intends to negotiate television Affiliate contracts to build out a national television network in the medium term.

3.6.6 New opportunities

GTN will continue to assess opportunities to expand into new geographic markets and obtain advertising spots on new platforms. In particular, GTN has an exclusive option to acquire all of the assets of Radiate, a leading radio advertising platform in the United States(3).

GTN's successful entry into Brazil demonstrates the transferability of the business model to other geographies. When evaluating potential new markets, the key characteristics that make a market attractive to GTN include a large population clustered in tight geographic areas, traffic congestion, a diverse and competitive advertising market with multiple advertising agencies, rapid economic growth and a stable political environment.

(3) GTN US has entered into an option agreement with Radiate and Radiate Holdings, the sole member of Radiate, which gives an entity nominated by GTN US the exclusive option to acquire all of the assets of Radiate at any time from 1 September 2016 to 30 September 2016. Further details of the option are provided in Section 3.7.

Geographies

A number of countries adjacent to GTN's existing operations meet these criteria and have limited or no direct competitors operating in GTN's business. These countries may represent attractive expansion opportunities, and include:

- the United States;
- South American countries such as Peru, Chile, Uruguay and Argentina; and
- Asian countries such as China, India, Malaysia and Indonesia.

Monetisation of unsold inventory

GTN has historically not monetised its unsold inventory, opting to deliver bonus spots to key Advertisers instead. GTN has recently begun exploring the use of unsold inventory to drive listeners to select partners with whom GTN may have a revenue sharing agreement. GTN continues to explore ways to drive value from unsold inventory.

Digital platforms

There has been a recent advent of music streaming and internet radio platforms which provide an additional opportunity for GTN to increase spots inventory. These platforms generally have an advertisement-supported revenue model in conjunction with a no advertisement subscription model. In the event these platforms begin to provide real time content, GTN is well positioned to provide traffic reports and thereby obtain adjacent advertising spots, to reach users of the advertisement supported platforms.

3.7 Radiate Option

GTN US has entered into an option agreement with Radiate and Radiate Holdings, the sole member of Radiate, for an upfront non-refundable premium of USD 200,000, which gives an entity nominated by GTN US the exclusive option to acquire substantially all of the assets of Radiate for a total consideration of USD 15 million inclusive of the assumption of up to USD 8 million of liabilities at any time from 1 September 2016 to 30 September 2016. GTN US can extend the option term until 31 December 2016 by paying an additional non-refundable premium of USD 50,000 on or prior to 30 September 2016. For full details of the terms of the Radiate Option, see Section 10.6.3.

Radiate commenced operations in the United States in 1998 as Traffic.com, is one of the leading short form radio advertising platforms in the United States and has access to major markets across the United States.

Radiate operates a similar business model to that of GTN in the United States and would add another geography to GTN's business operations. Subject to due diligence, this option provides GTN with the opportunity to pursue growth opportunities in a new large market.

Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business. Accordingly the Financial Information set out in Section 4 does not include any historical or forecast financial information in relation to Radiate's activities. However, of the total proceeds from the Offer, GTN intends to set aside $21.4 million (USD 15 million) to fund the acquisition of Radiate, should GTN choose to exercise its option to acquire the business. In the event that GTN chooses not to acquire Radiate, it is likely that the Directors will ultimately determine to use these funds to repay outstanding indebtedness. Accordingly, the Statutory and Pro Forma Forecast Cash Flows for FY2016 and FY2017 do not reflect any potential use of these funds raised.

Section 4

Financial Information

4. Financial Information

4.1 Introduction

4.1.1 Background on historical reporting structure

GTN was incorporated on 2 July 2015. The business known as Global Traffic Network is currently owned by GTCR Gridlock Holdings (Cayman) LP (GTN Cayman), which is 3.1% owned by the Management Shareholder (through GTN) and 96.9% owned by the GTCR Funds and other members of management of the GTN Group (through GTCR Cayman). In connection with the Offer, the GTN Group will undertake the Restructure under which GTN Cayman will become a wholly owned subsidiary of GTN. Completion of the Restructure is subject to successful Completion and is scheduled to take effect from 1 June 2016. Certain of the Restructure steps are conditional on the Offer.

The financial information set out in this Prospectus has been prepared as if the Restructure has already occurred and describes the GTN Group after the Restructure. GTN Cayman has not historically lodged statutory accounts with ASIC and accordingly the Actual Historical Financial Information (as defined below) represents the actual consolidated financial performance, financial position and cash flows of GTN Cayman and its subsidiaries.

4.1.2 Overview of financial information

The financial information for GTN Cayman and GTN contained in this Section 4 includes:

- actual historical financial information for GTN Cayman, being the:
  - actual consolidated historical Revenue and net profit after tax for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 (**Actual Historical Results**);
  - actual consolidated historical net free cash flow before financing, tax and dividends for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 (**Actual Historical Cash Flows**); and
  - actual consolidated historical balance sheet as at 31 December 2015 (**Actual Historical Balance Sheet**),

(together, the **Actual Historical Financial Information**);

- pro forma historical financial information for GTN, being the:
  - pro forma consolidated historical income statements for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 (**Pro Forma Historical Results**);
  - pro forma consolidated historical cash flow statements for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 (**Pro Forma Historical Cash Flows**); and
  - pro forma consolidated historical balance sheet as at 31 December 2015 (**Pro Forma Historical Balance Sheet**),

(together, the **Pro Forma Historical Financial Information**)

(the Actual Historical Financial Information and Pro Forma Historical Financial Information together, the **Historical Financial Information**); and

- forecast financial information for GTN, being the:
  - pro forma consolidated forecast income statements for FY2016 and FY2017 (**Pro Forma Forecast Results**);
  - pro forma consolidated forecast cash flow statements for FY2016 and FY2017 (**Pro Forma Forecast Cash Flows**);
  - statutory consolidated forecast income statements for FY2016 and FY2017 (**Statutory Forecast Results**); and
  - statutory consolidated forecast cash flow statements for FY2016 and FY2017 (**Statutory Forecast Cash Flows**),

(together, the **Forecast Financial Information**).

The Historical Financial Information and Forecast Financial Information together form the **Financial Information**.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- details of GTN Group's indebtedness and capitalisation (refer to Section 4.4.2) and a description of the Banking Facilities (refer to Section 4.4.4);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.6);
- the general and specific assumptions underlying the Forecast Financial Information (refer to Section 4.7);
- management's discussion of assumptions relating to the Pro Forma Forecast Financial Information (refer to Section 4.8);
- an analysis of the sensitivity of the pro forma NPATA for FY2016 and FY2017 to changes in certain key assumptions (refer to Section 4.10); and
- GTN's proposed dividend policy (refer to Section 4.11).

All amounts disclosed in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million. In addition to Australian dollars (AUD), GTN earns part of its Revenues and incurs part of its expenses and holds assets and liabilities in other currencies, namely United States dollars (USD), Canadian dollars (CAD), Great British pounds (GBP) and Brazilian reals (BRL). Historical and forecast average exchange rates are provided in Section 4.3.4.

4.2 Basis of the preparation of the Financial Information

4.2.1 Overview

GTN was incorporated as an Australian public company on 2 July 2015. In connection with the Offer, the GTN Group will undertake the Restructure under which GTN Cayman will become a wholly owned subsidiary of GTN..

There are no standalone statutory historical financial statements for GTN.

GTN Cayman has not historically lodged statutory accounts with ASIC. The actual consolidated historical financial statements of GTN Cayman for FY2013, FY2014 and FY2015 have been audited by PricewaterhouseCoopers Securities Ltd (**PwCS**). PwCS has issued unqualified opinions in respect of these periods. The interim 1H FY2016 consolidated historical financial statements of GTN Cayman have been reviewed by PwCS who has issued an unqualified review opinion in respect of that period and the 1H FY2015 comparative period. These financial statements are available on GTN's website, www.gtnetwork.com.au.

The Restructure, which includes an internal restructure, will take place in connection with the Offer and Listing. This will result in GTN becoming the holding company of the GTN Group, conditional on Completion.

The Directors elected to account for the acquisition of GTN Cayman by GTN as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the GTN Group have been presented as a continuation of the pre-existing accounting values of assets and liabilities in GTN Cayman's consolidated financial statements.

In adopting this approach, the Directors note that there is an alternate view that such a restructure conditional on the Offer completing should be accounted for as a business combination that follows the legal structure of GTN being the acquirer. If this view had been taken, the net assets of the GTN Group would have been uplifted to fair value by $163.9 million, based on a market capitalisation at Completion of $382.3 million, with consequential impacts on the income statement and balance sheet.

An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

The Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

This Prospectus includes Forecast Financial Information based on the general and specific assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information.

The Financial Information is presented in abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. GTN's key accounting policies have been consistently applied throughout the financial periods presented and are set out in Appendix C.

The Historical Financial Information has been reviewed and reported on by PwCS as set out in the Independent Limited Assurance Report on Historical Financial Information set out in Section 8. Further, the Forecast Financial Information has been reviewed and reported on by PwCS as set out in the Independent Limited Assurance Report on Forecast Financial Information set out in Section 9. Investors should note the scope and limitations of the Independent Limited Assurance Reports (refer to Sections 8 and 9).

The Financial Information set out in this Prospectus should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.2.2 Segment reporting

The operating segments for the GTN Group are described in Section 3.

In accordance with AASB 8 and as reported in its audited financial statements for FY2015, GTN's Revenue is reported in four segments:

- Australia (ATN);
- Canada (CTN);
- United Kingdom (UKTN); and
- Brazil (BTN).

GTN also reports an additional expense category titled Other, which consists primarily of compensation costs for the US-based head office executive team as well as other corporate expenses, and legal and professional fees, without any reported Revenue.

4.2.3 Preparation of Historical Financial Information

The Actual Historical Financial Information has been extracted from the audited consolidated financial statements of GTN Cayman for FY2013, FY2014 and FY2015 and the reviewed consolidated financial statements of GTN Cayman for 1H FY2016 including the 1H FY2015 comparative period. The Actual Historical Financial Information for GTN Cayman is summarised in the tables in Section 4.3.4.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Historical Results and Pro Forma Historical Cash Flows have been derived from the Actual Historical Financial Information, with pro forma adjustments being made to reflect GTN Group's operating and capital structure following Completion and completion of the Restructure, to reflect the impact of the historical divestment of Global Alert Network, Inc. (**GAN**), to eliminate non-recurring items and to reflect standalone public company costs as described in Section 4.3.

The Pro Forma Historical Results and Pro Forma Historical Cash Flows do not include any adjustments relating to the Southern Cross Austereo Affiliate Contract which took effect on 1 February 2016. The FY2016 Pro Forma Forecast Results and Statutory Forecast Results reflect the impact of the new contract terms for five months from 1 February 2016, while the FY2017 Pro Forma Forecast Results reflect a full year of the new contract terms. See Section 4.9.3 for detail on the illustrative full year impact of the Southern Cross Austereo transaction on GTN's FY2016 pro forma forecast Adjusted EBITDA and NPATA results. The new long term contract was negotiated in the context of specific circumstances and resulted in a materially different capital structure as a consequence of the $100 million upfront cash payment made on 9 February 2016. GTN has concluded that there is not a meaningful, appropriate or reasonable basis to reflect the new contract terms over the historical periods in an accurate manner. Accordingly, since the Banking Facilities were entered into in order to finance the $100 million upfront payment, no pro forma adjustments to actual historical finance costs have been made in respect of periods prior to entering the long term supply contract, consistent with the treatment of the new contract.

The Pro Forma Historical Balance Sheet as at 31 December 2015 is based on the reviewed consolidated financial statements of GTN Cayman at that date, and is adjusted to reflect the Restructure, the impact of the Offer, the Southern Cross Austereo Affiliate Contract and the Banking Facilities as described in Section 4.4.1.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by PwCS. Investors should note the scope and limitations of the Independent Limited Assurance Report on Historical Financial Information (refer to Section 8).

Refer to Section 4.3.3 for a reconciliation between the Actual Historical Results and the Pro Forma Historical Results, to Section 4.5.2 for a reconciliation between the Actual Historical Cash Flows and the Pro Forma Historical Cash Flows and to Section 4.4.1 for a reconciliation between the Actual Historical Balance Sheet and the Pro Forma Historical Balance Sheet.

Investors should note that past results are not a guarantee of future performance.

4.2.4 Preparation of Forecast Financial Information

The Forecast Financial Information for GTN is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The Pro Forma Forecast Results and Pro Forma Forecast Cash Flows have been derived from the Statutory Forecast Results and Statutory Forecast Cash Flows after adjusting for pro forma transactions and other adjustments to reflect GTN Group's operating and capital structure following Completion and completion of the Restructure, to eliminate non-recurring items and to reflect standalone public company costs as described in Section 4.2.4. Both the Statutory Forecast Results and Statutory Forecast Cash Flows for FY2016 consist of actual reviewed results and cash flows for the six months to 31 December 2015, actual unaudited results and cash flows for the three months ended 31 March 2016 and the Directors' best estimate forecasts for the three months to 30 June 2016 having regard to the current trading performance of the GTN Group up until the Prospectus Date. Both the Statutory Forecast Results and Statutory Forecast Cash Flows for FY2017 consist of the Directors' best estimate forecasts for FY2017.

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions as set out in Sections 4.7.1 and 4.7.2. The Forecast Financial Information is subject to the risks set out in Section 5. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information included in this Prospectus has been reviewed, but not audited, by PwCS. Investors should note the scope and limitations of the Independent Limited Assurance Report on Forecast Financial Information (refer to Section 9).

GTN believes the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, the information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or material negative effect on GTN's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of GTN, the Directors and its senior management team, and are not reliably predictable. Accordingly, none of GTN, the Directors, management or any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the general assumptions set out in Section 4.7.1, the specific assumptions set out in Section 4.7.2, the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and other information in this Prospectus.

GTN has no intention to update or revise the Forecast Financial Information or other forward looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

For the purposes of this Section 4, an Offer Price of $1.90 per Share has been used in calculations.

4.2.5 Explanation of certain non-IFRS financial measures

The GTN Group uses certain measures to manage and report on its business that are not recognised under AAS. These measures are collectively referred to in this Section 4 as "non-IFRS financial measures" under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **EBITDA** is earnings before interest, tax, depreciation and amortisation.

  Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure and historical tax position of GTN.

  EBITDA can be useful to help understand the cash generation potential of the business because it does not include the non-cash charges for depreciation and amortisation. However, management believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the GTN Group's results of operations;

- **Adjusted EBITDA** is EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract. Refer to Section 4.9 for additional details.

  Management considers that Adjusted EBITDA is an appropriate measure of GTN's underlying EBITDA performance.

  GTN also presents Adjusted EBITDA margin which is Adjusted EBITDA divided by Revenue, expressed as a percentage;

- **EBIT** is earnings before interest and tax;
- **Adjusted EBIT** is EBIT adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract. Refer to Section 4.9 for additional details;
- **NPATA** is net profit after tax after adding back the tax-effected amortisation expense related to acquired intangibles. The amortisation is related to the identified intangible assets (primarily station contracts and advertiser contracts) arising from the GTN Cayman purchase of Global Traffic Network, Inc. in September 2011.

  GTN considers NPATA to be a meaningful measure of after-tax profit due to the large amount of non-cash amortisation of acquired intangibles that is reflected in NPAT.

  GTN also presents NPATA margin which is NPATA divided by Revenue, expressed as a percentage;

- **working capital** is trade and other receivables, and other current assets less current trade and other payables and provisions;
- **operating free cash flow** is Adjusted EBITDA less non-cash items in EBITDA (such as non-cash foreign exchange gains and losses and share-based payment expenses), changes in working capital and timing differences due to the Southern Cross Austereo Affiliate Contract;
- **net free cash flow** is operating free cash flow less capital expenditure and the one-off Southern Cross Austereo Affiliate Contract upfront payment;
- **net debt** is interest-bearing borrowings net of cash and cash equivalents; and
- **net finance costs** is interest expense net of interest income from cash and cash equivalents. Interest income related to the Southern Cross Austereo Affiliate Contract is not considered in the calculation of net finance costs.

A reconciliation of EBITDA, EBIT and NPATA is shown in the Figure 4.1 in Section 4.3.1. Certain financial data included in Sections 4.3 and 4.5 are also non-IFRS financial measures.

Whilst GTN believes that these non-IFRS measures provide useful information to users about the financial performance of the GTN Group, they should be considered as supplements to the income statement measures that have been presented in accordance with AAS and not as a replacement for them. These non-IFRS financial measures are not based on AAS; therefore, they do not have standard definitions, and the way the GTN Group calculates these measures may differ from similarly-titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures and any ratios calculated using those measures.

4.3 Consolidated pro forma historical and forecast results and statutory forecast results

4.3.1 Overview

Figure 4.1 sets out the Pro Forma Historical Results for FY2013, FY2014 and FY2015, Pro Forma Forecast Results for FY2016 and FY2017 and the Statutory Forecast Results for FY2016 and FY2017. The Pro Forma Historical Results and Pro Forma Forecast Results are reconciled to the Actual Historical Results and Statutory Forecast Results in Figure 4.5.

Figure 4.1: Pro Forma Historical Results for FY2013 to FY2015, Pro Forma Forecast Results for FY2016 and FY2017 and Statutory Forecast Results for FY2016 and FY2017

		Pro Forma Historical Results			Pro Forma Forecast Results		Statutory Forecast Results	
$'000s	**Notes**	**FY2013**	**FY2014**	**FY2015**	**FY2016[1]**	**FY2017**	**FY2016**	**FY2017**
Revenues		125,004	138,049	153,484	164,142	177,353	164,142	177,353
Network operations and station compensation		(82,391)	(85,916)	(93,950)	(102,659)	(106,885)	(102,659)	(106,885)
Selling, general and administrative expenses		(25,050)	(27,666)	(30,936)	(32,683)	(33,296)	(46,467)	(33,296)
Net FX losses on borrowings		-	-	-	-	-	(8,895)	-
Operating expenses		(107,441)	(113,582)	(124,886)	(135,342)	(140,181)	(158,021)	(140,181)
EBITDA		17,563	24,467	28,598	28,800	37,172	6,121	37,172
Interest income on Southern Cross Austereo Affiliate Contract	2	-	-	-	3,542	8,472	3,542	8,472
Adjusted EBITDA		17,563	24,467	28,598	32,342	45,644	9,663	45,644
Depreciation		(2,645)	(2,485)	(2,494)	(2,365)	(2,633)	(2,365)	(2,633)
Amortisation		(20,353)	(20,743)	(20,897)	(17,628)	(6,456)	(17,628)	(6,456)
Adjusted EBIT		(5,435)	1,239	5,207	12,349	36,555	(10,330)	36,555
Other interest income		358	463	514	307	286	307	286
Interest expense	3	(6,827)	(5,822)	(5,162)	(5,532)	(5,695)	(7,915)	(5,695)
Net profit/(loss) before tax		(11,904)	(4,120)	559	7,124	31,146	(17,938)	31,146
Tax (expense)/benefit		2,742	755	(3,523)	(3,831)	(10,027)	(5,921)	(10,027)
NPAT		(9,162)	(3,365)	(2,964)	3,293	21,119	(23,859)	21,119
Amortisation of acquired intangibles (tax effected)	4	15,075	14,907	15,511	12,522	4,603	12,522	4,603
NPATA		5,913	11,542	12,547	15,815	25,722	(11,337)	25,722

Notes:

1. The FY2016 Statutory Forecast Results include the following major items which are not included in the FY2016 Pro Forma Forecast Results and which account for $22.7 million of the Adjusted EBITDA differential. Refer to Section 4.3.3 for a full reconciliation from the Statutory Forecast Results to the Pro Forma Forecast Results:
   – one-off estimated expenses associated with the Offer of $6.1 million;
   – non-recurring foreign exchange losses on intercompany notes of $8.9 million; and
   – Offer related remuneration adjustments of $7.7 million.

2. As set out in Section 4.9, the GTN Group entered into a new Southern Cross Austereo Affiliate Contract effective from 1 February 2016. GTN management does not believe there is a meaningful, appropriate or reasonable basis to adjust the Actual Historical Results to reflect the terms of the Southern Cross Austereo Affiliate Contract prior to its effective date. The accounting for this Affiliate Contract over its 30 year contract term results in the recognition of a number of accounting income and expense components which will differ in magnitude and timing from the actual cash payments that ATN will make to Southern Cross Austereo over this period. To assist investors, a summary of the estimated indexed cash payments that ATN will make each financial year compared with the net accounting expense that ATN will report over the 30 year contract term is set out in Appendix B. This appendix indicates that the impact of the Southern Cross Austereo Affiliate Contract on GTN's Adjusted EBITDA (as defined below) over the 30 year life of the contract will equal the overall cash payments made under the contract over this period. GTN management considers it is appropriate to adjust EBITDA to include the non-cash interest income arising over the term of the Southern Cross Austereo Affiliate Contract, and therefore has elected to disclose Adjusted EBITDA in Figure 4.1 in Section 4.3.1 as a non-IFRS measure, which they consider is an appropriate measure of GTN's underlying EBITDA performance. As discussed in Section 4.9.1, the net accounting expense and cash flow impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016.
3. Interest expense in the FY2016 Statutory Forecast Results includes the write-off of $1.4 million of unamortised borrowing costs relating to the historical debt structure of the GTN Group that was refinanced in part by the Banking Facilities. Net interest expense (interest expense reduced by interest income on GTN's cash balances) for the period following Completion is based on the anticipated net debt profile of GTN Group post Completion.
4 Only the non-cash amortisation of acquired intangibles (tax effected based on the corporate tax rate in the applicable jurisdiction where the expense was incurred) is added back in deriving NPATA.

Figure 4.2: Pro Forma Historical Results for 1H FY2015 and 1H FY2016

		Pro Forma Historical Results	
$'000s	**Notes**	**1H FY2015**	**1H FY2016**
Revenues		76,965	82,405
Network operations and station compensation		(46,281)	(51,300)
Selling, general and administrative expenses	1	(15,489)	(15,684)
Net FX losses on borrowings	1	-	-
Operating expenses		(61,770)	(66,984)
EBITDA		15,195	15,421
Interest income on Southern Cross Austereo Affiliate Contract	2	-	-
Adjusted EBITDA		15,195	15,421
Depreciation		(1,214)	(1,279)
Amortisation		(10,398)	(10,634)
Adjusted EBIT		3,583	3,508
Other interest income		292	162
Interest expense	3	(2,692)	(2,016)
Net profit/(loss) before tax		1,183	1,654
Tax expense		(3,207)	(996)
NPAT		(2,024)	658
Amortisation of acquired intangibles (tax effected)		7,757	7,964
NPATA		5,733	8,622

Notes:
1. The 1H FY2015 and 1H FY2016 Actual Historical Results include one-off estimated expenses associated with the Offer of $0.2 million and $1.1 million respectively, and non-recurring FX losses on intercompany notes of $11.2 million and $7.5 million respectively, which are not included in the 1H FY2015 and 1H FY2016 Pro Forma Historical Results.
2. As discussed in Section 4.9.1, the net accounting expense and cash flow impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016.
3. Net interest in the 1H FY2016 Actual Historical Results includes the write-off of $0.9 million of unamortised borrowing costs relating to the historical debt structure of the GTN Group that was refinanced in part by the Banking Facilities.

4.3.2 Key financial and operating metrics

Figure 4.3 and Figure 4.4 below sets out a summary of GTN Group's key pro forma historical operating and financial metrics for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 extracted from the Pro Forma Historical Results, and key pro forma forecast operating and financial metrics for FY2016 and FY2017 extracted from the Pro Forma Forecast Results:

Figure 4.3: Key pro forma historical operating metrics for FY2013 to FY2015 and key pro forma forecast operating metrics for FY2016 and FY2017

		Pro Forma Historical Results			Pro Forma Forecast Results	
	Notes	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
GTN Group						
Pro forma Revenue growth (%)			10.4%	11.2%	6.9%	8.0%
Pro forma EBITDA growth (%)			39.3%	16.9%	0.7%	29.1%
Pro forma EBITDA margin (%)		14.0%	17.7%	18.6%	17.5%	21.0%
Pro forma Adjusted EBITDA growth (%)	1		39.3%	16.9%	13.1%	41.1%
Pro forma Adjusted EBITDA margin (%)	1	14.0%	17.7%	18.6%	19.7%	25.7%
Pro forma NPATA growth (%)	1		95.2%	8.7%	26.0%	62.6%
Pro forma NPATA margin (%)	1	4.7%	8.4%	8.2%	9.6%	14.5%
Australia						
Radio spots inventory ('000s)	2	697	714	736	750	761
Radio sell-out rate (%)	3	74%	78%	77%	80%	82%
Average radio spot rate (AUD)	4	137	138	142	138	142
Canada						
Radio spots inventory ('000s)	2	506	501	534	550	582
Radio sell-out rate (%)	3	61%	57%	60%	58%	62%
Average radio spot rate (CAD)	4	59	61	59	61	62
AUD:CAD average exchange rate		1.03	1.00	0.98	0.95	0.93
United Kingdom						
Total radio Impacts available ('000s)	5	17,993	18,390	18,481	18,658	19,090
Radio sell-out rate (%)	6	87%	87%	93%	93%	94%
Average radio net Impact rate (GBP)	7	1.3	1.3	1.3	1.3	1.3
AUD:GBP average exchange rate		0.65	0.56	0.53	0.47	0.47
Brazil						
Radio spots inventory ('000s)	2	19	80	93	92	143
Radio sell-out rate (%)	3	33%	37%	52%	60%	61%
Average radio spot rate (BRL)	4	210	176	258	281	280
AUD:BRL average exchange rate		2.09	2.10	2.22	2.72	2.80

Notes: Pro forma adjustments impacting Figure 4.3 are described in Section 4.3.3.

1. FY2016 growth includes the Adjusted EBITDA benefit of five months impact of the Southern Cross Austereo Affiliate Contract of $4.2 million and FY2017 growth includes the Adjusted EBITDA benefit of an additional seven months impact of $5.9 million. The NPATA impact of the new Southern Cross Austereo Affiliate Contract is a benefit of $2.8 million in FY2016 and $3.8 million in FY2017.
2. Available radio advertising spots adjacent to traffic, news and information reports.
3. The number of radio spots sold as a percentage of the number of radio spots available.
4. Average price per radio spot sold net of agency commission.
5. The UK market measures inventory and volumes based on impacts instead of spots. An impact is a thousand listener impressions.
6. The number of impressions sold as a percentage of the number of impressions available.
7. Average price per radio impact sold net of agency commission.

Figure 4.4: Key historical operating metrics for 1H FY2015 and 1H FY2016

		Pro Forma Historical Results	
	Notes	**1H FY2015**	**1H FY2016**
GTN Group			
Pro forma Revenue growth (%)			7.1%
Pro forma EBITDA growth (%)			1.5%
Pro forma EBITDA margin (%)		19.7%	18.7%
Pro forma NPATA growth (%)			50.4%
Pro forma NPATA margin (%)		7.4%	10.5%
Australia			
Number of radio spots available ('000s)	1	363	386
Radio sell-out rate (%)	2	79%	81%
Average radio spot rate (AUD)	3	142	133
Canada			
Number of radio spots available ('000s)	1	263	272
Radio sell-out rate (%)	2	62%	55%
Average radio spot rate (CAD)	3	55	64
AUD:CAD average exchange rate		0.99	0.96
United Kingdom			
Total radio Impacts available ('000s)	4	9,260	9,470
Radio sell-out rate (%)	5	94%	93%
Average radio net Impact rate (GBP)	6	1.4	1.3
AUD:GBP average exchange rate		0.55	0.47
Brazil			
Number of radio spots available ('000s)	1	45	45
Radio sell-out rate (%)	2	51%	53%
Average radio spot rate (BRL)	3	247	294
AUD:BRL average exchange rate		2.14	2.66

Notes: Pro forma adjustments impacting Figure 4.4 are described in Section 4.3.3.
1. Available radio advertising spots adjacent to traffic, news and information reports.
2. The number of radio spots sold as a percentage of the number of radio spots available.
3. Average price charged per radio spot sold net of agency commissions.
4. The UK market measures inventory and volumes based on Impacts instead of spots. An Impact is a thousand listener impressions.
5. The number of radio impressions sold as a percentage of the number of radio impressions available.
6. Average price per radio Impact sold net of agency commissions.

4.3.3 Pro forma adjustments to the Actual Historical Results and Statutory Forecast Results

Figure 4.5 below sets out the pro forma adjustments that have been made to GTN Group's historical actual and forecast statutory NPAT to reflect GTN Group's operating and capital structure following Completion and completion of the Restructure, as if it was in place as at 1 July 2012. As discussed in Section 4.9.1, the net accounting expense and cash flow impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016. In addition, certain other adjustments have been made to reflect the impact of historical divestment, to eliminate certain non-recurring items and to reflect standalone public company costs, which have been reflected in the historical and forecast periods. These adjustments are summarised below:

Figure 4.5: Pro forma adjustments to the Actual Historical Results and Statutory Forecast Results

	$'000s	FY2013	FY2014	FY2015	FY2016	FY2017	1H FY2015	1H FY2016
Statutory NPAT		(19,606)	(1,464)	(18,169)	(23,859)	21,119	(10,907)	(7,045)
1	Pro forma impact of historical divestment	3,085	-	-	-	-	-	-
2	IPO transaction costs expensed	-	-	583	6,129	-	243	1,103
3	Public company costs	(782)	(782)	(782)	(717)	-	(391)	(391)
4	Net interest adjustment	-	-	-	2,383	-	-	891
5	Unrealised foreign exchange (gains) / losses	9,825	(3,234)	17,287	8,895	-	11,229	7,523
6	Offer related remuneration adjustments	423	189	627	7,727	-	42	(230)
7	Other adjustments	1,057	1,182	1,880	645	-	474	346
8	Tax effect of pro forma adjustments	(3,164)	744	(4,390)	2,090	-	(2,714)	(1,539)
Pro forma NPAT		(9,162)	(3,365)	(2,964)	3,293	21,119	(2,024)	658

Notes:

1. **Pro forma impact of historical divestment** - In March 2013, GTN discontinued its operations related to GAN and intangible assets and goodwill related to the acquisition of GAN were written off. This represents a pro forma adjustment to remove the subsidiary's loss in FY2013 ($0.7 million) and to reverse the write-off of its net assets ($2.4 million).
2. **IPO transaction costs expensed** - total IPO transaction costs are estimated at $11.3 million, of which $4.6 million ($3.4 million net of tax) is directly attributable to the issue and sale of Shares pursuant to the Offer and hence will be offset against equity raised in the Offer. The remaining $6.7 million ($4.7 million net of tax) has been expensed, comprising $0.6 million in FY2015 and $6.1 million in FY2016.
3. **Public company costs** – this reflects GTN's estimate of the incremental annual costs that GTN will incur as a listed entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry fees, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs. FY2016 forecast NPAT includes one month of public company costs; therefore, the pro forma adjustment reflects costs for 11 months.
4. **Net interest adjustment** - GTN's historical debt structure was refinanced in November 2015 and then again in February 2016, predominantly to fund the $100 million upfront payment to Southern Cross Austereo in February 2016 under the Southern Cross Austereo Affiliate Contract. Since there is not a meaningful, appropriate or reasonable basis to reflect the terms of this new contract historically, the net interest expense included in the Actual Historical Results has not been adjusted. The net interest expense in the FY2016 Statutory Forecast Results has however, been adjusted to reflect the anticipated gross debt level of GTN following Completion since the proceeds of the Offer will be used in part to repay GTN's indebtedness that existed at February 2016. In addition, an adjustment has been made to remove the impact of the write-off of unamortised borrowing costs and break costs in the 1H FY2016 Actual Historical Results and FY2016 Statutory Forecast Results relating to the historical debt structure of GTN.
5. **Unrealised foreign exchange (gains)/losses** - an adjustment has been made to remove all unrealised foreign exchange gains and losses included in the Actual Historical Results since they relate to intercompany notes which will be capitalised as part of the Restructure.
6. **Offer related remuneration adjustments** – this includes an adjustment to remove the impact of one-off senior management cash bonuses of $7.6 million ($5.3 million net of tax) which will be expensed in the FY2016 Statutory Forecast Results. An adjustment has also been made to the Actual Historical Results to remove the costs of the previous equity incentive plan and to replace this with the costs associated with the new LTI Plan which will commence on Completion for a period of three years.
7. **Other adjustments** – this removes the impact of historical management fees paid to GTCR which will not continue post Offer and one-off acquisition costs of $0.2 million incurred in FY2013 in relation to the acquisition of GTN by GTCR. An adjustment has also been made to remove the historical salary costs and FY2015 redundancy payment to a previous ATN managing director and to replace this with the annual consultancy fees that relate to his new role as a sales consultant with BTN.
8. **Tax effect of pro forma adjustments** - the tax impact of adjustments 1 to 7 above has been calculated based on the effective tax rate in the jurisdiction where the expense was incurred. In addition, an adjustment has been made to remove the write-off of deferred tax assets of $7.8 million which will be included as a tax expense in the FY2016 Statutory Forecast Results relating to the capitalisation of intercompany notes as part of the Restructure.
9. Historical Revenue equals Pro Forma Historical Revenue.

4.3.4 Segment Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn Revenue and incur expenses; (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assets in its performance; and (c) for which discrete financial information is available.

In accordance with AASB 8 and as reported in its audited financial statements for FY2015, GTN's Revenue is reported in four segments: Australia (ATN); Canada (CTN); United Kingdom (UKTN); and Brazil (BTN). GTN also reports an additional expense category titled Other, which consists of compensation costs for the US-based head office executive team and other corporate costs as well as legal and professional fees, without any reported Revenue.

Figure 4.6: Segment pro forma historical Revenue and EBITDA for FY2013 to FY2015 and the segment statutory and pro forma forecast Revenue and EBITDA for FY2016 and FY2017

		Pro Forma Historical Results			Pro Forma Forecast Results		Statutory Forecast Results	
$'000s	**Notes**	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2016**	**FY2017**
Australia		73,364	78,347	83,507	86,394	91,786	86,394	91,786
Canada		19,706	19,744	21,154	22,758	26,045	22,758	26,045
United Kingdom		31,313	37,496	43,517	49,362	50,970	49,362	50,970
Brazil		621	2,462	5,306	5,628	8,552	5,628	8,552
Revenues		125,004	138,049	153,484	164,142	177,353	164,142	177,353
Australia		17,771	24,430	28,319	28,263	32,433	28,221	32,433
Canada		2,172	2,317	2,007	1,968	4,028	1,879	4,028
United Kingdom		3,155	3,792	3,705	4,387	4,412	4,362	4,412
Brazil		(1,912)	(1,598)	(626)	(366)	587	(366)	587
Other	1	(3,623)	(4,474)	(4,807)	(5,452)	(4,288)	(27,975)	(4,288)
EBITDA		17,563	24,467	28,598	28,800	37,172	6,121	37,172
Interest income on Southern Cross Austereo Affiliate Contract		-	-	-	3,542	8,472	3,542	8,472
Adjusted EBITDA		17,563	24,467	28,598	32,342	45,644	9,663	45,644
Depreciation		(2,645)	(2,485)	(2,494)	(2,365)	(2,633)	(2,365)	(2,633)
Amortisation	2	(20,353)	(20,743)	(20,897)	(17,628)	(6,456)	(17,628)	(6,456)
Adjusted EBIT		(5,435)	1,239	5,207	12,349	36,555	(10,330)	36,555

Notes: Pro forma adjustments impacting Figure 4.6 are described in Section 4.3.3.

1. GTN reports an additional expense category titled Other, which consists of compensation costs for the US-based head office executive team and other corporate costs as well as legal and professional fees, without any reported Revenue.
2. Amortisation charges reduce materially in FY2017 as the intangible assets related to Advertiser relationships are fully amortised by March 2016. For further information, see Section 4.6.1.4.

Figure 4.7: Foreign exchange rates used each year

	FY2013	FY2014	FY2015	FY2016	FY2017
AUD:CAD	1.03	1.00	0.98	0.95	0.93
AUD:GBP	0.65	0.56	0.53	0.47	0.47
AUD:BRL	2.09	2.10	2.22	2.72	2.80
AUD:USD	1.03	0.92	0.84	0.71	0.70

4.4 Pro Forma Historical Balance Sheet

4.4.1 Overview

Figure 4.8 sets out the pro forma adjustments that have been made to the reviewed Actual Historical Balance Sheet for GTN Cayman at 31 December 2015 in order to prepare the Pro Forma Historical Balance Sheet for the GTN Group. These adjustments reflect the events and assumptions discussed in the notes to Figure 4.5 and Figure 4.13, including the impact of the operating and capital structure that will be in place following Completion as if they had occurred or been in place as at 31 December 2015.

Figure 4.8: Pro Forma Historical Balance Sheet

As at 31 December 2015 $'000s	Reviewed	Impact of the Banking Facilities and other items[1]	Impact of Southern Cross Austereo Affiliate Contract[2]	Impact of the Offer[3]	Pro forma[4]
Current assets					
Cash and cash equivalents	24,336	96,744	(110,000)	21,429	32,509
Trade and other receivables	35,145	-	-	-	35,145
Other current assets	1,191	-	805	(551)	1,445
Total current assets	**60,672**	**96,744**	**(109,195)**	**20,878**	**69,099**
Non-current assets					
Property, plant and equipment	5,817	-	-	-	5,817
Intangible assets	78,155	-	-	-	78,155
Goodwill	93,471	-	-	-	93,471
Deferred tax assets	9,485	-	-	2,726	12,211
Other non-current assets	269	-	99,195	-	99,464
Total non-current assets	**187,197**	**-**	**99,195**	**2,726**	**289,118**
Total assets	**247,869**	**96,744**	**(10,000)**	**23,604**	**358,217**
Current liabilities					
Trade and other payables	22,619	-	-	-	22,619
Deferred revenue	121	-	-	-	121
Current tax liabilities	2,262	-	-	(2,270)	(8)
Financial liabilities	-	18,000	(10,000)	(8,000)	-
Derivatives	758	-	-	(758)	-
Provisions	547	-	-	-	547
Total current liabilities	**26,307**	**18,000**	**(10,000)**	**(11,028)**	**23,279**
Non-current liabilities					
Trade and other payables	70	-	-	-	70
Financial liabilities	50,432	82,833	-	(37,158)	96,107
Deferred tax liabilities	19,052	-	-	-	19,052
Derivatives	-	-	-	-	-
Other liabilities	775	-	-	-	775
Provisions	521	-	-	-	521
Total non-current liabilities	**70,850**	**82,833**	**-**	**(37,158)**	**116,525**
Total liabilities	**97,157**	**100,833**	**(10,000)**	**(48,186)**	**139,804**
Share capital	262,513	(3,600)	-	80,603	339,516
Reserves	36,835	-	-	-	36,835
Accumulated losses	(148,636)	(489)	-	(8,813)	(157,938)
Total equity	**150,712**	**(4,089)**	**-**	**71,790**	**218,413**

Notes:

1. **Impact of the Banking Facilities and other items** – Represents the drawdown of $155.0 million of senior debt under the Banking Facilities on 9 February 2016, the payment of $3.7 million of borrowing costs (capitalised against financial liabilities on the balance sheet), the pay down of $50.9 million of senior debt under the Former Banking Facilities, the write-off of $0.5 million of capitalised borrowing costs, and the repurchase of $3.6 million of partnership interests from the Management Shareholder.
2. **Impact of Southern Cross Austereo Affiliate Contract** – Represents the cash payment on 9 February 2016 to Southern Cross Austereo of $110 million (inclusive of GST of $10.0 million which was recovered on 22 March 2016 and used to pay down $10.0 million of senior debt under the Banking Facilities).
3. **Impact of the Offer** – As a consequence of the Offer, share capital increases by $80.6 million through the issue of new Shares ($84.0 million) less IPO transaction costs of $4.6 million ($3.4 million after tax) which is offset against equity. IPO transaction costs of $5.0 million ($3.5 million net of tax) are expensed together with the senior management Offer related bonus of $7.6 million ($5.3 million net of tax). Of the total IPO transaction costs and Offer related bonuses of $18.9 million, $16.7 million will be paid with proceeds from the Offer; the remaining $2.2 million was incurred and paid prior to the 31 December 2015 Actual Historical Balance Sheet date. A deferred tax asset of $2.7 million has also been recognised in relation to certain costs of the Offer which are expected to be tax deductible over a five year period.

   Of the total proceeds from the Offer, GTN intends to set aside $21.4 million (USD 15 million) to fund the acquisition of Radiate, should GTN choose to exercise its option to acquire the business. Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business. In the event that GTN chooses not to acquire Radiate, these funds will most likely be used to repay debt; however, the Directors will ultimately determine the best use of the funds at that time.
4. **Acquisition by GTN of GTN Cayman** – As discussed in Section 4.2.1, the Directors elected to account for the acquisition of GTN Cayman by GTN as a capital reorganisation rather than a business combination and accordingly the Pro Forma Historical Balance Sheet as at 31 December 2015 reflects the pre-existing GTN Cayman entity balance sheet at acquisition date 1 June 2016. This will be finalised in future reporting and may affect the allocation of equity components among share capital, reserves, accumulated (losses)/profits and a capital reorganisation reserve.

4.4.2 Indebtedness and capitalisation

Figure 4.9 sets out the indebtedness and capitalisation of GTN at 31 December 2015, before Completion and immediately after Completion:

Figure 4.9: Summary consolidated indebtedness and capitalisation at 31 December 2015

$'000s	Notes	Actual Reviewed	Pro forma
Cash and cash equivalents	1, 2	24,336	32,509
Financial liabilities		50,432	96,107
Total net indebtedness		26,096	63,598
Share capital		262,513	339,516
Reserves and Accumulated losses		(111,801)	(121,103)
Total capitalisation		150,712	218,413
Total net indebtedness and capitalisation		176,808	282,011
Net debt/FY2016 pro forma Adjusted EBITDA	2		2.0x
Net debt/FY2017 pro forma Adjusted EBITDA			1.4x

Notes:

1. Of the total proceeds from the Offer, GTN intends to set aside $21.4 million (USD 15 million) to fund the acquisition of Radiate, should GTN choose to exercise its option to acquire the business. Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business. Therefore, the cash and cash equivalents balance has not been reduced for any potential funding of the acquisition of Radiate or to reflect the potential use of those funds in the event that GTN chooses not to acquire Radiate.
2. As GTN will generate cash during the period between the 31 December 2015 balance sheet date and Completion, management expects net debt/FY2016 pro forma Adjusted EBITDA to be less than 2.0x on Completion.

4.4.3 Description of Former Banking Facilities

Banking facilities at 31 December 2015 (**Former Banking Facilities**) included a five year $65 million dollar revolver facility of GTCR Gridlock Holdings (Australia) Pty Limited that was guaranteed and secured by its Australian subsidiary (all members of the GTN Group), of which $50.9 million was outstanding as of 31 December 2015. The GTN Group incurred $0.5 million of deferred financing costs which are being amortised over the term of the revolver facility using the effective interest method. During 1H FY2016, $0.9 million of deferred loan costs associated with the previous term loans were written off. The revolver facility interest rate consisted of a line fee of 1% per annum on the entire revolver facility commitment plus interest of BBSY +1% per annum on the drawn down portion of the revolver facility.

4.4.4 Description of Banking Facilities

On 9 February 2016, GTCR Gridlock Holdings (Australia) Pty Limited, a subsidiary of the GTN Group, entered into a credit agreement for the provision of new five year banking facilities (**Banking Facilities**). Funding provided under the Banking Facilities was, in part, utilised to repay existing debt facilities and to make the initial payment under the long term agreement with Southern Cross Austereo discussed in Section 4.2.3. The Banking Facilities are governed by New South Wales law.

The Banking Facilities are guaranteed by all of GTN Group's Australian and United Kingdom subsidiaries but are not guaranteed by GTN. Each of those subsidiaries (and their immediate holding companies within the GTN Group) has also granted security to the lenders.

The Banking Facilities are comprised of:

- Facility A, a $15 million revolver facility;
- Facility B, a $40 million amortising term facility; and
- Facility C, a $100 million bullet term facility.

4.4.4.1 Facility A

Facility A bears interest at BBSY plus a margin based on the total gearing ratio. The current margin is 3.75%. It is expected there will be no amount outstanding after the Offer. The GTN Group will incur a commitment fee on the undrawn portion of the Facility A of 45% of the applicable margin. Facility A must be repaid in full on 9 February 2021.

4.4.4.2 Facility B

Facility B bears interest at BBSY plus a margin (that is 0.25% less than that on Facilities A and C) based on the total gearing ratio. Facility B requires $2 million of principal repayments on the last day of each of March, June, September and December each year. The current margin is 3.50% and it is expected that this facility will be cancelled after the Offer since there is expected to be no amount outstanding after the Offer.

4.4.4.3 Facility C

Facility C bears interest at BBSY plus a margin based on the total gearing ratio. The current margin is 3.75%. It is expected there will be approximately $99.8 million of Facility C outstanding as at Completion and the applicable margin is expected to be 2.5% (due to the reduced amount outstanding under this facility after the prepayment of the Banking Facilities with a portion of the primary proceeds of the Offer). Facility C must be repaid in full on 9 February 2021.

4.4.4.4 Financial covenants

The Banking Facilities contain financial covenants. The following financial covenants apply, with the first calculation date being 31 March 2016:

- interest cover ratio, being the ratio of EBITDA to net interest expense, must be at least 3.50x;
- total gearing ratio, being the ratio of net debt to EBITDA, must not be more than as follows:

Calculation date	Total Gearing Ratio
Each calculation date between 9 February 2016 to and including 30 June 2016	3.60x
Each calculation date between 1 July 2016 to and including 31 December 2017	3.00x
Each calculation date including and after 1 January 2018	2.50x

  In conjunction with an IPO Event, the Banking Facilities require mandatory prepayments of the Banking Facilities until the total gearing ratio is less than or equal to 2.50x.

- debt service cover ratio, being the ratio of EBITDA to net interest expense and amortisation, must be at least 1.10x.

For the purposes of calculating the financial covenants described above, EBITDA is determined in accordance with the Facility Agreement for the Banking Facilities (which includes specific inclusions and exclusions).

4.4.4.5 Representations and warranties

The Banking Facilities contain representations and warranties usual for facilities of this nature, the breach of which may lead to the funds borrowed becoming due on demand by the lenders and the Banking Facilities being cancelled.

4.4.4.6 Undertakings

The Banking Facilities contain financial information and reporting undertakings customary for facilities of this nature. Financial undertakings include GTN's compliance with the financial covenants described above, which will be tested quarterly based on rolling 12 month performance. For the first 12 months, the net interest expense will be calculated based on period-to-date performance under the Banking Facilities, annualised.

Information undertakings include undertakings relating to provision of accounts and compliance certificates in respect of financial undertakings, notice of defaults, notice of litigation, documents issued to the ASX and "know your customer" requirements.

Other general undertakings include undertakings relating to the GTN Group and business as well as a negative pledge and restrictions or incurring additional indebtedness, making acquisitions, disposals, distributions and loans, giving guarantees and entering into mergers or corporate reconstructions.

The restrictions on making distributions are based on the level of the total gearing ratio at the relevant time of the proposed distribution. This includes the percentage of Adjusted Net Profit After Tax (as defined in the Facility Agreement) set out in the table below according to the total gearing ratio for the relevant financial year:

Total gearing ratio (TGR)	Percentage of Adjusted Net Profit After Tax
TGR greater than 2.5x	0%
TGR greater than 2.1x but less than or equal to 2.5x	80%
TGR less than or equal to 2.1x	100%

4.4.4.7 Events of default

The Banking Facilities include events of default which are usual for facilities of this nature, including those relating to non-payment, failure to comply with obligations, misrepresentations, cross-default to other financial indebtedness, unlawfulness, an event occurring which has a material adverse effect and various insolvency-style events of default. The occurrence of an event of default may lead to the funds borrowed becoming due on demand by the lenders and the Banking Facilities cancelled.

4.4.4.8 Review events

If a review event occurs (including an insolvency of Southern Cross Austereo, GTN's delisting from ASX, its suspension from trading on ASX for more than 10 business days, an Affiliate Contract with one of the four specified large Affiliates is terminated and not replaced with a substantially similar agreement, or William Yde III ceasing to be employed by the GTN Group and not being replaced within 180 days), GTN and the lenders will be required to consult. If agreement cannot be reached within a certain period, this may lead to some or all of the funds borrowed becoming due on demand by the lenders and the Banking Facilities being cancelled.

4.4.5 Liquidity and capital resources

Following Completion, GTN's principal sources of funds will be cash flow from operations.

The majority of GTN's expected capital expenditure relates to expenditure on helicopters and helicopter engines. GTN's historical and forecast capital expenditure and working capital trends are set out in Section 4.5.1.

GTN expects that it will have sufficient operating cash flow and funding to fund its operational requirements and business needs during the forecast period.

GTN earns Revenues and incurs expenses and holds assets and liabilities in Australian dollars (AUD), Canadian dollars (CAD), Great British pounds (GBP) and Brazilian reals (BRL). GTN currently has not hedged its foreign currency exposure.

4.4.6 Quantitative and qualitative disclosures about market risk

4.4.6.1 Interest rate risk

GTN is exposed to interest rate risk arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments, particularly GTN's long term borrowings (refer to Section 5.1.21). GTN monitors and analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing options and the mix of fixed and variable interest rates.

4.4.6.2 Foreign exchange risk

GTN's foreign exchange risk is primarily related to fluctuations between the Australian dollar and the Canadian dollar, between the Australian dollar and the Great British pound and between the Australian dollar and the Brazilian real.

GTN has not historically hedged movements in foreign currency.

4.4.7 Contractual obligations and commitments

Figure 4.10 sets out a summary of GTN's contractual obligations and other commitments following Completion:

Figure 4.10: Pro forma contractual obligations and commitments as at 31 December 2015

		Payments due by period		
$'000s	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
Banking Facilities	99,842	-	99,842	-
Operating lease commitments	4,452	1,576	2,759	117
Outsourced operations commitments	4,303	4,303	-	-
Station compensation commitments	54,351	39,009	15,342	-
Total	162,948	44,888	117,943	117

4.4.8 Off-balance sheet items

GTN has no material contingent liabilities or off-balance sheet arrangements. As noted in Section 3.7, GTN US has entered into an option agreement to acquire Radiate for a total consideration of USD 15 million (inclusive of the assumption of up to USD 8 million of liabilities). GTN intends to set aside $21.4 million (USD 15 million) of the total proceeds from the Offer to fund the acquisition of Radiate, should GTN choose to exercise its option to acquire the business. Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business.

4.5 Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows

4.5.1 Overview

Figure 4.11 sets out GTN's Pro Forma Historical Cash Flows for FY2013, FY2014 and FY2015, Pro Forma Forecast Cash Flows for FY2016 and FY2017 and the Statutory Forecast Cash Flows for FY2016 and FY2017

Figure 4.11: Pro Forma Historical Cash Flows for FY2013, FY2014 and FY2015, Pro Forma Forecast Cash Flows for FY2016 and FY2017 and the Statutory Forecast Cash Flows for FY2016 and FY2017:

		Pro Forma Historical Cash Flows			Pro Forma Forecast Cash Flows		Statutory Forecast Cash Flows	
$'000s	**Notes**	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2016**	**FY2017**
Adjusted EBITDA	1	17,563	24,467	28,598	32,342	45,644	9,663	45,644
Non-cash items in Adjusted EBITDA	2	221	221	221	221	221	9,278	221
Change in working capital	3	6,149	(863)	3,122	(4,689)	(1,402)	(4,689)	(1,402)
Impact of new Southern Cross Austereo Affiliate Contract	4	-	-	-	1,934	3,524	1,934	3,524
Operating free cash flow before capital expenditure		23,933	23,825	31,941	29,808	47,987	16,186	47,987
Capital expenditure	5	(2,433)	(2,474)	(4,066)	(1,700)	(2,500)	(1,700)	(2,500)
Southern Cross Austereo prepayment	6	-	-	-	-	-	(100,000)	-
Net free cash flow before financing, tax and dividends		21,500	21,351	27,875	28,108	45,487	(85,514)	45,487
Net interest paid	7				(4,677)	(4,931)	(5,696)	(4,931)
Taxes paid	8				(8,117)	(11,103)	(6,496)	(11,103)
IPO transaction costs (capitalised to equity)	9				-	-	(4,612)	-
Proceeds from issue of Shares	10				-	-	83,997	-
Net proceeds from (repayment of) senior debt facilities	10				-	-	42,393	-
Repurchase of William Yde III partnership interests	10				-	-	(3,600)	-
Net cash flow before dividends					15,314	29,453	20,472	29,453

Notes:

1. Adjusted EBITDA in Figure 4.11 takes into account the pro forma adjustments to the Actual Historical Results and Statutory Forecast Results detailed in Figure 4.5 contained in Section 4.3.3 with the exception of adjustments 4 and 8 relating to the pro forma interest expense and the tax effect of the pro forma adjustments which do not impact pro forma Adjusted EBITDA.
2. Non-cash items in Adjusted EBITDA reflect the impact of non-cash foreign currency exchange gains and losses and non-cash long term incentive plan related charges.
3. Net working capital is generally a use of funds since Revenues historically have grown faster than expenses, accounts receivable are billed in arrears and are collected on average several months after the commercials have aired and a significant portion of expenses are payroll related which are generally paid shortly after incurred.
4. Impact of new Southern Cross Austereo Affiliate Contract relates to timing differences between actual cash payments made to Southern Cross Austereo by ATN and the recognition of non-cash interest income and station compensation expenses arising from the accounting for the new Southern Cross Austereo Affiliate Contract. Refer to Section 4.9 for further details. The $100 million upfront payment by ATN to Southern Cross Austereo on 9 February 2016 is disclosed as an investing cash flow in the FY2016 Statutory Forecast Cash Flow (see note 6 below).
5. Capital expenditures mostly relate to the purchase and engine rebuilds of helicopters used for traffic reports. As discussed in note 3 to Section 4.4.1, GTN intends to set aside $21.4 million (USD 15 million) of the total proceeds from the Offer to fund the acquisition of Radiate should GTN choose to exercise its option to acquire the business. Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business. In the event that GTN chooses not to acquire Radiate, these funds will most likely be used to repay debt; however, the Directors will ultimately determine the best use of the funds at that time. Accordingly, the Statutory and Pro Forma Forecast Cash Flows for FY2016 and FY2017 do not reflect any potential use of these funds raised.
6. The upfront station compensation payment of $100 million by ATN to Southern Cross Austereo is disclosed as an investing cash flow and is accounted for as a financing arrangement with Southern Cross Austereo as discussed in further detail in Section 4.9.
7. Net interest paid in the FY2016 Statutory Forecast Cash Flows comprises interest paid on the Former Banking Facilities up to the date of drawdown of the Banking Facilities in February 2016 and thereafter reflects estimated interest to be paid on the Banking Facilities, which are partially repaid with proceeds from the Offer as described in Section 4.4.1.
8. FY2016 taxes paid comprise the material actual (and forecast upcoming) income and interest withholding tax payments made in the various jurisdictions, based on expected timing of those liabilities becoming due to the relevant tax authorities. For FY2017, no interest withholding tax is expected to be due; therefore, taxes paid represent income taxes only. GTN has conservatively adopted a position in which statutory cash taxes paid during FY2017 are equal to FY2017 pro forma cash taxes (i.e. will settle all cash taxes referable to FY2017 some of which would ordinarily be payable in FY2018). In the ordinary course of business, GTN may later chose to spread the payment of cash taxes referable to FY2017, in which case a portion of the cash tax would be paid in FY2018. In practice, this would result in a difference between FY2017 statutory and pro forma cash taxes.
9. The FY2016 Statutory Forecast EBITDA already includes the portion of expenses of the Offer and other transaction costs expensed in the FY2016 Statutory Forecast Results. This adjustment comprises that portion of expenses of the Offer which are offset against equity raised in the Offer.
10. All remaining cash flows relate to non-recurring cash flows that are forecast to occur in association with receipts relating to the Offer, the refinance and partial repayment of senior debt facilities and the repurchase of partnership interests from the Chief Executive Officer of GTN.

Figure 4.12: Summary Pro Forma Historical Cash Flows for 1H FY2015 and 1H FY2016

		Pro Forma Historical Cash Flows	
$'000s	**Notes**	**1H FY2015**	**1H FY2016**
Adjusted EBITDA		15,195	15,421
Non-cash items in Adjusted EBITDA		111	111
Change in working capital	1	210	(9,753)
Operating free cash flow before capital expenditure		15,516	5,779
Capital expenditure		(2,155)	(850)
Net free cash flow before financing, tax and dividends		13,361	4,929

Notes:

1. Working capital decreased from a $0.2 million source of net operating cash flow to a $9.8 million use of net operating cash flow. The increase primarily related to an increase in accounts receivable related to a delay in the collection of UK receivables due to the holiday season which were subsequently collected in January 2016, and higher 2Q FY2016 Revenue compared to 2Q FY2015 in all geographies.

4.5.2 Pro forma adjustments to the Actual Historical Cash Flows and Statutory Forecast Cash Flows

The table below sets out the pro forma adjustments that have been made to GTN Group's Actual Historical Cash Flows and Statutory Forecast Cash Flows to reflect the impact of GTN Group's operating and capital structure following Completion and completion of the Restructure as if it was in place as at 1 July 2012. In addition, certain other adjustments have been made to reflect the impact of historical divestment, to eliminate certain non-recurring items and to reflect standalone public company costs, which have been reflected in the historical and forecast periods. These adjustments are summarised below in Figure 4.13.

Figure 4.13: Pro forma adjustments to the Actual Historical Cash Flows and Statutory Forecast Cash Flows

		Actual Historical Cash Flows			Statutory Forecast Cash Flows		Actual Historical Cash Flows	
$'000s	**Notes**	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**1H FY2015**	**1H FY2016**
Net free cash flow before financing, tax and dividends		20,358	20,958	26,195	(85,514)	45,487	13,035	3,871
Pro forma impact of historical divestment	1	867	-	-	-	-	-	-
IPO transaction costs expensed	2	-	-	583	6,129	-	243	1,103
Public company costs	3	(782)	(782)	(782)	(717)	-	(391)	(391)
Offer related remuneration adjustments	4	-	-	-	7,565	-	-	-
Other adjustments	5	1,057	1,175	1,879	645	-	474	346
Southern Cross Austereo prepayment	6	-	-	-	100,000	-	-	-
Pro forma net free cash flow before financing, tax and dividends		21,500	21,351	27,875	28,108	45,487	13,361	4,929

Notes:

1. Adjustment to exclude cash amounts relating to the historical divestment of GAN in March 2013.
2. Total expenses of the Offer are estimated at $11.3 million. of which $4.6 million ($3.4 million net of tax) is directly attributable to the issue and sale of Shares pursuant to the Offer and hence will be offset against equity raised in the Offer. The remaining $6.7 million ($4.7 million net of tax) has been expensed, comprising $0.6 million in FY2015 and $6.1 million in FY2016.
3. This reflects GTN's estimate of the incremental annual costs that GTN will incur as a public entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs. FY2016 forecast NPAT includes one month of public company costs: therefore, the pro forma adjustment reflects costs for 11 months.
4. This reflects the removal of one-off senior management cash bonuses of $7.6 million ($5.3 million net of tax) which will be expensed in the FY2016 Statutory Forecast Results.
5. Removes the impact of historical management fees paid to GTCR which will not continue post Completion and one-off acquisition costs of $0.2 million incurred in FY2013 in relation to the acquisition of GTN by GTCR. An adjustment has also been made to remove the historical salary costs and FY2015 redundancy payment to the previous ATN managing director and to replace this with the annual consultancy fees that relate to his new role as a sales consultant with BTN.
6. This relates to the upfront station compensation payment made by ATN to Southern Cross Austereo in connection with the new Southern Cross Austereo Affiliate Contract which commenced on 1 February 2016 and which is discussed further in Section 4.9.

4.6 Management discussion and analysis of Historical Financial Information

4.6.1 General factors affecting the operating results of GTN

Below is a discussion of the main factors which affected GTN's operations and relative financial performance in FY2014, FY2015, 1H FY2015 and 1H FY2016 and which GTN expects may continue to affect it in the future.

The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected GTN's historical operating and financial performance, nor everything which may affect GTN's operations and financial performance in the future.

4.6.1.1 Revenue

GTN primarily generates Revenue by selling schedules of advertising spots to large Advertisers. The majority of GTN's advertising Revenue is generated from advertising agencies who have been engaged by an advertiser. In these situations, GTN attempts to maintain a relationship with the advertiser directly as well to assist with the sale process. GTN also sells some spots directly to advertisers.

GTN can accommodate orders from advertisers with lead times as short as one hour in advance, providing advertisers the flexibility to conduct timely and relevant campaigns. Advertisers book a significant portion of orders not more than four weeks in advance. This short forward sales pipeline is typical for the radio industry.

GTN's Revenue is a product of the number of spots sold and the price at which they are sold, sometimes referred to as the net spot rate. Since GTN generally does not sell all of its spots, the number of spots sold can be influenced by both the size of the spots inventory and the percentage of the spots sold (sell-out rate).

Revenue is reported net of agency commission.

4.6.1.2 Operating expenses

- Network operations and station compensation include:
  - network operations consists primarily of aviation costs, on-air announcers and in the case of UKTN, outsourced content providers; and
  - station compensation is consideration paid by GTN to certain Affiliates in exchange for spots inventory.
- Selling, general and administrative expenses include:
  - sales and marketing expenses include salaries and sales commissions paid to GTN sales staff and sales management; and
  - general and administrative expenses include officer and management salaries and bonuses, legal and professional and general corporate costs.

Sales and marketing expenses consist of both a fixed and variable element as commissions and bonuses are generally based on Revenue. Station compensation (with the exception of UKTN), network operations and general and administrative expenses are predominantly fixed in nature.

4.6.1.3 Depreciation

Depreciation is related to GTN Group's tangible fixed assets, primarily helicopters. The tangible fixed assets are depreciated on a straight line basis over their estimated useful life.

4.6.1.4 Amortisation

Amortisation is related to the identified intangible assets (primarily station contracts and advertiser contracts) arising from the GTN Cayman purchase of Global Traffic Network, Inc. in September 2011. Advertiser contracts are fully amortised (based on their 4.5 year life) as of March 2016 and the amortisation expense in the forecasts beyond that date is significantly reduced accordingly.

4.6.1.5 Net finance costs

Net finance costs consist of interest expense on the original and Former Banking Facilities, a previous line of credit (repaid in May 2015) and amortisation of deferred loan costs related to the Banking Facilities less interest income generated by GTN's cash balances. Non-cash imputed interest income related to the accounting for the new Southern Cross Austereo Affiliate Contract is not considered in the calculation of net finance costs.

4.6.1.6 Tax expense

The primary jurisdictions in which GTN operates are Australia, Canada, the United Kingdom and Brazil and their applicable corporate tax rates are 30%, 26%, 20% and 34% respectively. However, due to large net operating losses and/or continued loss making operations, GTN does not recognise any tax benefit in either Canada or Brazil. In addition, GTN's Australian-based operations are subject to tax in the United States so the effective tax rate is 35% rather than the statutory rate of 30%. Income tax expense has been calculated based on the applicable or effective tax rate as described above. Tax benefits are also not recognised in certain United States-based subsidiaries and Luxembourg due to the unlikelihood of the net operating losses being utilised in future periods.

4.6.1.7 Capital expenditure

Capital expenditures consist of purchase of property, plant and equipment and are primarily aviation related.

4.6.1.8 Working capital

Working capital consists of current assets (excluding cash) less current liabilities. Since GTN has historically grown Revenue faster than expenses, its operations generally produce a modest working capital need on an annual basis.

4.6.1.9 Foreign exchange income and expense

Various subsidiaries of the GTN Group have intercompany notes payable and receivable. These notes are denominated in the local currency of the subsidiary (AUD, CAD, GBP or BRL). When these notes are translated into USD (the functional currency of the subsidiary holding the notes) and then into AUD, foreign exchange gains and losses are recognised. Due to the size of the intercompany notes, these have historically been material amounts. As part of the Restructure related to the Offer, these notes will be capitalised as equity and investments in subsidiaries and these foreign exchange gains and losses will cease to occur. GTN may incur foreign exchange gains and losses on bank accounts denominated in a foreign currency, clients billed in currencies other than the functional currency of the subsidiary or for other intercompany balances but these have not historically been material.

4.6.1.10 Seasonality of Revenues

GTN Group's operations generally experience seasonality of Revenues with the October to December quarter being stronger than average (due to the holiday shopping season and GTN's significant base of advertisers that are retailers) with the January to March quarter generally being weaker following the holiday shopping season. Due to majority of GTN's costs being fixed, GTN's EBITDA on a percentage basis will vary more than Revenue in these periods.

4.6.2 Pro Forma Historical Results: FY2014 compared to FY2013

Figure 4.14 sets out the Pro Forma Historical Results for FY2014 and FY2013:

Figure 4.14: Pro Forma Historical Results: FY2014 compared to FY2013

	Pro Forma Historical Results	
$'000s	**FY2013**	**FY2014**
Revenues	125,004	138,049
Network operations and station compensation	(82,391)	(85,916)
Selling, general and administrative expenses	(25,050)	(27,666)
Net FX losses on intercompany balances	-	-
Operating expenses	(107,441)	(113,582)
EBITDA	17,563	24,467
Interest income on Southern Cross Austereo Affiliate Contract	-	-
Adjusted EBITDA	17,563	24,467
Depreciation	(2,645)	(2,485)
Amortisation	(20,353)	(20,743)
Adjusted EBIT	(5,435)	1,239
Other interest income	358	463
Interest expense	(6,827)	(5,822)
Net profit/(loss) before tax	(11,904)	(4,120)
Tax benefit	2,742	755
NPAT	(9,162)	(3,365)
Amortisation of acquired intangibles (tax effected)	15,075	14,907
NPATA	5,913	11,542

Refer to notes in Section 4.3.1. In particular, note 2 explains that the net accounting expense impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016.

4.6.2.1 Revenue

Between FY2013 and FY2014, Revenue increased 10.4% to $138.0 million from $125.0 million. This movement was driven by Revenue growth in Australia, the UK and Brazil.

- Australia (ATN) Revenue increased 6.8% from $73.4 million in FY2013 to $78.3 million in FY2014. The growth in FY2014 Australian Revenue reflects the impact of more spots sold at a higher rate than in the previous year. The increase in spots sold was due to both an increase in spots available (+2%) as well as in increase in sell-out rate.
- Canada (CTN) Revenue was flat at $19.7 million across FY2013 and FY2014. In local currency, Revenue was down 4.6% which was offset by favourable movements in foreign exchange rates. The decrease in Revenue was driven by an 8% decrease in spots sold which was slightly offset by a 1% increase in rate. The lower sell-out rate and Revenue reflected a slow down across the Canadian market – in 2014, traditional advertising expenditure (ex-internet) declined 4.4%.(1)
- United Kingdom (UKTN) Revenue increased 19.7% from $31.3 million in FY2013 to $37.5 million in FY2014. This growth came primarily from favourable foreign exchange rates as the Great British pound strengthened materially relative to the Australian dollar. UKTN's Revenue increased 3% in local currency. The increase in Revenue in local currency in FY2014 resulted from a slight increase in both Impacts available for sale and rate per Impact (2% for each) offset by a less than 1% decrease in sell-out rate.
- Brazil (BTN) Revenue increased 296% from $0.6 million in FY2013 to $2.5 million in FY2014. Foreign exchange rates had minimal impact on Revenue growth as Revenue increased 297% in local currency. The increase in FY2014 Brazilian Revenue was primarily driven by the growth of the business in Sao Paulo, as well as establishing operations in Rio de Janeiro in November 2013. Although the Sao Paulo market was operating for all of FY2013, the market did not generate Revenue until January 2013 as it took some time to sign up the first advertisers.

(1) Source: ZenithOptimedia.

4.6.2.2 Operating expenses

Operating expenses increased 5.7% from $107.4 million in FY2013 to $113.6 million in FY2014. This movement was primarily driven by:

- $3.5 million (4.3%) increase in network operations and station compensation which can be attributed to:
  - $0.8 million related to the expansion of BTN's start-up operations in Brazil, including opening the Rio de Janeiro market in FY2014;
  - $3.9 million related to the effect of foreign exchange fluctuations on UKTN operating expenses (operating expenses increased 3% in local currency and 20% in AUD);
  - $0.4 million related to the effect of foreign exchange fluctuations on CTN network operations and station compensation (which increased 1% in local currency); and
  - $2.4 million decrease in station compensation for ATN due to the full-year impact of modifying or cancelling certain Affiliate Contracts in order to effectively manage the expected softening in the Revenue environment; and
- $2.6 million (10.4%) increase in selling, general and administrative expenses which can be attributed to:
  - $1.1 million increase in selling costs for ATN primarily related to increased commissions and bonuses on the Revenue increase;
  - $0.7 million in higher costs in BTN related to the expanded operations and commissions/bonuses and variable taxes on the higher Revenue; and
  - $0.6 million related to the effect of foreign exchange fluctuations on UKTN selling, general and administrative expenses (expenses increased 3% in local currency and 19% in AUD).

4.6.2.3 EBITDA

EBITDA increased 39.3% from $17.6 million in FY2013 to $24.5 million in FY2014 as a result of Revenue growth of 10.4% and operating expenses growth of 5.7%. This equates to an increase in EBITDA margin from 14.0% to 17.7%.

4.6.2.4 Depreciation and amortisation

Depreciation expense decreased 6.0% from $2.6 million in FY2013 to $2.5 million in FY2014.

Amortisation expense increased 1.9% from $20.4 million in FY2013 to $20.7 million in FY2014. This was currency related as amortisation expense in local currency in each market was flat.

4.6.2.5 Net finance costs

Net finance costs decreased 17.2% from $6.5 million in FY2013 to $5.4 million in FY2014 due to falling BBSY rates, lower margins on the banking facility in place at the time, less debt outstanding due to principal repayments and more cash on hand.

4.6.2.6 Tax expense

Income tax benefit decreased from $2.7 million in FY2013 to $0.8 million in FY2014 primarily due to the reduction of net loss before taxes from $11.9 million in FY2013 to $4.1 million in FY2014. The effective tax rate was 23% in FY2013 and 18% in FY2014.

4.6.2.7 Exchange rates

The average exchange rates used in FY2013 and FY2014 Financial Information are as follows:

	FY2013	FY2014
AUD:USD	1.03	0.92
AUD:CAD	1.03	1.00
AUD:GBP	0.65	0.56
AUD:BRL	2.09	2.10

4.6.3 Pro Forma Historical Cash Flows: FY2014 compared to FY2013

Figure 4.15 sets out the Pro Forma Historical Cash Flows for FY2014 and FY2013:

Figure 4.15: Pro Forma Historical Cash Flows: FY2014 compared to FY2013

	Pro Forma Historical Cash Flows	
$'000s	**FY2013**	**FY2014**
Adjusted EBITDA	17,563	24,467
Non-cash items in Adjusted EBITDA	221	221
Change in working capital	6,149	(863)
Operating free cash flow before capital expenditure	23,933	23,825
Capital expenditure	(2,433)	(2,474)
Net free cash flow before financing, tax and dividends	21,500	21,351
Cash conversion ratio	122%	87%

Refer to notes in Section 4.5.1.

4.6.3.1 Operating free cash flow before capital expenditure

Net operating cash flow of $23.9 million was generated in FY2013 compared to $23.8 million in FY2014. Key changes were:

- Adjusted EBITDA increased $6.9 million from $17.6 million in FY2013 to $24.5 million in FY2014; and
- working capital was a $6.1 million source of net operating cash flow in FY2013 primarily from an increase in trade payables and accrued expense across all geographies in local currencies (including a $1.2 million increase in ATN trade payables) along with a positive impact on working capital from changes in foreign exchange rates and a $0.9 million use in FY2014 primarily related to an unfavourable impact on net working capital from changes in foreign exchange rates.

4.6.3.2 Net free cash flow after capital expenditure

Capital expenditure increased $0.1 million from $2.4 million in FY2013 to $2.5 million in FY2014.

4.6.4 Pro Forma Historical Results: FY2015 compared to FY2014

Figure 4.16 sets out the Pro Forma Historical Results for FY2015 and FY2014:

Figure 4.16: Pro Forma Historical Results: FY2015 compared to FY2014

	Pro Forma Historical Results	
$'000s	**FY2014**	**FY2015**
Revenues	138,049	153,484
Network operations and station compensation	(85,916)	(93,950)
Selling, general and administrative expenses	(27,666)	(30,936)
Net FX losses on intercompany balances	-	-
Operating expenses	(113,582)	(124,886)
EBITDA	24,467	28,598
Interest income on Southern Cross Austereo Affiliate Contract	-	-
Adjusted EBITDA	24,467	28,598
Depreciation	(2,485)	(2,494)
Amortisation	(20,743)	(20,897)
Adjusted EBIT	1,239	5,207
Other interest income	463	514
Interest expense	(5,822)	(5,162)
Net profit/(loss) before tax	(4,120)	559
Tax (expense)/benefit	755	(3,523)
NPAT	(3,365)	(2,964)
Amortisation of acquired intangibles (tax effected)	14,907	15,511
NPATA	11,542	12,547

Refer to notes in Section 4.3.1. In particular, note 2 explains that the net accounting expense impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016.

4.6.4.1 Revenue

Between FY2014 and FY2015, Revenue increased 11.2% to $153.4 million from $138.0 million. This movement was driven by Revenue growth in each of GTN's operating geographies.

- Australia (ATN) Revenue increased 6.6% from $78.3 million in FY2014 to $83.5 million in FY2015. This can be attributed to a modest increase in spots available, a stable sell-out rate and a modest increase in spot rate.
- Canada (CTN) Revenue increased 7.1% from $19.7 million in FY2014 to $21.2 million in FY2015. Revenue in local currency also increased 7.1%. The Revenue growth in local currency can be attributed to an increase in both the quantity of spots available and quality of the network from the addition of new Affiliates during the year. Spots available increased 7% and the number of spots sold increased 12%. The spot rate decreased 4% but this was more than offset by the increase in number of spots sold. Despite the decrease in spot rate, Revenue per available spot increased 2% which coupled with the increase in spots led to the Revenue increase.
- United Kingdom (UKTN) Revenue increased 16.1% from $37.5 million in FY2014 to $43.5 million in FY2015. A significant portion of the Revenue increase was due to foreign currency movements as the Great British pound strengthened against the Australian dollar. In local currency, Revenue increased 9.4% predominantly due to higher utilisation of inventory (sell-out rate increased from 86% to 93%) as both Impacts and rate per Impact increased less than 1% in the period.
- Brazil (BTN) Revenue increased 115.5% from $2.5 million in FY2014 to $5.3 million in FY2015. In local currency, BTN Revenue increased 129.4%. Growth was driven by further increases in Sao Paulo, a full year of operations in Rio de Janeiro and the establishment of operations in Belo Horizonte in October 2014.

4.6.4.2 Operating expenses

Operating expenses increased 10.0% from $113.6 million in FY2014 to $124.9 million in FY2015. This movement was primarily driven by:

- $8.0 million (9.4%) increase in network operations and station compensation which can be attributed to:
  - $4.6 million increase in UKTN due to a 9% increase in network operations and station compensation in local currency (primarily related to variable radio station compensation) and the adverse impact of significant foreign currency movements;
  - $1.9 million increase in ATN radio station compensation related primarily to the renewal or extension of two key Affiliate Contracts during the year;
  - $0.8 million increase in BTN operating costs related to the expansion of GTN's operations in the market including a full year of expenses in Rio de Janeiro and the opening of Belo Horizonte; and
  - $1.3 million increase in CTN station compensation related primarily to a new group Affiliate Contract; and
- $3.3 million (11.8%) increase in selling, general and administrative expenses which can be attributed to:
  - $1.6 million increase in UKTN due to both a 29% increase in local currency in selling related compensation due to the strong over-performance and currency fluctuations;
  - $0.6 million increase in ATN selling expense related to the Revenue increase for the year. Selling costs as a percentage of Revenue for both FY2014 and FY2015 remained at 13.3%;
  - $0.4 million increase in CTN selling expense related to the Revenue increase and an increase in selling expenses as a percentage of sales; and
  - $1.2 million increase in BTN expenses related to variable costs for sales commissions and bonuses and taxes as well as expansion of the Brazil operations.

4.6.4.3 EBITDA

EBITDA increased 16.9% from $24.5 million in FY2014 to $28.6 million in FY2015 as a result of Revenue growth of 11.2% and operating expenses growth of 10.0%. This resulted in an increase in EBITDA margin from 17.7% to 18.6%.

4.6.4.4 Depreciation and amortisation

Depreciation expense remained stable between FY2014 and FY2015 at $2.5 million.

Amortisation expense increased 0.7% from $20.7 million in FY2014 to $20.9 million in FY2015 due to currency fluctuations.

4.6.4.5 Net finance costs

Net finance costs decreased 13.3% from $5.4 million in FY2014 to $4.6 million in FY2015 due to falling BBSY rates, lower margins on the banking facility then in place, and less debt outstanding due to principal repayments (including a $10 million prepayment).

4.6.4.6 Tax expense

Income tax benefit decreased from $0.8 million in FY2014 to a $3.5 million expense in FY2015 primarily due a swing from a net loss before taxes of $4.1 million in FY2014 to $0.6 million net profit before tax in FY2015. In addition, $2.2 million of tax expense was recognised during FY2015 due to a change in tax estimate related to deferred taxes.

4.6.4.7 Exchange rates

The average exchange rates used in FY2014 and FY2015 Financial Information are as follows:

	FY2014	FY2015
AUD:USD	0.92	0.84
AUD:CAD	1.00	0.98
AUD:GBP	0.56	0.53
AUD:BRL	2.10	2.22

4.6.5 Pro Forma Historical Cash Flows: FY2015 compared to FY2014

Figure 4.17 sets out the Pro Forma Historical Cash Flows for FY2015 and FY2014:

Figure 4.17: Pro Forma Historical Cash Flows: FY2015 compared to FY2014

	Pro Forma Historical Cash Flows	
$'000s	**FY2014**	**FY2015**
Adjusted EBITDA	24,467	28,598
Non-cash items in Adjusted EBITDA	221	221
Change in working capital	(863)	3,122
Operating free cash flow before capital expenditure	23,825	31,941
Capital expenditure	(2,474)	(4,066)
Net free cash flow before financing, tax and dividends	21,351	27,875
Cash conversion ratio	87%	97%

Refer to notes in Section 4.5.1.

4.6.5.1 Operating free cash flow before capital expenditure

Operating free cash flow of $23.8 million was generated in FY2014 compared to $31.9 million in FY2015. Key changes were:

- Adjusted EBITDA increased $4.1 million from $24.5 million in FY2014 to $28.6 million in FY2015; and
- working capital was a $0.9 million use of net operating cash flow in FY2014 primarily related to an unfavourable impact on net working capital from changes in foreign exchange rates and a $3.1 million source in FY2015 due to an increase in trade payables and accrued expenses including a $1.2 million severance accrual and the favourable impact of changes in foreign exchange rates on net working capital which was partially offset by the increase in accounts receivable in all markets in local currency related to the Revenue increases for the year.

4.6.5.2 Net free cash flow after capital expenditure

Capital expenditures increased $1.6 million from $2.5 million in FY2014 to $4.1 million in FY2015 primarily as a result of expenditures on additional helicopters in Brazil and the timing of engine rebuilds on the helicopter fleet in Canada.

4.6.6 Pro Forma Historical Results: 1H FY2016 compared to 1H FY2015

Figure 4.18 sets out the Pro Forma Historical Results for 1H FY2016 and 1H FY2015:

Figure 4.18: Pro Forma Historical Results: 1H FY2016 compared to 1H FY2015

	Pro Forma Historical Results	
$'000s	**1H FY2015**	**1H FY2016**
Revenues	76,965	82,405
Network operations and station compensation	(46,281)	(51,300)
Selling, general and administrative expenses	(15,489)	(15,684)
Net FX losses on borrowings	-	-
Operating expenses	(61,770)	(66,984)
EBITDA	15,195	15,421
Interest income on Southern Cross Austereo Affiliate Contract	-	-
Adjusted EBITDA	15,195	15,421
Depreciation	(1,214)	(1,279)
Amortisation	(10,398)	(10,634)
Adjusted EBIT	3,583	3,508
Other interest income	292	162
Interest expense	(2,692)	(2,016)
Net profit/(loss) before tax	1,183	1,654
Tax expense	(3,207)	(996)
NPAT	(2,024)	658
Amortisation of acquired intangibles (tax effected)	7,757	7,964
NPATA	5,733	8,622

Refer to notes in Section 4.3.1. In particular, note 2 explains that the net accounting expense impacts of the new Southern Cross Austereo Affiliate Contract have only been reflected prospectively from its effective commencement date of 1 February 2016.

4.6.6.1 Revenue

Revenue increased 7.1% from $77.0 million in 1H FY2015 to $82.4 million in 1H FY2016. This movement was driven by growth in Australia, Canada and the United Kingdom. Brazil increased 23.7% in local currency which was almost entirely offset by the weakening of the Brazilian real against the Australian dollar.

- Australia (ATN) Revenue increased 3.1% from $42.8 million in 1H FY2015 to $44.1 million in 1H FY2016. The increase in Australian Revenue over 1H FY2016 reflects more spots sold from both a greater number of spots available and a higher sell-out rate offset by a lower spot rate. The lower spot rate was a function of certain legacy clients increasing their spend rather than a lowering of rates in general. The first quarter of FY2016 was soft due to sales staffing shortfalls while 2Q FY2016 was very strong, aided by comparison to a historically weak November 2014.
- Canada (CTN) Revenue increased 7.9% from $10.1 million in 1H FY2015 to $10.9 million in 1H FY2016. Part of this increase can be attributed to currency fluctuations as Revenue in local currency increased 4.1%. The growth in local currency can be attributed to higher spot rates, partially offset by a lower sell-out rate. Revenue per spot available increased 1% and available spots inventory increased 3% resulting in 4% Revenue growth.
- United Kingdom (UKTN) Revenue increased 15.5% from $21.4 million in 1H FY2015 to $24.7 million in 1H FY2016. This can be attributed primarily to a favourable movement in the AUD/GBP exchange rate as Revenue in local currency increased less than 1%.
- Brazil (BTN) Revenue remained flat at $2.7 million across 1H FY2015 and 1H FY2016 due to the weakening of the Brazilian Real against the Australian Dollar as Revenue increased 23.7% in local currency. The Revenue increase in local currency was due primarily to an increase in average spot rates, and to a lesser extent, an increase in spots sold.

4.6.6.2 Operating expenses

Operating expenses increased 8.4% from $61.8 million in 1H FY2015 to $67.0 million in 1H FY2016. This movement was primarily driven by:

- $5.0 million (10.8%) increase in network operations and station compensation from $46.3 million in 1H FY2015 to $51.3 million in 1H FY2016 which can be attributed to:
  - $1.6 million in radio station compensation for ATN primarily relating to contract renewals entered into during the second half of FY2015 which are not reflected in 1H FY2015 expenses; and
  - $2.8 million in operating expenses in UKTN which are almost entirely related to currency fluctuations as operating costs in local currency increased less than 1%; and
- $0.2 million (1.3%) increase in selling, general and administrative expenses from $15.5 million in 1H FY2015 to $15.7 million in 2H FY2016.

4.6.6.3 EBITDA

EBITDA increased 1.5% from $15.2 million in 1H FY2015 to $15.4 million in 1H FY2016 as a result of Revenue growth of 7.1% and operating expenses growth of 8.4%.

4.6.6.4 Depreciation and amortisation

Depreciation expense increased $0.1 million from $1.2 million in 1H FY2015 to $1.3 million in 1H FY2016.

Amortisation expense increased $0.2 million from $10.4 million in 1H FY2015 to $10.6 million in 1H FY2016 due to currency fluctuations.

4.6.6.5 Net finance costs

Net finance costs decreased 22.8% from $2.4 million in 1H FY2015 to $1.9 million in 1H FY2016. Net finance costs decreased due to lower average debt balances outstanding, the repayment of a previous line of credit in May 2015, a reduction in BBSY and lower margin on the Former Banking Facilities entered into on 9 November 2015.

4.6.6.6 Tax expense

Income tax expense decreased from $3.2 million in 1H FY2015 to $1.0 million in 1H FY2016. 1H FY2015 income tax expense included an adjustment to deferred taxes of $1.0 million related to unrealised foreign exchange expense on intercompany notes.

4.6.6.7 Exchange rates

The average exchange rates used in 1H FY2015 and 1H FY2016 Financial Information are as follows:

	1H FY2015	1H FY2016
AUD:USD	0.89	0.72
AUD:CAD	0.99	0.96
AUD:GBP	0.55	0.47
AUD:BRL	2.14	2.66

4.6.7 Pro Forma Historical Cash Flows: 1H FY2016 compared to 1H FY2015

Figure 4.19 sets out the Pro Forma Historical Cash Flows for 1H FY2016 and 1H FY2015:

Figure 4.19: Pro Forma Historical Cash Flows: 1H FY2016 compared to 1H FY2015

	Pro Forma Historical Cash Flows	
$'000s	**1H FY2015**	**1H FY2016**
Adjusted EBITDA	15,195	15,421
Non-cash items in Adjusted EBITDA	111	111
Change in working capital	210	(9,753)
Operating free cash flow before capital expenditure	15,516	5,779
Capital expenditure	(2,155)	(850)
Net free cash flow before financing, tax and dividends	13,361	4,929
Cash conversion ratio	88%	32%

Refer to notes in Section 4.5.1.

4.6.7.1 Operating free cash flow before capital expenditure

Net operating cash flow of $15.5 million was generated in 1H FY2015 compared to $5.8 million in 1H FY2016. Key changes were:

- Adjusted EBITDA increased from $15.2 million in 1H FY2015 to $15.4 million in 1H FY2016; and
- working capital decreased from a $0.2 million source of net operating cash flow in 1H FY2016 to a $9.8 million use of net operating cash flow in 1H FY2016. The increase primarily related to an increase in accounts receivable related to a delay in the collection of UK receivables due to the holiday season in 1H FY2016 which did not occur in 1H FY2015 and which were subsequently collected in January 2016, and higher 2Q FY2016 Revenue compared to 2Q FY2015 in all geographies.

4.6.7.2 Net cash flow after capital expenditure

Capital expenditures decreased $1.3 million from $2.2 million in 1H FY2015 to $0.9 million in 1H FY2016 primarily as a result of helicopters being purchased for Brazil during 1H FY2015 and fewer engine overhauls on the existing fleet of helicopters being undertaken during 1H FY2016.

4.7 Forecast Financial Information

The Forecast Financial Information is based on various general and specific assumptions, including those set out below. In preparing the Forecast Financial Information, GTN has undertaken an analysis of historical performance and applied assumptions in order to predict future performance for FY2016 and FY2017. GTN believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable as at the Prospectus Date. Actual results are likely to vary from those forecasts, and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of GTN, the Directors and its senior management team, and are not reliably predictable. None of GTN, the Directors, its senior management team or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.10, the risks set out in Section 5 and the Independent Limited Assurance Report on Forecast Financial Information provided in Section 9.

4.7.1 General assumptions

In preparing the Pro Forma Forecast Financial Information, the following general assumptions have been adopted in relation to the forecast period:

– no material change in the competitive operating environment in which the GTN Group operates;
– no significant deviation from current market expectations of the broader economic conditions and consumer sentiment relevant to the radio advertising industry in each of the jurisdictions in which the GTN Group operates;
– no material change in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy and the regulatory environment in the areas in which the GTN Group and its key providers operate that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures of the GTN Group;
– no material changes in applicable AAS, other mandatory professional reporting requirements or the Corporations Act which will have a material effect on GTN's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
– no material amendments to any of GTN's material Affiliate Contracts and agreements with content providers;
– no terminations or losses of material Affiliate Contracts or agreements with content providers. ATN has assumed it will retain the material Affiliate Contracts that come up for renewal during the FY2017 forecast period on materially similar terms. UKTN has assumed it will renew the agreement covering outsourced production and reporting of traffic information which expires on 31 December 2016, on materially similar terms;
– no material disruptions to the continuity of operations of the GTN Group or any material changes in its business in any of the jurisdictions in which the GTN Group operates;
– no material change in or loss of key personnel including key management personnel. It is assumed that GTN maintains its ability to recruit and retain the personnel required to support future growth on materially similar compensation terms to that reflected in the FY2017 forecast;
– no material change in GTN's corporate and capital structure other than as envisaged by the Restructure. The expected changes flowing directly from the Offer as set out in or contemplated by this Prospectus are presented within the pro forma adjustments included in this Section 4;
– no material changes in Australian foreign exchange rates relative to any of the Canadian, United Kingdom, Brazilian or United States currencies;
– no material adverse impact in relation to litigation or claims (existing or otherwise);
– no material acquisitions, disposals, restructurings or investments;
– progress of the Offer proceeds in accordance with the timetable set out in the Important Information section on page 4 of this Prospectus; and
– no occurrence of the key risks listed in Section 5 occurs, or if they do, none of them has a material adverse impact on the operations of the GTN Group in any of the jurisdictions in which it operates.

4.7.2 Specific assumptions

The Forecast Financial Information has had regard to the trading performance of GTN up until 31 March 2016.

The basis of the specific assumptions that have been used in the preparation of the Pro Forma Forecast Financial Information is set out below. The assumptions are a summary only and do not represent all factors that will affect GTN's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

4.7.2.1 Revenue

- Australia (ATN) growth is consistent with long-term historical trends and market growth rates and is being driven primarily by an increase in the level of spots inventory and an increase in sell-out rate.
- Canada (CTN) growth is above that achieved in FY2015 and is driven by an increase in spots inventory, sell-out rate and net spot rate due to the negotiation of a new Affiliate Contract which will add valuable inventory to the CTN network and increase the value of the entire CTN network to advertisers.
- United Kingdom (UKTN) growth is below that achieved in FY2015 and is driven by stability in Impacts inventory growth, sell-out rate and net rate per Impact.
- Brazil (BTN) growth reflects continued ramp-up of existing operations in Sao Paulo, Rio de Janeiro and Belo Horizonte and expansion of operations into Porto Alegre in September 2016.

4.7.2.2 Operating expenses

- Network operations and station compensation consists of:
  - network operations consist primarily of announcers and aviation costs and are expected to increase in a manner similar to inflation; and
  - station compensation is forecast to increase as GTN increases the number of Affiliates and a number of Affiliate Contracts are renegotiated during the forecast period.
- Selling, general and administrative expenses include:
  - selling expenses represent salaries and sales commissions paid to GTN sales staff. These have a significant variable component and are expected to increase based on Revenue increases; and
  - general and administrative expenses consist primarily of management compensation, legal and professional costs and general corporate expenses. These are expected to increase at an inflationary level except as follows:
    - the forecast reflects lower management compensation than the historical financial statements;
    - the management fee paid to GTCR has been eliminated on a go forward basis;
    - an estimate of public company costs not currently incurred has been included; and
    - the existing equity-based compensation plan has been replaced with the long term incentive plan to be put in place shortly after Completion.

4.7.2.3 Depreciation

Depreciation is related to GTN's tangible fixed assets, primarily helicopters. The tangible fixed assets are depreciated on a straight line basis over their estimated useful life and are forecast to remain relatively stable over the forecast period.

4.7.2.4 Amortisation

Amortisation is a non-cash item and primarily relates to the amortisation of advertiser relationships and station contracts. It is forecast to decrease materially in FY2017 as the intangible asset related to advertiser relationships will be fully amortised by March 2016.

4.7.2.5 Net finance costs

Net finance costs consist of interest expense on the Banking Facilities drawdown in February 2016, original and Former Banking Facilities, and amortisation of deferred loan costs related to the Banking Facilities less interest income generated by GTN's cash balances. Non-cash imputed interest income related to the accounting for the new Southern Cross Austereo Affiliate Contract is not considered in the calculation of net finance costs.

4.7.2.6 Tax expense

The primary jurisdictions in which GTN operates are Australia, Canada, the United Kingdom and Brazil and their applicable corporate tax rates are 30%, 26%, 20% and 34% respectively. However, due to large net operating losses and/or continued loss making operations, GTN does not recognise any tax benefit in either Canada or Brazil. In addition, GTN's Australian-based operations are subject to tax in the United States so the effective tax rate is 35% rather than the statutory rate of 30%. Income tax expense has been calculated based on the applicable or effective tax rate as described above. Tax benefits are also not recognised in certain United States-based subsidiaries and Luxembourg due to the unlikelihood of the net operating losses being utilised in future periods.

4.7.2.7 Working capital

Working capital balances are forecast to increase in each of FY2016 and FY2017 as discussed in Sections 4.8.2.1 and 4.8.4.1 respectively. The forecast accounts receivable and accounts payable balances are based on an estimate of receivables days outstanding and payables days outstanding (consistent with the historic financials). In addition, FY2015 accounts payable were higher than usual and are forecast to return to historic levels in FY2016 and FY2017 which contributes to the increase in working capital forecast in each of these years.

4.7.2.8 Capital expenditure

Capital expenditures for FY2016 are forecast to be $1.7 million which represents the first six months of the year annualised. Capital expenditures for FY2017 are forecast to be $2.5 million, which is consistent with FY2013 ($2.4 million), FY2014 ($2.5 million) and the average of FY2015 actual ($4.1 million) and FY2016 forecast ($1.7 million) (average $2.9 million). FY2015 was higher than usual because of non-recurring helicopter purchases for the expanded Brazil operations and the timing of capitalised helicopter rebuilds which have led to FY2016 capital expenditure being lower than is customary. GTN Group's capital expenditures are primarily aircraft related. These include both the purchase of additional aircraft related to expansion of the Brazilian business and refurbishing the existing fleet of 17 aircraft.

4.7.2.9 Exchange rates

The average exchange rates assumed in the FY2016 and FY2017 Forecast Financial Information are as follows:

	Pro forma and statutory forecast FY2016	Pro forma and statutory forecast FY2017
AUD:USD	0.71	0.70
AUD:CAD	0.95	0.93
AUD:GBP	0.47	0.47
AUD:BRL	2.72	2.80

4.7.3 Statutory Forecast Financial Information

The Statutory Forecast Financial Information is based on the same general and specific assumptions as those underlying the Pro Forma Forecast Financial Information as set out in Sections 4.7.1 and 4.7.2, with the exception of the specific assumptions set out below:

4.7.3.1 One-off Offer and other transaction costs

Transactions costs associated with the Offer in FY2016 are expected to be $11.3 million; of this amount, $4.6 million is directly attributable to the issue and sale of Shares pursuant to the Offer and hence, will be offset against equity raised in the Offer. The remaining $6.7 million has been expensed, comprising $0.6 million in FY2015 and $6.1 million in FY2016. These costs have been excluded as they are non-recurring.

4.7.3.2 Public company costs

Public company costs are assumed to be incurred from 1 June 2016, and reflect GTN's estimate of the incremental annual costs that GTN will incur as a public entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs.

4.7.3.3 Foreign exchange gains/losses

Historic non-cash foreign exchange gains and losses have been excluded since these expenses relate to the intercompany notes that will be capitalised as part of the Restructure related to the Offer and the GTN Group will therefore no longer incur the impact of translating the intercompany notes at changing foreign exchange rates.

4.7.3.4 Income taxes

In addition to reflecting the tax impact of any adjustments, an adjustment has been made to remove the write-off of deferred tax assets of $7.8 million which will be included as a tax expense in the FY2016 Statutory Forecast Results relating to the capitalisation of intercompany notes as part of the Restructure.

4.8 Management discussion and analysis on Forecast Financial Information

4.8.1 Pro Forma Forecast Results and Pro Forma Historical Results: FY2016 compared to FY2015

Figure 4.20 sets out the Pro Forma Forecast Results for FY2016 and Pro Forma Historical Results for FY2015:

Figure 4.20: Pro Forma Forecast Results and Pro Forma Historical Results: FY2016 compared to FY2015

$'000s	Pro Forma Historical Results FY2015	Pro Forma Forecast Results FY2016
Revenues	153,484	164,142
Network operations and station compensation	(93,950)	(102,659)
Selling, general and administrative expenses	(30,936)	(32,683)
Net FX losses on borrowings	-	-
Operating expenses	(124,886)	(135,342)
EBITDA	28,598	28,800
Interest income on Southern Cross Austereo Affiliate Contract	-	3,542
Adjusted EBITDA	28,598	32,342
Depreciation	(2,494)	(2,365)
Amortisation	(20,897)	(17,628)
Adjusted EBIT	5,207	12,349
Other interest income	514	307
Interest expense	(5,162)	(5,532)
Net profit/(loss) before tax	559	7,124
Tax expense	(3,523)	(3,831)
NPAT	(2,964)	3,293
Amortisation of acquired intangibles (tax effected)	15,511	12,522
NPATA	12,547	15,815

Refer to notes in Section 4.3.1.

4.8.1.1 Revenue

Revenue is forecast to grow 6.9% from $153.5 million in FY2015 to $164.1 million in FY2016. This movement is based on forecast growth in all of GTN's operating geographies.

- Australia (ATN) Revenue is forecast to grow 3.5% from $83.5 million in FY2015 to $86.4 million in FY2016. The lower rate of Revenue growth compared to that for previous years reflects a number of unusual challenges for the business including extended leave for key sales personnel and some client spend deferrals. The drivers of the 3.5% forecast growth are:
  - 1.9% increase in radio spots inventory due to spots already secured during FY2016;
  - 2.6 percentage point increase in sell-out rate as radio sell-out rates revert closer to long term average; and
  - 2.5% decrease in the radio average spot rate. The lower projected spot rate reflects a greater mix of legacy clients at lower rates rather than a general lowering of rates.
- Canada (CTN) Revenue is forecast to grow 7.6% from $21.2 million in FY2015 to $22.8 million in FY2016. This can be attributed to:
  - 3% favourable change in AUD/CAD exchange rates; and
  - 3.6% increase in local currency consisting of:
    - 2.9% increase in spots inventory;
    - 1.8% decrease in spots sold; and
    - 5.0% increase in the average spot rate.

- United Kingdom (UKTN) Revenue is forecast to grow 13.4% from $43.5 million in FY2015 to $49.4 million in FY2016. This is primarily due to a favourable movement in AUD/GBP exchange rate.
- Brazil (BTN) Revenue is forecast to grow 6.1% from $5.3 million in FY2015 to $5.6 million in FY2016. This is driven primarily by:
  - 19% unfavourable change in AUD/BRL exchange rates; and
  - 30% increase in local currency consisting of:
    - 15.3% increase in spots sold resulting in a forecast sell-out rate of 60.5%; and
    - 8.8% increase in average spot rate which is comparable to current average spot rates.

4.8.1.2 Operating expenses

Operating expenses are forecast to grow 8.4% from $124.9 million in FY2015 to $135.3 million in FY2016;

- This movement is primarily driven by $8.7 million (9.3%) increase in network operations and station compensation from $94.0 million in FY2015 to $102.7 million in FY2016, which can be attributed to:
  - $4.7 million increase in UKTN operating expenses almost exclusively related to foreign currency movements in AUD/GBP. UKTN operating expenses are flat in local currency terms;
  - $2.0 million net increase in ATN station compensation primarily related to the full year impact of additional station compensation paid to certain radio Affiliates that were renewed during FY2015. This increase is net of the $0.7 million savings in station compensation related to new Southern Cross Austereo Affiliate Contract. The increase in Adjusted EBITDA as a result of the Southern Cross Austereo Affiliate Contract is greater than the station compensation savings and is discussed in more detail in Section 4.9; and
    - $1.1 million increase in CTN station compensation primarily related to the new Affiliate Contract entered into January 2016 along with the impact of the AUD/CAD movement.
- The growth also includes a $1.7 million (5.6%) increase in selling, general and administrative expenses, which are projected to increase from $30.9 million in FY2015 to $32.7 million in FY2016.

4.8.1.3 Adjusted EBITDA

Adjusted EBITDA is forecast to grow 13.1% from $28.6 million in FY2015 to $32.3 million in FY2016. As outlined in Section 4.3.1, the FY2016 Adjusted EBITDA only includes five months of the impact of the Southern Cross Austereo Affiliate Contract increasing Adjusted EBITDA by $3.5 million. As set out in Section 4.9 the illustrative uplift in GTN's FY2016 pro forma Adjusted EBITDA if a full year effect of the new Southern Cross Austereo Affiliate Contract was taken into account would equate to $38.2 million, implying a growth rate of 33.7%.

4.8.1.4 Depreciation and amortisation

Depreciation expense is forecast to decrease by $0.1 million (5.2%) from $2.5 million in FY2015 to $2.4 million in FY2016.

Amortisation expense is forecast to decrease by $3.3 million (15.6%) from $20.9 million in FY2015 to $17.6 million in FY2016 due primarily to GTN's intangible assets related to advertiser contracts becoming fully amortised in March 2016.

4.8.1.5 Net finance costs

Net finance costs are forecast to increase 12.4% from $4.6 million in FY2015 to $5.2 million in FY2016 due to the increased debt outstanding following the drawdown of the Banking Facilities in February 2016 partly to fund the $100 million prepayment under the Southern Cross Austereo Affiliate Contract, plus higher debt margins.

4.8.1.6 Tax expense

Income tax expense is forecast to increase from $3.5 million in FY2015 to $3.8 million in FY2016.

4.8.2 Pro Forma Forecast Cash Flows and Pro Forma Historical Cash Flows: FY2016 compared to FY2015

Figure 4.21 sets out the Pro Forma Forecast Cash Flows for FY2016 and Pro Forma Historical Cash Flows for FY2015:

Figure 4.21: Pro Forma Forecast Cash Flows and Pro Forma Historical Cash Flows: FY2016 compared to FY2015

$'000s	Pro Forma Historical Cash Flows FY2015	Pro Forma Forecast Cash Flows FY2016
Adjusted EBITDA	28,598	32,342
Non-cash items in Adjusted EBITDA	221	221
Change in working capital	3,122	(4,689)
Impact of Southern Cross Austereo Affiliate Contract	-	1,934
Operating free cash flow before capital expenditure	**31,941**	**29,808**
Capital expenditure	(4,066)	(1,700)
Southern Cross Austereo prepayment	-	-
Net free cash flow before financing, tax and dividends	**27,875**	**28,108**
Cash conversion ratio	**97%**	**87%**

Refer to notes in Section 4.5.1.

4.8.2.1 Operating cash flow before capital expenditure

Net operating cash flow of $29.8 million is forecast in FY2016 compared to $31.9 million in FY2015. This is driven by:

- Adjusted EBITDA increases from $28.6 million in FY2015 to $32.3 million in FY2016;
- impact of the new Southern Cross Austereo Affiliate Contract is $1.9 million in FY2016 reflecting five months of the new agreement (and none in FY2015) representing the net difference between the net accounting expense of $1.9 million and the cash outlay of $0; and
- working capital decreasing from a $3.1 million source of net operating cash flow in FY2015 to a $4.7 million use of net operating cash flow in FY2016. The forecast accounts receivable and accounts payable are based on an estimate of receivables days outstanding and payables days outstanding (consistent with the historic financials). In addition, FY2015 accounts payable were higher than usual and are forecast to return to historic levels which contributes to the increase in working capital.

4.8.2.2 Net cash flow after capital expenditure

Capital expenditures are forecast to decrease $2.4 million from $4.1 million in FY2015 to $1.7 million in FY2016 primarily due to fewer helicopter purchases in Brazil as well as fewer engine overhauls on the existing fleet of helicopters.

4.8.3 Pro Forma Forecast Results: FY2017 compared to FY2016

Figure 4.22 sets out the Pro Forma Forecast Results for FY2017 and FY2016:

Figure 4.22: Pro Forma Forecast Results: FY2017 compared to FY2016

	Pro Forma Forecast Results	
$'000s	**FY2016**	**FY2017**
Revenues	164,142	177,353
Network operations and station compensation	(102,659)	(106,885)
Selling, general and administrative expenses	(32,683)	(33,296)
Net FX losses on borrowings	-	-
Operating expenses	(135,342)	(140,181)
EBITDA	28,800	37,172
Interest income on the new Southern Cross Austereo Affiliate Contract	3,542	8,472
Adjusted EBITDA	32,342	45,644
Depreciation	(2,365)	(2,633)
Amortisation	(17,628)	(6,456)
Adjusted EBIT	12,349	36,555
Other interest income	307	286
Interest expense	(5,532)	(5,695)
Net profit/(loss) before tax	7,124	31,146
Tax expense	(3,831)	(10,027)
NPAT	3,293	21,119
Amortisation of acquired intangibles (tax effected)	12,522	4,603
NPATA	15,815	25,722

Refer to notes in Section 4.3.1.

4.8.3.1 Revenue

Revenue is forecast to grow 8.0% from $164.1 million in FY2016 to $177.4 million in FY2017. This movement is driven by growth in all of GTN's operating geographies.

- Australia (ATN) Revenue is forecast to grow 6.2% from $86.4 million in FY2016 to $91.8 million in FY2017. Revenue growth of 6.2% is in line with the long term average revenue growth achieved by ATN. The forecast assumes that ATN will retain the material Affiliate Contracts that come up for renewal during the FY2017 forecast period on materially similar terms and further assumes:
  - 1.5% increase in spots inventory;
  - 4.0% increase in spots sold; and
  - 2.5% increase in the average spot rate.
- Canada (CTN) Revenue is forecast to grow 14.4% from $22.8 million in FY2016 to $26.0 million in FY2017. The forecast is based on the addition of new large Affiliates to the network effective from January 2016, which is expected to drive:
  - 6.0% increase in spots inventory (this increase is already in the FY2016 run-rate inventory);
  - 15% increase in the number of spots sold due to the increased value of the CTN network, particularly in Toronto, Calgary and Edmonton. The forecast sell-out rate for FY2017 is 62%;
  - 1.3% decrease in the average spot rate; and

These factors combined lead to a 7.1% increase in Revenue per spot available.

- United Kingdom (UKTN) Revenue is forecast to grow 3.3% from $49.4 million in FY2016 to $51.0 million in FY2017. The forecast growth is primarily driven by a 1.9% increase in impacts along with an increase in sell-out rate from 93.3% to 94.0%.
- Brazil (BTN) Revenue is forecast to grow 52.0% from $5.6 million in FY2016 to $8.6 million in FY2017 primarily driven by a 55.4% increase in spots inventory, which is attributable to the full-year impact of additional inventory acquired through two large Affiliate Contracts signed in February 2016 and the expected establishment of operations in Porto Alegre during 1Q FY2017.

4.8.3.2 Operating expenses

Operating expenses are forecast to grow 3.6% from $135.3 million in FY2016 to $140.2 million in FY2017. This movement is driven by:

- $4.2 million (4.1%) increase in network operations and station compensation from $102.7 million in FY2016 to $106.9 million in FY2017 driven by:
  - $2.8 million increase in station compensation, net of a $1.0 million decrease in station compensation related to the Southern Cross Austereo Affiliate Contract being in effect for all of FY2017 versus only being in effect for the last five months of FY2016. The increase in Adjusted EBITDA due to the Southern Cross Austereo Affiliate Contract is greater than the station compensation savings and is discussed in more detail in Section 4.9; and
  - $1.4 million increase in network operations primarily related to expansion of the BTN operations (including the forecast opening of the Porto Alegre market) and inflationary increases in network operations in all other markets;
- $0.6 million (1.9%) increase in selling, general and administrative expenses from $32.7 million in FY2016 to $33.3 million in FY2017. This increase would be larger except for the following net savings related to GTN's operations post Completion:
  - $1.4 million reduction in management compensation (11 months savings compared to FY2016).

After adjusting for these items, the remaining selling, general and administrative expenses are forecast to grow approximately 6%, primarily due to selling compensation costs related to the forecast 8.0% Revenue increase.

4.8.3.3 Adjusted EBITDA

Adjusted EBITDA is forecast to grow 41.1% from $32.3 million in FY2016 to $45.6 million in FY2017. FY2017 Adjusted EBITDA reflects the full year benefit of the Southern Cross Austereo Affiliate Contract. However, as outlined in Section 4.9.3, the FY2016 Adjusted EBITDA only includes five months of the impact of the Southern Cross Austereo Affiliate Contract. FY2016 EBITDA adjusted to include the full 12 months impact of the Southern Cross Austereo Affiliate Contract would equate to $38.2 million, which would imply an FY2017 forecast growth rate of 19.4% in Adjusted EBITDA.

4.8.3.4 Depreciation and amortisation

Depreciation expense is forecast to increase by $0.3 million (11.3%) from $2.4 million in FY2016 to $2.6 million in FY2017.

Amortisation expense is forecast decrease by $11.2 million (63.4%) from $17.6 million in FY2016 to $6.5 million in FY2017. The significant decrease in amortisation is due to the intangible asset related to advertiser relationships being fully amortised during FY2016.

4.8.3.5 Net finance costs

Net finance costs are forecast to increase from $5.2 million in FY2016 to $5.4 million in FY2017.

4.8.3.6 Tax expense

Income tax expense is forecast to increase from $3.8 million in FY2016 to $10.0 million in FY2017. The increase in tax expense is primarily related to the increase in net profit before tax which is forecast to increase from $7.1 million in FY2016 to $31.1 million in FY2017 primarily due to improved operating performance and a decrease in amortisation expense due to the intangible assets related to advertiser relationships being fully amortised during FY2016.

4.8.4 Pro Forma Forecast Cash Flows: FY2017 compared to FY2016

Figure 4.23: Pro Forma Forecast Cash Flows: FY2017 compared to FY2016

	Pro Forma Forecast Cash Flows	
$'000s	**FY2016**	**FY2017**
Adjusted EBITDA	32,342	45,644
Non-cash items in Adjusted EBITDA	221	221
Change in working capital	(4,689)	(1,402)
Impact of Southern Cross Austereo Affiliate Contract	1,934	3,524
Operating free cash flow before capital expenditure	29,808	47,987
Capital expenditure	(1,700)	(2,500)
Southern Cross Austereo prepayment	-	-
Net free cash flow before financing, tax and dividends	28,108	45,487
Cash conversion ratio	87%	100%

Refer to notes in Section 4.5.1.

4.8.4.1 Operating free cash flow before capital expenditure

Net operating cash flow of $48.0 million is forecast in FY2017 compared to $29.8 million in FY2016. This is driven by:

- Adjusted EBITDA increasing from $32.3 million in FY2016 to $45.6 million in FY2017;
- impact of the Southern Cross Austereo Affiliate Contract increasing from $1.9 million in FY2016 to $3.5 million in FY2017. Impact of the new Southern Cross Austereo Affiliate Contract was $1.9 million in FY2016, reflecting five months of the new agreement (and none in FY2015) and representing the net difference between the net accounting expense of $1.9 million and the cash outlay of $0 while in FY2017, the net accounting expense is $4.7 million and the cash outlay is $1.1 million (five months of the initial $2.75 million annual payment); and
- working capital increasing from FY2016 to FY2017 from a $4.7 million use of net operating cash flow to a $1.4 million use of net operating cash flow. The forecast accounts receivable and accounts payable are based on an estimate of receivables days outstanding and payables days outstanding (consistent with the historic financials) and the small use of working capital is consistent with the Revenue and expense growth forecast for the period.

4.8.4.2 Net free cash flow after capital expenditure

Net cash flow after capital expenditure of $45.5 million is forecast in FY2017 compared to $28.1 million in FY2016. This is driven by capital expenditures increasing $0.8 million from $1.7 million in FY2016 to $2.5 million in FY2017 primarily due to forecasting additional helicopter purchases in Brazil as well as more engine overhauls on the existing fleet of helicopters.

4.9 New long term Southern Cross Austereo Affiliate Contract

As set out in Section 10.6.2, ATN entered into a new Southern Cross Austereo Affiliate Contract on 9 February 2016, which commenced with effect from 1 February 2016. Under the Southern Cross Austereo Affiliate Contract, ATN provides Southern Cross Austereo with: (i) information reports and (ii) the cash payments described below, in exchange for a specified number of advertising spots across Southern Cross Austereo's radio stations for the next 30 years (20 year contract with 10 year extension at ATN's option). As part of the agreement, ATN's cash payments to Southern Cross Austereo under the prior contract (which amounted to $14.8 million in FY2015) will be replaced by the $100 million upfront cash payment and recurring annual cash payments commencing on 1 February 2017 of $2.75 million that will be indexed by the lower of CPI and 2.5%. These annual recurring payments will continue if the contract continues beyond the initial 20 year term.

The accounting for the new Southern Cross Austereo Affiliate Contract over its 30 year contract term results in the recognition of a number of accounting income and expense components which will differ in magnitude and timing from the actual cash payments that ATN will make to Southern Cross Austereo over this period. To assist investors, a summary of the estimated indexed cash payments that ATN will make each financial year compared with the net accounting expense that ATN will report over the 30 year contract term is set out in Appendix B. This appendix indicates that the impact of the Southern Cross Austereo Affiliate Contract on GTN's Adjusted EBITDA (as defined below) over the 30 year life of the contract will equal the overall cash payments made under the contract over this period. In summary, the expected:

- income statement impact of the Southern Cross Austereo Affiliate Contract comprises two parts, namely accounting for:
  - the $100 million prepayment as a financing arrangement with Southern Cross Austereo, whereby initially GTN will record non-cash interest income over the term of the contractual agreement, based on an estimate of Southern Cross Austereo's incremental borrowing rate with similar terms, which will reduce over time as the prepayment is amortised. GTN will also record station compensation expense over the contract period equal to the $100 million prepayment plus the total non-cash interest income which will be recognised straight line over the 30 year contract term; and
  - the total recurring indexed cash payments which will be recognised straight line over the 30 year contract term period (20 year initial term plus 10 year extension).
    - GTN's Adjusted EBITDA in future periods will reflect each of these components and as indicated in Appendix B, while the net expense relating to the Southern Cross Austereo Affiliate Contract will progressively increase over the contract term, the year-on-year increases over the initial 10 years will not be material.
    - Given that EBITDA includes non-cash station compensation expense, GTN management considers it is appropriate to adjust EBITDA to include the non-cash interest income arising over the term of the Southern Cross Austereo Affiliate Contract, and therefore has elected to disclose Adjusted EBITDA in Figure 4.1 in Section 4.3.1 as a non-IFRS measure, which they consider is an appropriate measure of GTN's underlying EBITDA performance; and
- cash flow impact of the Southern Cross Austereo Affiliate Contract comprises the $100 million prepayment on 9 February 2016 and annual recurring payments over the contract term of $2.75 million indexed by the lower of CPI and 2.5%.
  - GTN's cash flow statements in future periods will reflect the above components and as indicated in Appendix B, while the annual recurring indexed cash payments relating to the Southern Cross Austereo Affiliate Contract will progressively increase over the contract term, the year-on-year increases over the initial 10 years will not be material.

The income statement and cash flow impacts of the new Southern Cross Austereo Affiliate Contract as it relates to GTN's FY2016 and FY2017 Forecast Financial Information is discussed in further detail below.

4.9.1 Adjusted EBITDA and NPATA impact

GTN management does not believe there is a meaningful, appropriate or reasonable basis to adjust GTN's Actual Historical Results and Actual Historical Cash Flows to reflect the terms of the Southern Cross Austereo Affiliate Contract since it would be too hypothetical to attempt to estimate what negotiated outcome might have been reached if a long term contract had been entered into commencing with effect from 1 July 2012. Accordingly, GTN's pro forma historical and forecast Adjusted EBITDA will (as relevant) reflect a net expense relating to the previous contract and the new long term Southern Cross Austereo Affiliate Contract effective from 1 February 2016. To assist investors, the table below summarises the net accounting expense relating to the Southern Cross Austereo Affiliate Contract at both an Adjusted EBITDA and NPATA level for each of FY2015, FY2016 and FY2017, as extracted from Appendix B:

Figure 4.24: Adjusted EBITDA and NPATA impact of new Southern Cross Austereo Affiliate Contract

$'000s	FY2015	FY2016	FY2017
Adjusted EBITDA impact of new Southern Cross Austereo Affiliate Contract - (net expense)			
Previous contract	(14,797)	(8,632)	n/a
New Southern Cross Austereo Affiliate Contract	-	(1,934)	(4,670)
Adjusted EBITDA impact of new Southern Cross Austereo Affiliate Contract - (net expense)	(14,797)	(10,566)	(4,670)
Year-on-year benefit		4,231	5,896
NPATA impact of new Southern Cross Austereo Affiliate Contract - (net expense)			
Net expense (as per above table) tax effected at 35%*	(9,618)	(6,868)	(3,036)
NPATA impact of new Austereo Affiliate Contract - (net expense)**	(9,618)	(6,868)	(3,036)
Year-on-year benefit		2,750	3,832

* Represents net accounting expense relating to the new Southern Cross Austereo Affiliate Contract in each period tax effected at 35%.

** Management considers it is too hypothetical to estimate any incremental interest expense (net of tax) that might have arisen as a consequence of potential changes to GTN's capital structure if the new Southern Cross Austereo Affiliate Contract had taken effect from 1 July 2015 and the $100 million prepayment had occurred at that date.

Figure 4.24 indicates that GTN's Adjusted EBITDA will increase by $4.2 million in FY2016 (compared with FY2015) and by a further $5.9 million in FY2017 (compared with FY2016) due to the lower net accounting expense that will apply under the new Southern Cross Austereo Affiliate Contract. The net accounting expense reduces further in FY2017 since that year reflects a full 12 month benefit of the new Southern Cross Austereo Affiliate Contract, whereas FY2016 only reflects a five month benefit. GTN's forecast NPATA is expected to increase by $2.8 million in FY2016 and by a further $3.8 million in FY2017.

4.9.2 Operating free cash flow impact

The table below sets out the operating free cash flow impacts before financing and tax arising from station compensation payments made or expected to be made by ATN to Southern Cross Austereo under the previous contract and the new Southern Cross Austereo Affiliate Contract for each of FY2015, FY2016 and FY2017, extracted from Appendix B. In relation to FY2016, ATN also made a $100 million upfront payment to Southern Cross Austereo on 9 February 2016:

Figure 4.25: Total cash flow impact of new Southern Cross Austereo Affiliate Contract

$'000s	FY2015	FY2016	FY2017
Cash impact - (outflows)			
Previous contract	(14,797)	(8,632)	n/a
New Southern Cross Austereo Affiliate Contract	-	-	(1,146)
Total cash flow impact of Southern Cross Austereo station compensation*	(14,797)	(8,632)	(1,146)
Year-on-year benefit		6,165	7,486

* Operating free cash flow before financing and tax and excluding the $100 million prepayment to Southern Cross Austereo made on 9 February 2016.

Figure 4.25 indicates that GTN's operating free cash flow before financing and tax (before taking into account the $100 million prepayment to Southern Cross Austereo on 9 February 2016) is forecast to increase by $6.2 million in FY2016 (compared with FY2015) and by a further $7.5 million in FY2017 (compared with FY2016) due to the benefit of lower annual indexed cash payments that apply under the new Southern Cross Austereo Affiliate Contract.

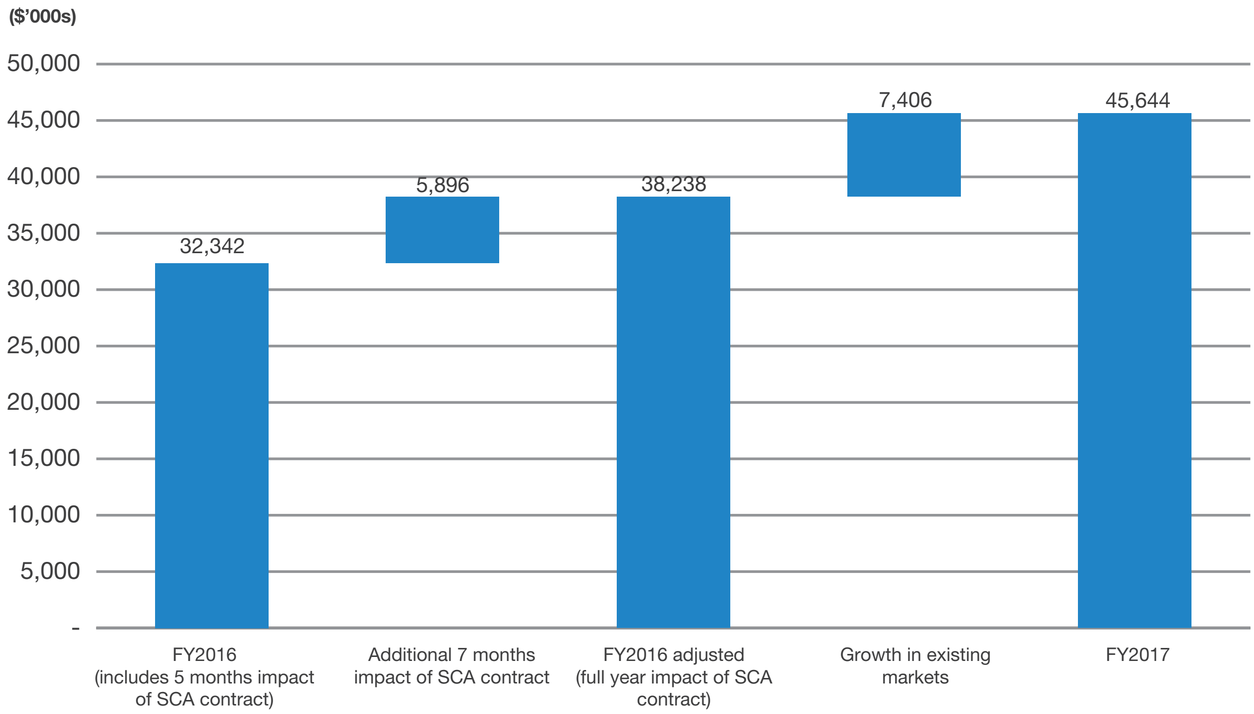
Investors should note that the annual recurring indexed cash payments to Southern Cross Austereo under the new contract only commence on 1 February 2017. Accordingly, the FY2016 operating free cash flow in the above table does not reflect any cash payments under the new Southern Cross Austereo Affiliate Contract in respect of the five month period from 1 February 2016 to 30 June 2016. Similarly, the FY2017 operating free cash flow does not reflect any cash payments under the new Southern Cross Austereo Affiliate Contract for the seven month period from 1 July 2016 to 31 January 2017.

4.9.3 Pro forma forecast FY2016 to pro forma forecast FY2017

As outlined in Section 4.3.1, GTN Group's pro forma Adjusted EBITDA is forecast to increase from $32.3 million in FY2016 to $45.6 million in FY2017. GTN Group's pro forma NPATA is forecast to increase from $15.8 million to $25.7 million over the same period. These increases are driven by the following components:

- full year effect of new Southern Cross Austereo Affiliate Contract - as discussed in Section 4.9.1, GTN management has not adjusted GTN's Actual Historical Results and Actual Historical Cash Flows to reflect the terms of the new Southern Cross Austereo Affiliate Contract prior to its effective date of 1 February 2016. As a result, GTN's pro forma forecast Adjusted EBITDA for FY2016 only includes a five month benefit of the lower net accounting expense that will apply under the new Southern Cross Austereo Affiliate Contract, whereas the pro forma forecast Adjusted EBITDA for FY2017 reflects a full 12 month benefit of the new Southern Cross Austereo Affiliate Contract; and
- other factors, including Revenue growth in all of GTN's operating geographies and movements in operating expenses as discussed in further detail in Section 4.8.3.

Figure 4.26: Pro forma adjusted EBITDA bridge



The above analysis illustrates that GTN Group's pro forma forecast Adjusted EBITDA for FY2016 would increase by $5.9 million to $38.2 million if the full year benefit of the lower net accounting expense that will be achieved in FY2017 under the new Southern Cross Austereo Affiliate Contract was taken into account.

On an equivalent basis, GTN Group's pro forma forecast NPATA for FY2016 would increase by $3.8 million to $19.6 million reflecting the full year benefit of the lower net accounting expense (tax effected at 35%) that will be achieved in FY2017. This illustrative estimate does not take into account any additional interest expense (net of tax) that might be attributable to this full year adjustment since GTN management believes this calculation would be hypothetical and of limited relevance to an investor.

The above analysis does not take into account the other components driving the increase in pro forma forecast Adjusted EBITDA and pro forma forecast NPATA for FY2017 and should not be viewed in isolation of these other drivers. This analysis should be read in conjunction with the general assumptions outlined in Section 4.7.1 and the management discussion and analysis on FY2017 Pro Forma Forecast Results compared to FY2016 in Section 4.8.3.

4.10 Sensitivity analysis

The Forecast Financial Information included in Section 4.8 is based on a number of key assumptions which are outlined in Section 4.7 and which are subject to change. The Forecast Financial Information is also subject to a number of risk factors as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Forecast Financial Information, the sensitivity of the forecast NPATA for FY2016 and FY2017 to changes in certain key assumptions is set out below in Figure 4.27. The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown below.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables had been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that GTN would respond to any adverse change in one variable by seeking to minimise the net effect on NPATA.

Figure 4.27: NPATA sensitivity table

Assumptions	Increase / decrease	FY2016 pro forma NPATA impact	FY2017 pro forma NPATA impact
Revenues	+/- 1%	$0.8 million	$1.0 million
Operating expenses	+/- 1%	$1.1 million	$1.1 million
Adjusted EBITDA margin %	+/- 50 bps	$0.6 million	$0.7 million
GBP exchange rate	+/- 1%	<$0.1 million	<$0.1 million
CAD exchange rate	+/- 1%	<$0.1 million	<$0.1 million
USD exchange rate	+/- 1%	<$0.1 million	<$0.1 million
Effective interest rate	+/- 50 bps	$0.3 million	$0.3 million
Effective tax rate	+/- 100 bps	$0.1 million	$0.3 million

Notes:
1. Sensitivity based on +/– 1% movement in Revenues.
2. Sensitivity based on +/– 1% movement in operating expenses.
3. Sensitivity based on +/– 50 bps movement Adjusted EBITDA margin %.
4. Sensitivity based on +/– 1% movement in GBP to AUD exchange rate.
5. Sensitivity based on +/– 1% movement in CAD to AUD exchange rate.
6. Sensitivity based on +/– 1% movement in USD to AUD exchange rate.
7. Sensitivity based on +/– 50 bps movement in the BBSY rate used to calculate GTN's interest expense and interest income.
8. Sensitivity based on +/– 100 bps movement in the effective tax rate used to calculate GTN's taxation expense.

4.11 Dividend policy

The Board of Directors currently anticipate that both an interim and a final dividend to Shareholders will be paid in respect of the period from 1 July 2016 to 30 June 2017. The first dividend is expected to be determined for the six months ending 31 December 2016 and paid in March 2017. Assuming a FY2017 result consistent with the Forecast Financial Information, the Board currently intends to pay interim and full-year dividends in respect of FY2017 of 10.5 cents per Share in aggregate, based on target dividend payout ratio of 100%, FY2017 NPAT of $21.1 million and total Shares on issue immediately after Completion of 201.2 million. The Board expects the interim and final dividends for FY2017 to be 95% franked.

The Board intends to target a dividend payout ratio of 100% of GTN Group's Statutory NPAT from FY2017. The level of the payout ratio may vary between periods due to seasonality of the business and other factors the Directors may consider relevant, including general business environment, the operating results and financial condition of the GTN Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payments of dividends by GTN Group.

No assurances can be given by any person, including the Directors, about the payments of any dividend and the level of franking on any such dividend.

Investors who are not residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisors regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares.

Section 5

Risks

5. Risks

The future performance of GTN and the future investment performance of Shares may be influenced by a range of factors, many of which are outside the control of GTN, the Directors and its senior management team. This Section 5 describes what GTN believes to be the key risks associated with GTN's business, the industry in which it operates and the general risks associated with an investment in GTN. It does not purport to list every risk that may be associated with GTN's business or the industry in which it operates or an investment in GTN now or in the future. The occurrence or consequence of some of the risks described in this Section 5 are partially or completely outside the control of GTN, its Directors and its senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and senior management as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Any of these risks, and any other risks that may emerge, may in isolation or in combination, if they eventuate, have a material adverse effect on GTN's business, future financial position and future financial performance and cash flows. There can be no guarantee that GTN will achieve its stated objectives or that the Forecast Financial Information or any forward looking statements contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus, and consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of this Prospectus, or have any questions about whether to invest in GTN, you should consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor prior to deciding whether to invest in GTN.

5.1 Risks specific to an investment in GTN

5.1.1 Maintenance of key Affiliate relationships and contracts

GTN's success depends on its ability to maintain existing relationships and contracts with Affiliates and develop relationships with additional radio and television stations, because its competitive advantage lies in offering advertisers access to large networks. GTN faces competition in providing its information reporting services to Affiliates, both from the Affiliates themselves (who may decide to produce those information reporting services internally) and from third party sources of information services. The loss of significant Affiliate Contracts through non-renewal or termination could materially reduce the Revenue GTN is able to generate from advertising sales in future.

GTN may also be required to increase the amount of cash compensation it pays Affiliates to obtain spots, including in response to potential competitors. If GTN is required to increase the amount of cash compensation it pays to obtain spots, GTN may experience a material reduction in its cash flows which may adversely affect GTN's ability to pay dividends or meet debt servicing obligations. It may also have an adverse effect on GTN's financial position and financial performance.

GTN is vulnerable to potential competitors that may enter the market, particularly when Affiliate Contracts are near the end of their term, are expired or are unwritten. Affiliate Contracts with two of GTN's three largest Affiliates in Australia are up for renewal in the second half of 2016.

GTN has significant relationships and contracts with Affiliates in Australia, Canada and the United Kingdom, the loss of which would result in a significant decrease in the amount of spots in the relevant geographies and consequently the amount of Revenue generated in that geography. For example, as of 1 January 2016 Affiliate Contracts with GTN's:

- four largest Affiliates in Australia represented approximately 70% of its total spots;
- two largest Affiliates in Canada represented approximately 56% of its total spots; and
- two largest Affiliates in the United Kingdom represented approximately 71% of its total radio advertising Impacts.

GTN also has relationships and contracts with Affiliates in each country in which it operates that are not material in respect of that particular country but that may be material to sub-markets in that country, such as a state or province. The loss of an Affiliate Contract covering one of these sub-markets may have a material impact on the Revenue generated from that sub-market and the Revenue generated in that country as a whole.

5.1.2 Sale of spots and short forward sales pipeline

GTN's financial success depends on its ability to compete successfully with other forms of advertising in selling its spots to advertisers. GTN's advertising Revenue may fall below expectations, including as a result of factors such as increased competition in advertising markets, specific issues impacting GTN's ability to deliver spots to advertisers or to successfully execute the sale of spots to advertisers, and deterioration in general market conditions which could result in an adverse effect on GTN's future financial performance and cash flows.

Selling advertising is highly competitive. GTN competes for advertising sales with radio and television stations, including its Affiliates, as well as with other media, including newspapers, magazines, internet advertising, outdoor advertising, transit advertising, mobile advertising, direct response advertising and point-of-sale advertising, among others. As a result of the competition faced by GTN in the radio and television advertising market, it experiences and expects to continue to experience price competition, which could lower the rates it is able to charge for its spots and may have a material adverse effect on its future Revenue and business prospects.

GTN's forward sales pipeline is short, as is typical of the radio business. Advertisers book a significant portion of orders not more than four weeks in advance. The short forward sales pipeline makes it difficult to predict GTN's future Revenue. It also means there is no certainty that the seasonal trends displayed historically will continue in the future, including in FY2016 or FY2017.

Certain Affiliate Contracts contain restrictions on GTN's ability to approach new advertisers while an Affiliate is negotiating its own advertising contracts with that advertiser. These or other restrictions could negatively affect the operation of GTN's business, as GTN's success depends on selling its spots to advertisers.

The sale of spots may also be impacted by GTN's internal ability to execute its business model. GTN may fail to produce the traffic information reporting service that entices Affiliates to provide spots or may fail to implement strategies to successfully sell spots to advertisers.

5.1.3 Key management

GTN's financial success is dependent to a significant degree upon the efforts of its current executive officers and other key management. GTN relies on a high quality management team with significant experience in the broadcast advertising industry. The loss of the services of William Yde III, GTN's Chief Executive Officer and other key management, or the failure to attract additional key individuals on equivalent compensation packages, could materially adversely affect GTN's operations, including its relationships with Affiliates and key Advertisers, and may have an adverse effect on the future financial performance of the business.

GTN's success and viability is also dependent to a significant extent upon its ability to attract and retain qualified personnel in all areas of its business, especially, sales professionals, and on-air broadcasters. If GTN is unable to attract and retain sales professionals it may be unable to sell its spots to advertisers and potentially result in a reduction of advertising Revenue. If GTN is unable to retain on-air broadcasters or attract replacements for them, its Affiliates may become dissatisfied with its delivery of information reports and potentially result in the non-renewal of Affiliate Contracts, a subsequent reduction in spots and ultimately the loss of advertising Revenue.

5.1.4 Southern Cross Austereo Affiliate Contract

The Southern Cross Austereo Affiliate Contract has a term of 30 years (20 year initial term and 10 year extension) and included an upfront payment of $100 million from ATN to Southern Cross Austereo, which was paid on 9 February 2016. Due to the long term nature of the Southern Cross Austereo Affiliate Contract, ATN may not receive full value over the term of the Southern Cross Austereo Affiliate Contract for its upfront payment, potentially including as a result of:

- the insolvency of Southern Cross Austereo. In that circumstance, it is possible that Southern Cross Austereo would no longer be able to provide the agreed advertising spots to ATN. In addition, the Southern Cross Austereo Affiliate Contact contains a mechanism requiring Southern Cross Austereo to refund a pro rata portion (based on the portion of the term elapsed) of the $100 million upfront payment to ATN in the event ATN terminates the contract under certain limited circumstances (including where Southern Cross Austereo is insolvent). Where Southern Cross Austereo is insolvent, there is a risk that Southern Cross Austereo would not have the funds available to pay the refund amount to ATN in full, and may not be able to pay the refund amount at all;
- a material reduction in Southern Cross Austereo's market share and accordingly the value of spots provided by Southern Cross Austereo; and
- changing consumer preferences that reduce the value of radio spots generally.

GTN's future financial position, financial performance and cash flows may deteriorate if ATN does not receive full value for the $100 million upfront payment over the term of the Southern Cross Austereo Affiliate Contract.

5.1.5 Review event risk under the Facility Agreement

The GTN Group obtains significant funding from its lenders. Although the Banking Facilities described in Section 4.4.4 have a term of five years, the Facility Agreement includes certain "review events", which could lead to an acceleration of amounts owing under the Facility Agreement where one is breached and a resolution is not agreed with the financiers within 30 days. The review events include where:

- William Yde III ceases to be employed by the GTN Group in an executive role and a suitably qualified and experienced replacement is not found within 180 days;
- an Affiliate Contract with one the four specified large Affiliates is terminated and is not replaced with a substantially similar agreement;
- GTN is delisted from the ASX, suspended from trading for 10 consecutive business days and is not reinstated without material adverse sanction or a "change of control" occurs as defined under the Facility Agreement; and
- Southern Cross Austereo becomes "insolvent" as defined under the Southern Cross Austereo Affiliate Contract.

The acceleration of amounts owing under the Facility Agreement may have a material adverse effect on GTN's business, financial performance and operations if it is unable to repay amounts outstanding or if alternative debt or equity funding is not available on favourable terms or at all at the time of acceleration.

5.1.6 Popularity of radio and television

GTN's business is dependent upon the performance of the highly competitive radio and television industries. GTN generates Revenue by selling spots sourced from its Affiliates. Demand for GTN's spots may decline if the audiences of its Affiliates decline.

GTN's Affiliates compete for audiences and advertising revenues with:

- other radio and television stations and networks;
- cable and satellite television and satellite radio;
- out of home advertising (for example billboards);
- newspapers and magazines; and
- new technology described in Section 5.1.7,

within their respective markets.

New technologies and alternative media platforms increasingly compete with radio and television stations for audiences and advertising revenue, and in the case of some products, allow viewers and listeners to avoid traditional commercial advertisements. GTN is unable to predict the effect such new technologies and alternative media platforms will have on the radio and television broadcasting industry, but any reduction in the audiences of radio and television stations, in particular the audiences of its Affiliates, may adversely impact GTN's advertising Revenue and future financial performance.

5.1.7 Impact of new technology

GTN's ability to maintain relationships and contracts with Affiliates and sell its spots to advertisers may be disrupted by new technology. Examples of new technology that may disrupt traditional forms of radio and television broadcast include:

- mobile and internet-based media, including television and radio streaming services and podcasting; and
- smart phones, including information and entertainment applications such as Pandora, iHeartRadio, Spotify, Apple Music and Google Play Music.

The introduction of new technology may result in GTN facing competition from providers of information reporting services that utilise new technologies to which GTN does not have access, both for the purpose of gathering and delivering information. New technology, such as traffic information services for smart phones, may also reduce the demand for GTN's information services as consumers seek traffic information services via new technology. If Affiliates obtain information reporting services from sources other than GTN, or decide that their audiences no longer demand GTN's traffic information services, those Affiliates may not renew Affiliate Contracts or may renew Affiliate Contracts on less favourable terms.

5.1.8 Potential impact of GTN's fixed cost structure on its flexibility

A substantial majority of GTN's expenditure is fixed and is difficult to reduce in the short term, in particular, compensation paid to Affiliates. Because of those fixed costs, any decrease in Revenue could largely flow through to earnings and therefore disproportionately adversely affect GTN's future financial performance and cash flows.

5.1.9 Advertising agency industry consolidation

A significant amount of GTN's advertising Revenues are placed through advertising agencies that represent the ultimate client Advertiser. As a result of the trend towards advertising industry consolidation, certain advertising agencies now represent more advertisers and are responsible for a greater proportion of GTN's Revenue, and those advertising agencies now have greater market power and may be able to extract more favourable pricing and other concessions from GTN.

In addition, many consolidated advertising agencies are now international in scope. In the last financial year, approximately 21% of GTN's advertising Revenue was sourced from one group of advertising agencies. Given GTN's existing operations and possible international expansion, it is possible that in the future these international advertising agencies may co-ordinate their purchasing efforts and leverage their worldwide buying power to negotiate pricing and other concessions from GTN. Should this occur, it is possible that GTN's future Revenue, profitability and growth prospects may be adversely impacted.

5.1.10 Advertising industry fluctuations

GTN's ability to sell its spots may be subject to economic and industry fluctuations. The advertising industry tends to be affected by general economic conditions and is sensitive to the overall level of consumers' disposable income within a given market. A decline in general economic conditions within a market in which GTN operates could adversely affect advertising Revenues generated from that market and, in turn, may have an adverse effect on GTN's future Revenue, financial performance and cash flows.

5.1.11 Broadcasting industry regulation and consolidation

A substantial majority of GTN's spots in Australia, Canada and the United Kingdom are sourced through a limited number of Affiliates. The potential consolidation of radio and television stations and networks in the countries in which GTN operates may result in a reduction of its negotiating leverage and may increase GTN's costs impacting GTN's profitability. In addition, the loss of relationships with key Affiliate Contracts could adversely impact on GTN's future operating and business performance.

In Australia, the Australian Government has proposed reforms to restrictive media ownership laws, which remain subject to Parliamentary approval and legislation. If the proposed reforms to the restrictive media ownership laws are implemented by legislation, this could lead to consolidation among media industry participants in the Australian market.

If existing Affiliates consolidate, those Affiliates may be more likely to determine that, because of economies of scale achieved through such consolidation, it is in their best interests to internalise the information reporting services currently provided by GTN and consequently decide not to renew existing Affiliate Contracts.

5.1.12 Exposure to movements in foreign exchange rates

A large part of GTN's Revenue (46% in FY2015) is generated outside Australia and is denominated in foreign currencies. Adverse movements in the exchange rate between the Australian dollar and the foreign currencies of the jurisdictions in which GTN conducts its business will affect, among other things, the Australian dollar amount of GTN's Revenue and expenses, which may impact GTN's future financial performance and cash flows which may adversely affect GTN's ability to pay dividends and to service debt obligations.

Although GTN has not hedged its exposure to foreign currency exchange rate changes in the past, it may choose to do so in the future. There is no guarantee such hedging, if undertaken, will successfully mitigate the negative impact of exchange rate movements on GTN's profitability, ability to pay dividends and to service its debt.

5.1.13 Competing business models

Third parties may seek to establish a business model similar to GTN's business model in competition with GTN. If this occurs in any of the countries in which GTN operates, such competitive pressures may erode GTN's market share and adversely impact GTN's future Revenue, profitability and growth prospects.

5.1.14 Outsourcing of GTN's United Kingdom operations

In the United Kingdom, GTN outsources the production and reporting of traffic information and entertainment news services to a third party. An increase in the charges for these services, the cancellation of the provision of these services or any change in the quality of these services could adversely impact GTN's financial performance and future financial prospects. UKTN's contract with the third party provider of traffic production and report services expires on 31 December 2017.

5.1.15 Affiliate expansion

A portion of GTN's future growth is dependent on growth of its operations, particularly in Canada and Brazil. If GTN fails to expand the number of Affiliates and its spots inventory available to sell to advertisers in those geographies, it may be unable to increase its Revenue in the future which may adversely impact GTN's operating and business performance which may adversely affect GTN's future financial position and financial performance.

5.1.16 Operations in new markets

One potential source of GTN's long term growth is its continued expansion within Brazil (see Section 3.6.5) and possible expansion into other new markets (see Section 3.6.6). GTN's inexperience in these new markets increases the risk that potential expansions will not be successful.

GTN previously incurred losses when undertaking expansions into new markets. While GTN expects its operations in new markets to become profitable over time, it may incur significant expenses and capital expenditures in connection with providing its information reporting services in those new markets, building its infrastructure and developing its base of Advertisers.

Although GTN's operations have historically generated positive EBITDA in Australia, Canada and the United Kingdom, those past results are not indicative of future performance and GTN may not be able to replicate such profitable operations in new markets due to cultural differences, regulatory restrictions, economic conditions or other factors.

Although GTN intends to expand into new markets, it has no commitments or agreements with respect to any radio or television stations or networks in any market other than Australia, Canada, the United Kingdom and Brazil. Despite GTN's interest in expanding into new markets, there can be no assurance that it will be able to establish operations in any new markets.

Some markets to which GTN may expand may have underdeveloped government policies and procedures, potentially resulting in administrative practices that are inefficient or unclear.

Another source of GTN's future growth is GTN's possible expansion of its Australian radio presence through the addition of regional radio stations. Expansion in regional markets may not be as profitable as previous expansions in metropolitan areas due to the relatively small size of those regional markets.

5.1.17 Expansion into other information services

In the future, GTN may consider expanding its operations into the generation of additional information reporting services, including news, entertainment and sports information services. GTN provides traffic information services in each jurisdiction in which it operates and also provides entertainment news services in the United Kingdom.

GTN's inexperience in providing news and other information services increases the risk that such expansions will not be successful and that it may generate losses and incur significant expenses and capital expenditures in undertaking these expansions. Although management has experience operating GTN's existing business, management inexperience operating other information services increases the risk that GTN's expansions will not be successful.

GTN's potential expansion into news and other information services may incur significant expenses and capital expenditures and utilise management resources. There is no guarantee that GTN's Affiliate Networks will contract for the news and other information services that GTN may provide or that advertisers will purchase the spots that GTN would embed within the news, entertainment and sports reports.

5.1.18 Integration of acquisitions

GTN may pursue strategic acquisitions in the future, including the potential acquisition of all of the assets of Radiate in the United States. If any businesses acquired by GTN in the future do not meet business expectations, such as if GTN experiences difficulties with funding arrangements, cultural compatibility and organisation structure or operational integration, or is unable to successfully realise anticipated reductions in costs, increases in Revenue or economies of scale with respect to the acquired business, GTN's business, operations and financial performance may be materially adversely affected and GTN may be required to impair goodwill and other intangible assets associated with those acquisitions.

5.1.19 Content gathering procedures

GTN currently sources traffic information content from a number of third party sources, including public authorities. A number of the Traffic Access Arrangements under which GTN sources traffic information are relationship based and generally terminable at will.

The existing arrangements in relation to sourcing content from those third party sources by GTN may change over time (including any cost of sourcing content), may affect GTN's ability to provide its traffic information services to Affiliates and may contribute to GTN experiencing increased costs associated with the provision of traffic information services to Affiliates. Any increase in the costs associated with producing traffic information services may impact the profitability of GTN's business.

Any loss of access to sources of traffic information used in the production of GTN's traffic information services may limit its ability to provide traffic information services to Affiliates and consequently reduce its spots inventory and may negatively impact its future Revenue.

5.1.20 Ability to refinance debt or access capital markets on attractive terms

GTN's inability to secure adequate financing in the future, may negatively impact its future growth, business, financial performance and operations.

GTN's potential expansion into new markets and continued growth of its existing operations may require significant additional capital resources. These future capital needs are difficult to predict. GTN may require additional capital in order to expand its business model, to take advantage of certain opportunities, including strategic alliances and potential acquisitions, or to respond to changing business conditions and unanticipated competitive pressures. GTN has experienced, and expects to continue experiencing, an expansion of its business and operations which may increase demands on GTN's operational, technical and financial infrastructure. The maintenance and replacement of this infrastructure may require significant expenditures. If GTN fails to effectively invest in the necessary infrastructure, the quality of its products and services may suffer, negatively impacting its relationships with Affiliates, potentially contributing to the loss of spots.

Although GTN believes that its current reserves of cash and cash equivalents and the availability of financing will be sufficient to fund its operations during the forecast period, GTN may need to seek additional funds either by borrowing money or issuing additional equity in order to address unforeseen contingencies or take advantage of new opportunities.

GTN's ability to obtain financing depends on a number of other factors, many of which are also outside its control, such as interest rates and national and local business conditions. If the cost of obtaining needed equity or debt financing is too high or the terms of such equity or debt financing are otherwise unacceptable in relation to the strategic opportunity GTN is presented with, GTN may be unable to take advantage of new opportunities or take other actions that otherwise might be important to GTN's business or prospects. GTN can give no assurance that it will obtain the needed financing or that it will obtain such financing on attractive terms.

Additional indebtedness could increase GTN's leverage and make it more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. Additional equity financing could result in dilution to its shareholders and the price of Shares could decline as a result.

5.1.21 Interest rate fluctuations

Changes in interest rates will affect borrowings which bear interest at floating rates such as the Banking Facilities. GTN has currently not hedged this interest rate risk. Any increase in interest rates will affect GTN's cost of servicing these borrowings, which may adversely impact its business, financial performance and operations.

5.1.22 Operations subject to regulation

GTN's broadcasts are subject to various regulatory bodies in each country in which it operates, whose rules and regulations may adversely affect GTN's business. Failure to comply with legislation, regulation and other professional standards and accreditations could have an adverse impact on GTN's reputation and the reputation of its Affiliates and Advertisers, and consequently GTN's ability to attract and retain Affiliates, Advertisers and operate its business.

The ownership, operation and sale of radio and television stations in Australia, Canada, the United Kingdom and Brazil, and Affiliates in those markets, are subject to the jurisdiction, regulations and policies of the of the Australian Communications and Media Authority (**ACMA**), the Canadian Radio-television and Telecommunications Commission (**CRTC**), the United Kingdom's Office of Communications (**Ofcom**) and the Brazilian Agência Nacional de Telecomunicações (**Anatel**) respectively. Among other things, ACMA, CRTC, Ofcom and Anatel adopt and implement regulations and policies that directly or indirectly affect the ownership, operations and sale of radio and television stations and networks, and have the power to impose penalties for violations of their rules. In addition, violations of the regulations or policies of ACMA, CRTC, Ofcom or Anatel may be a breach of certain Affiliate Contracts. Such regulation also extends to the content of the information reports GTN provides to Affiliates and advertising spots it provides to Advertisers. GTN expects to be subject to similar regulations in any new markets it enters. Each jurisdiction in which GTN operates also has a number of regulations which govern advertising on broadcast radio and television.

In addition, GTN is subject to regulations and restrictions, in respect to the operation of its aircraft, of the Australian Civil Aviation Safety Authority, Transport Canada and the Brazilian Agência Nacional de Aronautica Civil. Violations of these regulations and restrictions could result in monetary penalties, or adversely affect GTN's access to aerial surveillance or the way aircraft are operated. Changes in these regulations and restrictions could also adversely affect GTN's access to aerial surveillance or the way aircraft are operated. Monetary penalties or changes in the way aircraft are operated may have an impact on GTN's results of operations if material in amount and the loss of access to aerial surveillance may have a material adverse effect on its business operations.

5.1.23 Aircraft operations

Aircraft operations involve risks that may not be covered by GTN's insurance or that may increase GTN's operating costs. Hazards such as adverse weather conditions, mechanical failures, pilot error, acts of terrorism, crashes, collisions and emergency safety landings may impact GTN's business and may result in personal injury, loss of life, damage to property and equipment and suspension or reduction of operations, temporarily or indefinitely. In addition, if one of GTN's aircraft were to crash or be involved in an accident, GTN may be exposed to significant tort liability and substantial unforeseen expenses. Even when such hazards do not lead to injury, loss of life or damage to property and equipment, their occurrence can result in negative publicity regarding GTN. Harm to GTN's public image may, in turn, adversely affect its ability to enter into new Affiliate Contracts or renew existing Affiliate Contracts, or to sell spots.

5.1.24 Failure of IT systems and loss of third party software licences

GTN relies on a number of IT systems to support its operations. Any fraud, equipment faults, data integrity risk, or other failure of GTN's information systems, technology or business continuity planning could adversely affect GTN's operation, and therefore its financial performance and future prospects.

GTN uses a variety of third party licence components in its software. Loss of a particular third party licence component may affect GTN's ability to operate its business.

5.1.25 Impairment of goodwill and other assets

A substantial portion of GTN's total assets consist of goodwill and certain other assets including trade names, advertising contracts and station contracts that may become impaired. As required under IFRS, GTN tests goodwill and certain intangible and other assets annually, and on an interim date if impairment indicators become apparent that would require an interim test of these assets. If the carrying value of goodwill and certain other assets is revised downward due to impairment, such changes could materially affect GTN's profitability, financial position and ability to pay dividends.

5.1.26 Contracts with Advertisers

GTN's contracts with Advertisers are generally in the form of order/booking confirmations. The limited terms of these contracts with Advertisers may expose GTN to greater risk of contract dispute if there is a disagreement between the parties in the future.

5.2 General risks of an investment in GTN

5.2.1 Economic uncertainty may affect the price and value of Shares

Once GTN becomes a publicly listed company on ASX, it will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the fundamental operations and activities of GTN.

The price of Shares as quoted on ASX may fluctuate due to a range of factors. These include:

- the number of potential buyers or sellers of Shares on ASX at any given time;
- fluctuations in the domestic and international markets for listed stocks (and for media and advertising stocks in particular);
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation policies;
- recommendations by brokers or analysts;
- the inclusion in or removal of GTN from major market indices;
- the nature of the markets in which GTN operates; and
- general operational and business risks.

These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following the quotation on ASX, even if GTN's earnings increase.

Deterioration of general economic conditions may also affect GTN's business operations, and the consequent returns from an investment in Shares.

5.2.2 Liquidity of Shares

There is currently no public market through which existing Shares may be sold. On Completion, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares, or disposing of Shares they acquire under the Offer.

The Escrowed Shareholders will hold approximately 50.8% of the Shares following Completion, which may impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion. A summary of the escrow arrangements is set out in Section 7.10. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

5.2.3 Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of GTN and the price of the Shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for GTN's services.

5.2.4 Potential changes to tax rates or laws

Changes in tax law (including transfer pricing, GST and stamp duties), or changes in the way tax laws are interpreted, may impact the tax liabilities of GTN, Shareholder returns, the level of dividend imputation or franking, or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. Furthermore, the status of some key tax reforms remains unclear at this stage.

In addition, tax authorities may review the tax treatment of transactions entered into by GTN in any jurisdictions in which GTN operates or has activities. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, could increase its tax liabilities or expose it to legal, regulatory or other actions.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in GTN.

5.2.5 Shareholder dilution

In the future, GTN may elect to issue Shares or other securities. While GTN will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

5. Risks (continued)

5.2.6 Inability to pay dividends or make other distributions or to frank dividends

The payment of dividends by GTN is determined by the Board from time to time at its discretion, depending on the profitability and cash flow of GTN's business and its financial position at the time. Circumstances may arise where GTN is required to reduce or cease paying dividends for a period of time.

To the extent that GTN pays dividends, GTN may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. In addition, if the proportion of GTN's earnings from offshore operations increases, it may not be possible to frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.7 Potential changes to Australian Accounting Standards

Australian Accounting Standards (**AAS**) are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of GTN, its Directors and senior management team. The AASB is due to introduce new or refined AAS during the period from 2016 to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables, and lease obligations.

There is also a risk that interpretations of existing AAS, including those relating to measurements and recognition of key income statement and balance sheet items may differ. Changes to AAS issued by the AASB or changes to commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in GTN's consolidated financial statements.

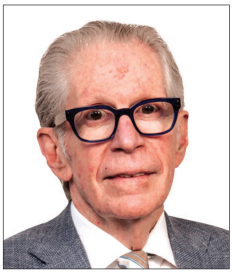
Section 6

Key People, Interests and Benefits

6. Key People, Interests and Benefits

6.1 Board of Directors

Profiles of each member of the Board are set out below:

Director, Position	Experience
 **Gary Miles** Independent Non-Executive Chairman and chairman of the Nomination and Remuneration Committee	Gary Miles has over 50 years of experience in the radio industry. He is currently a director of Vista Radio, a Canadian-based radio station operator. Gary previously held the position of Chief Executive Officer of Rogers Radio and President at the Radio Bureau of Canada and has held numerous board positions both in the Canadian radio industry and the broader Canadian community, including as Chairperson of: • Numeris (formerly the Canadian Bureau of Broadcast Measurement); • the Alcoholism Foundation of Manitoba; and • the Radio Industry Associations of Canada, Manitoba and Western Canada. Gary is a member of the Canadian Association of Broadcasters Hall of Fame.
 **William Yde III ("Bill")** Managing Director and Chief Executive Officer	William Yde III has 33 years of experience in the radio and media industry. Bill co-founded ATN in 1997, later co-founding Global Traffic Network and has served as chairman, Chief Executive Officer and President since its inception in 2005. Prior to forming ATN, Bill founded Wisconsin Information Systems, Inc. (trading as the Milwaukee Traffic Network) in 1994, and expanded its operations to create traffic networks in Milwaukee, Oklahoma City, Omaha and Albuquerque before the business was sold to Metro Networks, Inc. (now part of iHeartMedia, Inc.). Bill holds a Bachelor of Arts degree in Accounting from Indiana University and is a Certified Public Accountant.
 **Mark Anderson** Non-independent Non-Executive Director	Mark Anderson has over 15 years of experience in the private equity and finance industry. Mark is currently a Managing Director of GTCR and has been a director of Global Traffic Network for four years. In addition to Global Traffic Network, he is currently a director on the boards of CAMP Systems, Cision, IQNavigator, Lytx and XIFIN. Mark holds a Master of Business Administration from Harvard Business School and a Bachelor of Science from the McIntire School of Commerce at the University of Virginia.

 **David Ryan AO** Independent Non-Executive Director and chairman of the Audit and Risk Committee	David Ryan AO has over 40 years of experience in commercial banking, investment banking and operational business management. David has been a non-executive director on the board of Lend Lease since 2004, where he serves as the chairman of the Risk Management and Audit Committee and a member of the People and Culture Committee and the Nomination Committee. David is also currently a director of First American Title Insurance Company of Australia Pty Ltd, a director of First Mortgage Services Pty Ltd and a director of Sunshine Coast Destination Limited. David has previously held positions as a non-executive director of Aston Resources from 2011 until its merger with Whitehaven Coal and as non-executive chairman of Transurban Holdings (appointed director in 2003, chairman in 2007, and resigned in 2010). David served as non-executive chairman of ABC Learning Centres Limited (administrators appointed, receivers and managers appointed) (appointed director in June 2003 and chairman in May). David holds a Bachelor of Business from the University of Technology, Sydney and is a Fellow of the Australian Institute of Company Directors and of CPA Australia.
 **Robert Loewenthal** Independent Non-Executive Director	Robert Loewenthal has over 10 years of experience in the radio industry. He currently operates private corporate advisory and consulting business, Free Trade Hall, and is the founder of the Whooshkaa Podcasting Platform. Robert is also a director of the Media Industry Charity, 'Unltd'. Robert formerly held the role of Managing Director of Macquarie Radio Network, where he had previously acted as Chief Operating Officer and company secretary. Robert is a Chartered Accountant and holds a Bachelor of Commerce degree from The University of Sydney.

The composition of the Board committees is set out in Section 6.4.3 and a summary of the Board's key corporate governance policies is set out in Section 6.5.

Each Director has confirmed to GTN that he anticipates being available to perform his duties as a Non-Executive or Executive Director, as the case may be, without constraint from other commitments.

6.2 Management

Profiles of the key members of GTN's management team (excluding Mr Yde) are set out below:

Executive, Position	Experience
William Yde III Managing Director and Chief Executive Officer	See Section 6.1
 **Scott Cody** Chief Operating Officer and Chief Financial Officer	Scott Cody has 28 years of experience in the radio media industry. Scott is currently the Chief Operating Officer and Chief Financial Officer of Global Traffic Network after joining in 2005. Prior to joining Global Traffic Network, Scott held various positions with Metro Networks, Inc./ Westwood One, serving as Vice President of Finance from 1997 to 2002 and Senior Vice President of Business Development from 2002 to 2005. Prior to joining Metro Networks, Inc./ Westwood One, Scott was Vice President of Finance for Tele-Media Broadcasting Company. Scott graduated cum laude with a Bachelor of Arts in Accounting and Finance from Juniata College.

6. Key People, Interests and Benefits (continued)

Gary Worobow

Executive Vice President, Business and Legal Affairs

Gary Worobow has over 20 years of experience in the radio and media industry.

Gary is currently the Executive Vice President, Business and Legal Affairs of Global Traffic Network after joining in 2009. He was previously a member of the Global Traffic Network Board from 2006 to 2009.

Prior to joining Global Traffic Network, Gary held the position of Executive Vice President and General Counsel of Five S Capital Management, Inc. from 2006 to 2009, Executive Vice President, Business Affairs and Business Development for Metro Networks Inc./ Westwood One, Inc. from 2003 to 2006 and as Senior Vice President and General Counsel from 1999 to 2002.

Gary was a founder and the General Counsel of Columbus Capital Partners and held the positions of Senior Vice President, General Counsel and board member for Metro Networks, Inc./ Westwood One. from 1995 to 1999.

Gary holds a Bachelor of Arts from the University of Rochester, a Masters of Business Administration from the Simon School, University of Rochester and a Juris Doctor from the Fordham Law School.

Christopher Thornton ("Chris")

National Sales Director ATN

Chris Thornton has over 25 years of experience in the radio, media and sales industries.

Chris is currently the National Sales Director for ATN after joining in 2005.

Prior to joining Global Traffic Network, Chris held positions as a National Agency Sales Manager for the Macquarie Radio Network and a Senior Account Manager for Southern Cross Radio.

Chris obtained a Marketing Certificate from TAFE NSW and is presently a candidate for a Masters of Business Administration at the Australian Institute of Business.

Victor Lorusso ("Vic")

Chief Operations Manager ATN

Vic Lorusso has over 17 years of experience in the media industry, all of those with ATN in various operational and management positions.

Vic is currently the Chief Operations Manager for ATN after joining in 1999.

Vic is also an airborne traffic reporter for the Ten Network and various radio stations. In addition to his role with Global Traffic Network, Vic is associated with a number of charities throughout the country including the Variety Children's Charity, Redkite, Miracle Babies Foundation, Diabetes Association NSW, Cure Cancer Foundation and the Special Olympics Foundation.

Vic obtained a Business Licence for Real Estate.

John Quinn

Chief Operating Officer UKTN

John Quinn has over 30 years of experience in the radio and media industry.

John is currently the Chief Operating Officer of Global Traffic Network's United Kingdom operations after joining Global Traffic Network in 2009 following Global Traffic Network's acquisition of UBC Media's commercial division.

Prior to the acquisition, John was the Chief Operating Officer and a director of UBC Media (a company listed on AIM, a sub-market of the London Stock Exchange) and has held numerous other sales and management positions within the United Kingdom commercial radio industry.

Lannie Sibian has over 30 years of experience working in the radio and advertising industries.

Lannie joined Global Traffic Network in 2012 as President and Executive Vice-President of Sales for CTN.

Prior to joining Global Traffic Network, Lannie was General Sales Manager at Rogers Broadcasting between 2001 and 2012 and previously held senior sales positions at Standard Broadcasting Ltd., Rawlco Communications and Rogers Media.

Lannie holds an Executive Masters of Business Administration from the University of Western Ontario, Richard Ivey School of Business.

Lee Sibian ("Lannie")

President and Executive Vice-President Sales CTN

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed director of GTN;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of GTN; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of GTN;
- property acquired or proposed to be acquired by GTN in connection with its formation or promotion; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of GTN or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Interests of advisors

GTN has engaged the following professional advisors in relation to the Offer:

- Macquarie Capital (Australia) Limited has acted as Lead Manager to the Offer. GTN has agreed to pay Macquarie Capital (Australia) Limited the fees described in Section 10.6.7 for these services;
- Macquarie Equities Limited has acted as Co-Manager to the Offer. GTN has agreed to pay Macquarie Equities Limited the fees described in Section 10.6.7 for these services;
- King & Wood Mallesons (**KWM**) has acted as Australian legal advisor (other than in respect of taxation matters) to GTN in relation to the Offer. GTN has paid, or agreed to pay, approximately $690,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to KWM for other work in accordance with its normal time-based charges;
- PricewaterhouseCoopers Securities Ltd (**PwCS**) has acted as the Investigating Accountant on, and performed work in relation to, the Financial Information and has performed work in relation to its Independent Limited Assurance Report on Historical Financial Information included in Section 8 and its Independent Limited Assurance Report on Forecast Financial Information included in Section 9. GTN has paid, or agreed to pay, approximately $944,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PwCS for other work in accordance with its normal time-based charges; and
- PricewaterhouseCoopers has acted as tax advisor to GTN in relation to the Offer. GTN has paid, or agreed to pay, fees of approximately $1,403,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by GTN out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.3.2 Directors' interests and remuneration

6.3.2.1 Managing Director and Chief Executive Officer

GTN has entered into an employment agreement with Mr Yde to govern his employment with GTN. Mr Yde is employed in the position of Chief Executive Officer of GTN. Refer to Section 6.3.3.1 for further details.

6.3.2.2 Non-Executive Director remuneration

Under the Constitution, the Board may decide the total amount paid to each Director as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by GTN's general meeting.

This amount has been fixed by GTN at $550,000 per annum. As at the Prospectus Date, the annual Non-Executive Directors' fees agreed to be paid by GTN to the Chairman is (inclusive of fees for his role as chairman of the Nomination and Remuneration Committee) CAD 125,000 and each of the other Non-Executive Directors is $90,000. In addition, to the other Directors Fees, the chairman of the Audit and Risk Committee will be paid $40,000 annually. All Non-Executive Directors' fees are inclusive of superannuation contributions required by law to be made by GTN. The Board may in its discretion approve that Directors may receive Shares as part of their remuneration.

6.3.2.3 Deeds of access, indemnity and insurance

GTN has entered into deeds of access, indemnity and insurance, with each Director which contain rights of access to certain books and records of GTN for a period of seven years after the Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, GTN may indemnify Directors and officers, past and present, against liabilities that arise from their position as a Director or officer allowed under law. Under the deeds of access, indemnity and insurance, GTN indemnifies each Director against liabilities to another person that may arise from their position as a director of GTN to the maximum extent permitted by law. The deeds of access, indemnity and insurance stipulate that GTN will reimburse and compensate each Director for any such liabilities, including reasonable legal costs and expenses, except where a director's act is fraudulent, criminal, dishonest or wilfully deceitful.

Pursuant to the Constitution, GTN may arrange and maintain directors' and officers' insurance for its Directors to the maximum extent permitted by law. Under the deeds of access, indemnity and insurance, GTN must use reasonable endeavours to obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

6.3.2.4 Other information

Directors may be paid for travel and other expenses incurred in attending to GTN's affairs, including attending and returning from Board or committees of the Board or general meetings. Any Director who devotes special attention to the business of GTN or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of GTN. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3.2.5 Directors' shareholdings

Other than Shares applied for under the Offer, no Director other than William Yde III, will hold Shares on Completion. William Yde III will hold 3,426,717 Shares on Completion. Each of Gary Miles, David Ryan and Rob Loewenthal intend to apply for Shares under the Priority Offer. Final Directors' shareholdings will be notified to ASX following Listing.

Directors may hold their interests directly, or through entities associated with the Director (for example through companies or trusts).

The Shares held by William Yde III on Completion will be subject to voluntary escrow arrangements (see Section 7.10).

6.3.3 Executive remuneration

6.3.3.1 Managing Director and Chief Executive Officer

The Chief Executive Officer and Managing Director, William Yde III, is employed by GTN under an employment agreement. William Yde III will receive fixed annual remuneration of USD 450,000, which will increase by 5% each year beginning on 1 July 2017.

William Yde III will be eligible to receive an annual short term incentive award (**STI Award**) of up to 22% of his fixed annual remuneration (up to USD 100,000 for FY2017) or such other amount as determined by the Board. Payment of the STI Award will depend on GTN's performance as determined by the Board.

William Yde III will also be eligible to participate in the GTN Limited Long Term Incentive Plan (**LTI Plan**). For further details on the LTI Plan, refer to Section 6.3.3.4.

Following Listing, GTN intends to grant Initial Options to William Yde III with a total face value of USD 315,000 under the LTI Plan using the Black-Scholes valuation method. The key terms and conditions, such as the performance period and vesting conditions that apply to the Initial Options to be granted to Bill, are set out in Section 6.3.3.4.

The term of Bill's employment as Chief Executive Officer is ongoing. Either party may terminate the employment agreement by giving 12 months' notice in writing. Where William Yde III is terminated without cause or by reason of redundancy, resigns or terminates his employment agreement in certain circumstances, he will be entitled to his fixed remuneration and a payment in lieu of his medical benefits for the 12 months following the date of notice of termination, provided he continues to comply with certain obligations under his employment agreement (including the restraint of trade described below). In the event of serious misconduct or other specific circumstances warranting summary dismissal, GTN may terminate Bill's employment agreement immediately by notice in writing and without any severance payments.

Upon the termination of Bill's employment agreement, he will be subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal limitations.

William Yde III is an Existing Owner and will hold 1.7% of the Shares in the Company on Completion. William Yde III has accepted a voluntary escrow being placed on the Shares he holds. Refer to Section 7.10 for further details.

6.3.3.2 Other members of senior management

Other members of GTN Group's senior management are employed under individual employment agreements. Generally, the employment agreements are terminable by each party up to 12 months' notice in writing.

Where certain members of senior management are terminated without cause or by reason of redundancy, resign or terminate their employment agreement in certain circumstances, they will be entitled to their fixed remuneration and a payment in lieu of their medical benefits for the 12 months following the date of notice of termination, provided they continue to comply with certain obligations under their employment agreement (including the restraint of trade described below).

In the event of serious misconduct or other specific circumstances warranting termination, GTN may terminate the employment agreements of senior management immediately without notice and without any severance payments.

Upon the termination of employment, senior management are generally subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal limitations. The restraint clauses in employment agreements of senior management employed outside Australia and the United States may not be enforceable in the relevant jurisdictions.

Certain members of senior management will be eligible to receive an annual short term incentive award of amounts determined by the Board and which will depend on GTN's performance as determined by the Board.

Certain members of senior management will also be entitled to participate in the LTI Plan. Following Listing, the Company intends to grant Initial Options with a face value of USD 210,000 to members of senior management (other than William Yde III) under the LTI Plan, using the Black-Scholes valuation method, which will vest if the performance targets and other terms set out in Section 6.3.3.4 are met.

6.3.3.3 Listing bonuses

Listing bonuses will be paid to the following executives in the following amounts:

- William Yde III will receive USD 2.5 million;
- Scott Cody will receive USD 1.5 million;
- Gary Worobow will receive USD 1 million; and
- Victor Lorusso will receive $400,000.

6.3.3.4 LTI Plan

GTN proposes to establish a long term incentive plan (**LTI Plan**) that will aim to appropriately motivate, retain and reward employees for achieving growth targets and sustainable performance over the long term by allowing executives to build up an equity ownership aligning their interest with that of the Shareholders.

The LTI Plan will enable participants to receive a grant of options, subject to the Board's discretion. It is intended that the initial offers will be in the form of a grant of options to acquire Shares in GTN with an exercise price that is equal to the Offer Price (**Initial Options**).

6. Key People, Interests and Benefits (continued)

The key features of the LTI Plan are set out below. However, the Board will retain a discretion to adjust the terms of the LTI Plan, and of the options offered under the LTI Plan from time to time.

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of GTN or any other person that the Board determines to be eligible to receive an LTI Plan grant.
Grant of options	An option is a right to acquire a Share for payment of an exercise price at the end of the performance period, subject to meeting specific performance conditions.
Issue price	Options granted under the LTI Plan will be issued for nil consideration.
Exercise price	The exercise price of an option will be set out in the offer for each particular grant. The exercise price may be zero. The exercise price of the Initial Options will be equal to the Offer Price.
Performance conditions, performance period and vesting	Options granted under the LTI Plan will vest subject to the satisfaction of performance conditions determined by the Board from time to time and set out in the offer for each particular grant. The performance conditions must be satisfied in order for the options to vest. For the Initial Options, it is proposed that one-third will have a performance period from the date of Listing until 30 June 2018 and the remaining two-thirds will have a performance period from the date of Listing until 30 June 2019. It is proposed that 50% of the Initial Options will be subject to a performance condition based on the Company's relative total shareholder return (**TSR**) and 50% will be subject to a performance condition based on GTN's earnings per Share (**EPS**) growth (adjusted for one-off items associated with the IPO and amortisation of intangibles, as determined by the Board) each over the performance period. It is proposed that the percentage of the Initial Options that vest, if any, will be determined over the performance period by reference to the following vesting schedules:

GTN's comparative TSR when ranked against the TSRs of the members of the ASX 300 (excluding financials and resources)	Percentage of Initial Options subject to the TSR condition that will vest
Up to and including the 50th percentile	0%
Between the 51st and 75th percentile (inclusive)	Pro rata straight line between 50% and 100%
At and above 75th percentile	100%

GTN's EPS compound annual growth rate (CAGR)	Percentage of Initial Options subject to the EPS vesting condition that will vest
Less than threshold	0%
Between threshold and stretch target (inclusive)	Pro-rata straight line between 50% and 100%
Above stretch target	100%

Term	Description
Performance conditions, performance period and vesting (continued)	Any of the Initial Options which vest will be exercisable from the date of vesting until 31 December 2021. Options may vest or lapse early in limited circumstances such as a change of control of GTN or if the participant ceases employment with the GTN Group. It is proposed that future grants of options under the LTI Plan will have a three year performance period.
Rights associated with options	Options will not carry any voting rights or right to dividends. If the options vest and are exercised, the Shares delivered to the option holder will have all the same rights as other Shares.
Restrictions on dealing	The LTI Plan participant must not sell, transfer, encumber, hedge or otherwise deal with options granted under the LTI Plan. The participant will be free to deal with the Shares allocated on exercise of the options (following payment of the exercise price), subject to the requirements of GTN's securities trading policy.
Cessation of employment	Any unvested options granted under the LTI Plan will be forfeited where the participant resigns or is dismissed during the performance period. However, if the participant is considered a good leaver, their unvested options will vest or remain on foot.

6.3.4 Existing Owners

The current owners of the GTN Group are the Existing Owners (being the Management Shareholder (who holds his interest through GTN) and the GTCR Funds and certain members of management of the GTN Group who hold their interest through GTCR Cayman). Interests in GTN Cayman held by members of management other than the Management Shareholder will be cancelled as part of the Restructure for a nominal amount of cash.

The interests of the Existing Owners on Completion (excluding any Shares applied for under the Offer) will be as follows:

- the GTCR Funds will hold approximately 98,870,268 Shares which equates to approximately 49.1% of total issued Share capital; and
- the Management Shareholder will hold approximately 3,426,717 Shares which equates to approximately 1.7% of total issued Share capital.

Details of the Shares that will be subject to escrow arrangements are set out in Section 7.10.

6.4 Corporate governance

This Section 6.4 explains how the Board will oversee the management of GTN. The Board is responsible for the overall corporate governance of GTN. The Board monitors the operational and financial position and performance of GTN and oversees its business strategy, including approving the strategic goals of GTN and considering and approving an annual business plan, including a budget.

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of GTN. In conducting GTN's business with these objectives, the Board seeks to ensure that GTN is properly managed to protect and enhance shareholder interests, and that GTN and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing GTN, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for GTN's business and which are designed to promote the responsible management and conduct of GTN.

GTN is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its ASX Principles for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Principles are not prescriptive, but guidelines. However, under the ASX Listing Rules, GTN will be required to provide a corporate governance statement in its annual report or on its website disclosing the extent to which it has followed the ASX Principles in the reporting period. Where GTN does not follow an ASX Principle, it must identify the relevant principle or recommendation that has not been followed and give reasons for not following it.

Copies of GTN's key policies and practices and the charters for the Board and each of its committees are available at www.gtnetwork.com.au.

6.4.1 Board of Directors

6.4.1.1 Board appointment and composition

The Board is currently made up of five Directors, comprising:

- an Independent Non-Executive Chairman;
- a Managing Director;
- one Non-independent Non-Executive Director; and
- two Independent Non-Executive Directors.

Each member of the Board was appointed on 18 April 2016.

Detailed biographies of the Board members are provided in Section 6.1.

6.4.1.2 Roles and responsibilities

The Board has responsibility for providing overall strategic guidance for GTN and effective oversight of management. The Board monitors GTN's compliance with its Constitution, from which the Board derives its authority to act, and with the relevant legal and regulatory requirements.

The Board has delegated day-to-day management of the business and affairs of GTN to executive management and will set the levels of authority for the Chief Executive Officer, Chief Financial Officer and other members of executive management. These levels will be periodically reviewed by the Board and documented.

However, there are certain matters which are reserved for the collective decision of the Board, for the purpose of good corporate governance by retaining Board control over significant decisions while allowing appropriate matters to be dealt with effectively under authority delegated to executive management. Most significantly, these matters include:

- providing leadership and setting the strategic objectives of GTN;
- appointing the Chairman and potentially any deputy Chairman and any senior independent Director;
- appointing, and when necessary replacing, the Chief Executive Officer;
- approving the appointment and when necessary replacing other direct reports to the Chief Executive Officer;
- approving the appointment and when necessary replacing the company secretary;
- overseeing management's implementation of GTN's strategic objectives and its performance generally;
- through the Chairman, overseeing the role of the company secretary;
- approving business plans, assuring that sufficient resources are available to implement strategy and monitoring the implementation of strategy;
- determining GTN's capital structure and dividend policy;
- approving operating budgets and major capital expenditures;
- approving and monitoring financial reporting;
- overseeing the integrity of GTN's accounting and corporate reporting systems;
- appointing and removing external auditors, and determining the remuneration and terms of appointment of the auditors;
- overseeing GTN's process for making timely and balanced disclosure of all material information concerning it, that a reasonable person would expect to have a material effect on the price or value of GTN's securities;
- reviewing the Chief Executive Officer and senior management team's performance and results;
- reviewing and approving the Chief Executive Officer and the senior management team's contractual arrangements, remuneration and benefits;
- overseeing succession planning for the Chief Executive Officer, senior management team and such other executives as the Board may decide;
- reviewing GTN's risk management framework and setting the risk appetite within which the Board expects management to operate;
- approving GTN's remuneration framework;
- managing and reviewing GTN's compliance with its disclosure obligations and the Disclosure and Communication Policy, and considering whether any revisions to the Disclosure and Communication Policy are required;
- reviewing GTN's compliance with the Trading Policy and considering whether any revisions to the Trading Policy are required; and
- monitoring the effectiveness of GTN's governance practices.

The Board has delegated some of its functions to committees, although ultimate responsibility for those functions remains with the Board.

6.4.1.3 Independence

The board charter adopted by the Board sets out guidelines and thresholds of materiality for the purpose of determining independence of Directors in accordance with the ASX Principles, and has adopted a definition of independence that is based on that set out in the ASX Principles.

The Board considers a Director to be independent if he or she is not a member of management and is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of GTN and Shareholders generally. The Board will assess the independence of each Non-Executive Director in light of the interests disclosed by them at least annually or around the time the Board considers candidates for election to the Board.

The Board considers that each of Gary Miles, David Ryan and Robert Loewenthal are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and are able to fulfil the role of an independent Director for the purposes of the ASX Principles.

Mark Anderson is currently considered by the Board not to be independent because of his affiliation with GTCR. William Yde III is currently considered by the Board not to be independent because he is the Managing Director and Chief Executive Officer (see Section 6.3.3.1).

6.4.2 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the roles and responsibilities of the Board (see Section 6.4.1.2);
- the roles and responsibilities of the Chairman and company secretary;
- the delegations of authority of the Board to both committees of the Board, the Chief Executive Officer and other management of GTN;
- the membership of the Board, including in relation to the Board's composition and size and the process of appointment and re-election of Directors, independence of Directors and conduct of individual Directors;
- Board process, including how the Board meets; and
- the Board's performance evaluation processes, including in respect of its own performance, and the performance of the Board committees, individual Directors and senior executives.

The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

Directors are entitled to request additional information at any time they consider it appropriate. The Board collectively, and each Director individually, may seek independent professional advice, subject to the approval of the Chairman, or the Board as a whole.

6.4.3 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. To assist in carrying out its responsibilities, the Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee.

In accordance with the ASX Principles, the Audit and Risk Committee will comprise of at least three Non-Executive Directors (a majority of whom are independent), and an independent chairman who is not the Chairman of the Board. The Nomination and Remuneration Committee will comprise of at least three Non-Executive Directors (a majority of whom are independent), and an independent Chairman.

Each of the Audit and Risk Committee and the Nomination and Remuneration Committee (and any other committee established by the Board from time to time) have terms of reference which set out the roles, responsibility, composition and processes of that committee.

6.4.3.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including oversight of:

- the integrity of GTN's corporate reporting processes;
- the appointment, remuneration, independence and competence of GTN's external auditors;
- the performance of the external audit function and review of their audits;
- the effectiveness of GTN's system of risk management and internal controls; and
- GTN's systems and procedures for compliance with applicable legal regulatory requirements.

GTN will comply with the recommendations set by the ASX Principles in relation to the composition and operation of the Audit and Risk Committee. It is proposed that David Ryan will be the chairman of the Audit and Risk Committee.

6.4.3.2 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist and advise the Board on the following nomination related matters:

- Board succession planning generally;
- induction and continuing professional development programs for Directors;
- development and implementation of processes for evaluating the performance of the Board, its committees and Directors;
- processes for recruiting new Directors (evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment);
- the appointment and re-election of Directors; and
- succession planning for the Board, the Chief Executive Officer and other direct reports to the Chief Executive Officer,

with the objective of having a Board of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of GTN as a whole.

The Nomination and Remuneration Committee will be comprised of only Non-Executive Directors, a majority of which are Independent Directors. It is proposed that Gary Miles will be the chairman of the Nomination and Remuneration Committee.

6. Key People, Interests and Benefits (continued)

6.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles. GTN's corporate governance policies and practices will continue to be reviewed regularly and will continue to be developed and refined to meet the needs of GTN.

6.5.1 Disclosure and Communication Policy

Upon Listing, GTN will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, GTN will be required to immediately disclose to the ASX any information concerning GTN which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

GTN has adopted the Disclosure and Communication Policy to take effect from Listing that establishes procedures which informs the Board as well as officers, employees and consultants of GTN of their obligations in relation to timely disclosure of material price-sensitive information. Under the Disclosure and Communication Policy, the Disclosure Committee will be responsible for managing GTN's compliance with its continuous disclosure obligations.

6.5.1.1 Communications with Shareholders

The Board aims to provide Shareholders with sufficient information to assess the performance of GTN and so that they are informed of all major developments affecting the state of affairs of GTN relevant to Shareholders in accordance with all applicable laws. GTN aims to facilitate effective two-way communication with investors and recognises the importance of general stakeholder engagement. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on GTN's website, www.gtnetwork.com.au.

In particular, GTN's website will contain information about GTN, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on GTN's website as soon as they have been released to the ASX.

6.5.2 Trading Policy

GTN has adopted the Trading Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects GTN, Directors and employees against the misuse of unpublished information which could materially affect the value of securities.

The Trading Policy outlines the restrictions imposed on the Directors, officers and key management personnel of GTN in dealing in Shares, during those periods which are designated by the Trading Policy as "closed periods", any extension to a closed period, and any additional closed period, as specified by the Board.

The Trading Policy also sets out the restrictions imposed on any employees of GTN (including their family members or associates), in dealing in Shares, when in possession of "inside information", being information relating to GTN which is not generally available but, if the information were generally available, would be likely to have a material effect on the price or value of the Shares.

6.5.3 Code of Conduct

GTN is committed to providing an ethical and legal framework within which its employees conduct GTN's business. Accordingly, GTN has adopted a Code of Conduct which sets out the values, commitments, ethical standards and policies of GTN and outlines the standards of conduct expected of the business and GTN's employees, taking into account GTN's legal and other obligations to its stakeholders.

6.5.4 Diversity Policy

The Board has adopted a Diversity Policy which sets out GTN's commitment to diversity and inclusion in the workplace at all levels. The Diversity Policy provides a framework to achieve GTN's diversity goals and commitment to creating a diverse work environment where everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of GTN.

The Nomination and Remuneration Committee will oversee the implementation of the Diversity Policy and assess progress in achieving its objectives.

6.5.5 Privacy Policy

GTN is committed to protecting the safety and security of its registered users of its sites and is sensitive to their concerns about the safety of their personal information provided to GTN. The Privacy Policy details how any personal information collected by GTN is used.

Section 7

Details of the Offer

7. Details of the Offer

7.1 The Offer

This Prospectus relates to the Offer of Shares. The Offer is an initial public offering of 98.9 million Shares comprising 97.4 million New Shares and 1.5 million Existing Shares raising proceeds of up to $187.9 million at the Offer Price of $1.90 per Share. 98.9 million Shares will also be issued to the GTCR Funds as part of the Restructure. The Shares issued to the GTCR Funds will be issued under this Prospectus at the Offer Price. On Completion, 201.2 million Shares will be on issue and 102.3 million Shares will be held by the Existing Owners. The Shares being offered under the Offer will represent 49.2% of the Shares on issue on Completion.

On Completion, 102.3 million Shares (representing approximately 50.8% of the issued Shares) will be subject to certain voluntary escrow arrangements described in Section 7.10.

The total number of Shares on issue at Completion will be 201.2 million and all Shares on issue will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.13.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer which includes:
  - the Broker Firm Offer – which is open to Australian and New Zealand resident retail clients of participating Brokers, who receive an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States or a US Person; and
  - the Priority Offer – which is open to selected investors nominated by GTN in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus; and
- the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus.

No general public offer of Shares will be made under the Offer.

For further details of the:

- Broker Firm Offer and the allocation policy under it, see Section 7.3.
- Priority Offer and the allocation policy under it, see Section 7.4.
- Institutional Offer and the allocation policy under it, see Section 7.7.

The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by the Lead Manager and GTN.

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, are set out in Section 10.6.7.

7.1.2 Purpose of the Offer and use of proceeds

The Offer will raise approximately $187.9 million.

The Offer is being conducted to provide:

- a liquid market for Shares and an opportunity for others to invest in GTN;
- GTN with access to the capital markets to improve capital management flexibility;
- funds to repay existing debt facilities;
- funds to pay the transaction costs associated with the Offer;
- Existing Owners with an opportunity to realise all or part of their investment in the GTN Group; and
- funds for identified acquisitions and other expansion opportunities.

Figure 7.1: Sources and uses of Offer proceeds

Sources	$ millions	Uses	$ millions
Proceeds from the issue of New Shares	185.1	Repayment of Banking Facilities	45.2
Proceeds from the transfer of Existing Shares	2.8	IPO transaction costs and Offer related bonuses*	16.7
		Funds set aside for potential Radiate acquisition**	21.4
		Payment to the GTCR Funds for securities in GTN Cayman	101.2
		Payment of proceeds from the sale of 1.5 million Existing Shares to the Management Shareholder	2.8
		Closure of interest rate hedge***	0.8
Total sources	187.9	Total uses	187.9

* Of the total IPO transaction costs and Offer related bonuses of $18.9 million, $16.7 million will be paid with proceeds from the Offer, the remaining $2.2 million was incurred and paid prior to 31 December 2015.

** GTN intends to set aside $21.4 million (USD 15 million) to fund the acquisition of Radiate, should GTN choose to exercise its option to acquire the business. Since due diligence investigations have not been completed at this time, it is premature for GTN to conclude whether or not the acquisition will proceed and the ultimate price that may be paid for the business. In the event GTN chooses not to acquire Radiate, these funds will most likely be used to repay outstanding indebtedness, however the Directors will ultimately determine the best use of the funds at that time.

*** Relates to cash payments to close the interest rate hedge related to the Former Banking Facilities.

7.1.3 Shareholding structure

The details of the ownership of Shares immediately prior to and on Completion are set out below:

	Shares held pre-Completion(1) (2)		Shares (disposed) / acquired	Shares held on Completion	
	(m)	(%)	(m)	(m)	(%)
GTCR Funds	152.1	96.9%	(53.2)	98.9	49.1%
Management Shareholder	4.9	3.1%	(1.5)	3.4	1.7%
New Shareholders	-	-%	98.9	98.9	49.2%
Total	157.0	100%	44.2	201.2	100%

At Completion 50.8% of the Shares will be subject to voluntary escrow arrangements. See Section 7.10 for further information.

On 10 February 2016 and 31 March 2016, GTN Cayman repurchased US $1.25 million of partnership interests held by the Management Shareholder (US $2.5 million in aggregate). This would have been equivalent to a repurchase of 0.9% of the Shares on issue at a price of $2.26 per Share (using an AUD/USD exchange rate of 0.7382, which is the average of the AUD/USD exchange rate on 10 February 2016 and 31 March 2016), had the Restructure been completed prior to the Offer.

7.1.4 Control implications of the Offer

The Directors do not expect any Shareholder will control (as defined by section 50AA of the Corporations Act) GTN on Completion. However, the GTCR Funds will hold a 49.1% Shareholding on Completion and will be in a position to vote its shareholding in order to exercise a significant degree of influence over all matters that require approval by Shareholders, including the election and removal of Directors and approval of significant corporate transactions (unless prevented from voting under the Corporations Act or Listing Rules).

7.1.5 Potential effect of the fundraising on the future of GTN

The Directors believe that on Completion, GTN will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet GTN's stated business objectives.

(1) Indicates the number of Shares the Shareholders would have held had the Restructure been completed before the Offer.

(2) Post-Completion, Gary Worobow will continue to hold the 10 Shares he holds pre-Completion.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in GTN).
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for each security being offered?	The Offer Price is $1.90 per Share.
What is the Offer Period?	The Key Dates are set out on page 4. The Key Dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. GTN, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.
What are the cash proceeds to be raised?	$187.9 million is expected to be raised under the Offer, $2.8 million of which is expected to be paid to the Management Shareholder as the proceeds of the sale of 1.5 million Existing Shares and $101.2 million of which is expected to be paid to the GTCR Funds as part of the consideration for securities in GTN Cayman.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager. More detail on the underwriting arrangements is set out in Sections 7.9 and 10.6.7.
Who is the Lead Manager of the Offer?	The Lead Manager is Macquarie Capital (Australia) Limited.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application under the Broker Firm Offer. The minimum Application under the Priority Offer is $2,000 of Shares in aggregate. Priority Offer Applicants may apply for the value of shares indicated in their Priority Offer invitation. GTN and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than applied for. In addition, GTN and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Priority Offer and Institutional Offer was determined by the Lead Manager and GTN having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4 and 7.7.2. The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager and GTN. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients. The allocation of Shares among Applicants in the Priority Offer will be determined by GTN in its absolute discretion, in consultation with the Lead Manager.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 7 June 2016.

Topic	Summary
Will the Shares be quoted on ASX?	GTN will apply to ASX within seven days of the Prospectus Date for its admission to the Official List and quotation of Shares on ASX (under the code "GTN"). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion is conditional on ASX approving this application and on completion of the Restructure. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act. GTN will be required to comply with the ASX Listing Rules, subject to any waivers obtained by GTN from time to time.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 1 June 2016 on a conditional and deferred settlement basis. Conditional trading will continue until GTN has advised ASX that: (i) the Restructure has occurred; and (ii) GTN has issued and the Management Shareholder has transferred Shares to Successful Applicants under the Offer, which is expected to be on or about 6 June 2016. From the date conditional trading ends, trading will be on an unconditional but deferred settlement basis until GTN has advised ASX that holding statements have been dispatched to Shareholders. Normal settlement trading is expected to commence on or about 8 June 2016. If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect. **It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.** GTN, the Management Shareholder, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving a holding statement, even if such person received confirmation of allocation from the GTN IPO Offer Information Line or confirmed their firm allocation through a Broker.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.10.
Has an ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Section 10.14.
Are there any tax considerations?	Yes. Refer to Section 10.11.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 6.3.1 for details of various fees payable by GTN to the Lead Manager and by the Lead Manager to the Co-Manager.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the GTN IPO Offer Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest in GTN, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in GTN.

7.3 Broker Firm Offer

7.3.1 Who can apply?

The Broker Firm Offer is open to Australian and New Zealand resident retail clients of participating Brokers; who have received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States or are not a US Person. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 How to apply?

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form, or download a copy at www.gtnetwork.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the back of the Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer. GTN, in consultation with the Lead Manager reserve the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares. GTN may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

GTN, the Management Shareholder, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (Sydney time) on 20 May 2016 and is expected to close at 5.00pm (Sydney time) on 30 May 2016. GTN and the Lead Manager may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.3.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.3.4 Broker Firm Offer allocation policy

The allocation of Shares to Brokers has been determined by the Lead Manager and GTN. Shares that have been allocated to Brokers for allocation to their retail clients will be issued or sold to the Applicants nominated by those Brokers (subject to the right of the Lead Manager and GTN to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Lead Manager or GTN) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

Applicants in the Broker Firm Offer will be able to call the GTN IPO Offer Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) from 8.30am to 5.30pm (Sydney time) to confirm their allocation. Applicants under the Broker Firm Offer, including those in New Zealand, will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the GTN IPO Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

7.4 Priority Offer

7.4.1 Who can apply?

The Priority Offer is open to selected investors nominated by GTN in eligible jurisdictions who have received a Priority Offer invitation. If you are a Priority Offer Applicant, you should have received a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States or a US Person.

Your personalised invitation will indicate an amount of Shares that you may apply for.

7.4.2 How to apply?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

7.4.3 How to pay?

If you are a Priority Offer Applicant, you must pay for Shares applied for following the instructions on your personalised invitation.

7.4.4 Priority Offer allocation policy

The Allocation of Shares among Applicants in the Priority Offer will be determined by GTN in its absolute discretion, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.5 Acceptance of Applications under the Retail Offer

An Application in the Broker Firm Offer or the Priority Offer is an offer by you to GTN to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by GTN in respect of the full number of Shares specified in the Application Form (or the dollar value equivalent) without further notice to the Applicant. GTN reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

GTN and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued or sold Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

7.6 Application Monies

GTN reserves the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer or the Priority Offer will be held in a special purpose account until Shares are issued and sold to Successful Applicants. Applicants under the Broker Firm Offer and Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by GTN.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.7 Institutional Offer

7.7.1 Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia and certain other jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Lead Manager separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

7.7.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager and GTN. The Lead Manager and GTN had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- GTN's desire for an informed and active trading market following Completion;
- GTN's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that GTN and the Lead Manager considered appropriate.

7.8 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of GTN and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once GTN or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued or sold the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised GTN, the Lead Manager, the Co-Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, GTN may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer and Priority Offer);
- acknowledged and agreed that the Offer may be withdrawn by GTN or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer and Priority Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except in accordance with US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States or a US Person;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.9 Underwriting arrangements

The Offer is fully underwritten. The Lead Manager and GTN have entered into an Underwriting Agreement under which the Lead Manager has been appointed as manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer. The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and its underwriting obligations.

A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 10.6.7.

7.10 Voluntary escrow arrangements

All of the Shares held on Completion by the Escrowed Shareholders will be subject to voluntary escrow arrangements.

7.10.1 GTCR Funds

Under the terms of the voluntary escrow arrangements, subject to certain customary exceptions described below and ASX notification requirements being satisfied, Escrowed Shares held by the GTCR Funds may only be sold in the period prior to 4:15pm (Sydney time) on the date that GTN's financial results are announced for FY2017 on the following basis:

Shares to be released from escrow	Escrow release conditions
25% of Escrowed Shares held by the GTCR Funds at Completion	After 4.15pm (Sydney time) on the first date on which both the conditions below have been satisfied: – GTN's 1H FY2017 financial results are announced; and – the volume-weighted average price in any 10 consecutive trading days following announcement of those financial results exceeds the Offer Price by more than 20% (disregarding, for the purpose of ascertaining this 10 day trading period, any trading days during which Shares are in trading halt for the entirety of that day).

After the announcement of the financial results for FY2017, any remaining Escrowed Shares held by the GTCR Funds will cease to be subject to escrow restrictions.

7.10.2 Escrowed Management Shareholder

Shares held by the Management Shareholder on Completion will also be subject to a voluntary escrow arrangement.

Under the terms of the escrow arrangement, and subject to customary exceptions, the Escrowed Shares held by the Management Shareholder will be subject to escrow restrictions until the announcement of the financial results for FY2017.

In addition to the common exceptions to escrow described below, the Management Shareholder may also be released early from these escrow obligations where the manager dies or becomes incapacitated, provided that the transferee of those shares has agreed to be bound by substantially the same escrow arrangement.

7.10.3 Terms common to all escrow arrangements

Each Escrowed Shareholder has agreed to enter into an escrow deed in respect of their shareholding held on Completion (other than Shares acquired under the Offer), which prevents them from disposing of their respective Escrowed Shares for the applicable escrow period as described above.

The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent permitted by the deed as outlined in this Section 7.10), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any those things.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable, in summary:

- the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Escrowed Shares if holders of at least half of the Escrowed Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- Escrowed Shareholders to participate in an equal access buy-back or equal return of capital or other similar pro rata reorganisation.

During the escrow period, Escrowed Shareholders whose Escrowed Shares remain subject to escrow may dispose of any of their Escrowed Shares to the extent the disposal is required by applicable law (including an order of a court of competent jurisdiction) or to the extent the disposal is to an affiliate or affiliated fund entity or to a trust or entity which the Escrowed Shareholder controls where the transferee also enters into an escrow arrangement with GTN on substantially the same terms.

In addition, the Escrowed Shareholders may encumber any or all of their Escrowed Shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Shareholder has in any of its Escrowed Shares and no Escrowed Shares may be transferred to the financial institution or any other person in connection with the encumbrance (with the documentation for such encumbrance making it clear that the Escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements).

7.11 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia or New Zealand.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue or sell Shares under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Each Applicant under the Institutional Offer has been required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.12 Discretion regarding the Offer

GTN may withdraw the Offer at any time before the issue and sale of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Lead Manager and GTN also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than those applied for.

7.13 Description of Shares

7.13.1 Introduction

The rights and liabilities attaching to ownership of Shares are detailed in the Constitution and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive and is qualified by the full terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that GTN is admitted to the Official List.

7.13.2 Voting at a general meeting

At a general meeting of GTN, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares). The chairman of the meeting is not entitled to a casting vote.

7.13.3 Meetings of Shareholders

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of GTN and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

GTN must give at least 28 days' written notice of a general meeting.

7.13.4 Dividends

Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Board may from time to time determine that a dividend is payable, fix the amount of the dividend, the timing of payment of the dividend and method of payment of the dividend. A dividend may only be paid in accordance with the Corporations Act.

For further information in respect of GTN's proposed dividend policy, see Section 4.11.

7.13.5 Transfer of Shares

Subject to the Constitution and the ASX Listing Rules, Shares may be transferred by:

- a proper transfer effected in accordance with the ASX Settlement Operating Rules; or
- any other method required or permitted by the Corporations Act and ASX.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

7.13.6 Issue of further Shares

Subject to the Corporations Act, the ASX Listing Rules and any rights and restrictions attached to Shares, the Board has full discretion to issue, allot and cancel or otherwise dispose of Shares, grant options over unissued Shares and settle the manner in which fractions of a Share are to be dealt with.

7.13.7 Winding up

If GTN is wound up, the liquidator may, with the sanction of a special resolution of Shareholders, divide among Shareholders in kind the whole or any part of GTN's property, set the value of that property that the liquidator considers fair and determine how the division is to be carried out between Shareholders or different classes of Shareholders.

7.13.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel by following the procedures set out in the Constitution.

7.13.9 Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, GTN may buy back Shares in itself on terms and at times determined by the Board.

7.13.10 Variation of class rights

At present, GTN's only class of shares on issue is Shares. Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of GTN is divided into different class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

7.13.11 Conversion or reduction of share capital

Subject to the Corporations Act, GTN may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting or with the written consent of all members entitled to vote on the matter.

GTN may reduce its share capital in any way permissible by the Corporations Act.

7.13.12 Preference shares

GTN may issue preference shares including preference shares which are, or at the option of GTN or holder are, liable to be redeemed or convertible to Shares. The rights attaching to preference shares are those set out in the Constitution, unless other rights have been approved by special resolution of GTN.

7.13.13 Dividend reinvestment plans

Subject to the ASX Listing Rules, the Constitution authorises the Directors, on any terms and conditions they think fit, to establish a dividend reinvestment plan (under which any Shareholder or any class of Shareholders may elect that the dividends payable by GTN be reinvested by a subscription for shares in GTN).

7.13.14 Proportional takeover provision

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to have effect unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

7.13.15 Directors – appointment and removal Under the Constitution, GTN will have at least three Directors, unless otherwise provided by the Corporations Act and the maximum is fixed by the Directors but may not be more than 10 unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of GTN. Retirement will occur on a rotational basis so that any Director who has held office for more than three years or past the third annual general meeting following their appointment or last election (excluding any chief executive officer) faces re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the next annual general meeting of GTN and is then eligible for election at that meeting.

7.13.16 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

7.13.17 Indemnities

GTN, to the maximum extent permitted by the Corporations Act, may indemnify any current or former Director, or officer, of GTN or its subsidiaries against any liability incurred by that person in that capacity, including certain legal costs.

GTN, to the fullest extent permitted by the Corporations Act, may enter into and pay premiums on a contract insuring any current or former Director, or officer, of GTN or its subsidiaries against any liability incurred by that person in that capacity, including legal costs.

Under the Constitution, GTN may provide indemnification and may obtain insurance for each Director, or officer, of GTN or its subsidiaries during their period of office and for a certain period after the person ceases to be a Director, or officer, of GTN or its subsidiaries.

GTN has entered into deeds of access, indemnity and insurance with each Director. These are summarised in Section 6.3.2.3.

7.13.18 Powers and duties of Directors

The Board is responsible for overseeing the proper management of the business of GTN, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within GTN's power (that are not required by law or by the Constitution to be exercised by GTN in general meeting).

7.13.19 Amendments

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of GTN.

Section 8

Independent Limited Assurance Report on Historical Financial Information

8. Independent Limited Assurance Report on Historical Financial Information

The Directors
GTN Limited
Level 42, Northpoint
100 Miller Street
North Sydney NSW 2060

William Yde III
208 W Stafford Road
Westlake Village, CA 91361
United States of America

12 May 2016

Dear Directors

Independent Limited Assurance Report on GTN Limited and GTCR Gridlock Holdings (Cayman) LP Historical Financial Information and Financial Services Guide

We have been engaged by GTN Limited (ACN 606 841 801) (**GTN**), GTCR Gridlock Holdings (Cayman) LP (**GTN Cayman**) **and William Yde III** to report on the consolidated historical financial information of GTN and GTN Cayman for inclusion in the prospectus (**Prospectus**) dated on or about 12 May 2016 and relating to the issue of Shares in GTN and listing of GTN on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001 (Cth). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of GTN Cayman and GTN included in the Prospectus (collectively, the **Historical Financial Information**):

a) **Actual Historical Financial Information** for GTN Cayman comprising:

   i. actual consolidated historical revenue and net profit after tax for the years ended 30 June 2013 (**FY2013**), 30 June 2014 (**FY2014**) and 30 June 2015 (**FY2015**) and the six months ended 31 December 2014 (**1H FY2015**) and 31 December 2015 (**1H FY2016**);

   ii. actual consolidated historical net free cash flow before financing, tax and dividends for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016; and

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iii. actual consolidated historical balance sheet as at 31 December 2015

b) **Pro Forma Historical Financial Information** for GTN comprising:

i. pro forma consolidated historical income statements for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016;

ii. pro forma consolidated historical cash flow statements for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016; and

iii. pro forma consolidated historical balance sheet as at 31 December 2015

which in each case assumes pro forma adjustments (such as Completion and the Restructure) which are described in section 4 of the Prospectus.

Actual Historical Financial Information

The Actual Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and GTN Cayman's adopted accounting policies. The Actual Historical Financial Information has been extracted from the audited financial reports of GTN Cayman for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 and from GTN Cayman's reviewed interim financial report for the six month period ended 31 December 2014, and for the six month period ended 31 December 2015. The 30 June 2013, 30 June 2014 and 30 June 2015 financial reports of GTN Cayman were audited by PricewaterhouseCoopers Securities Ltd in accordance with Australian Auditing Standards. PricewaterhouseCoopers Securities Ltd issued unqualified audit opinions on the financial reports. The 31 December 2015 interim financial report of GTN Cayman has been reviewed by PricewaterhouseCoopers Securities Ltd which issued an unqualified review opinion in respect of that period and the 31 December 2014 comparative period.

The Actual Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Actual Historical Financial Information of GTN Cayman, after adjusting for the effects of the pro forma adjustments described in section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and GTN's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Actual Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent GTN's actual or prospective financial position, financial performance, and/or cash flows.

Directors' Responsibility

The directors are responsible for the preparation of the Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Actual Historical Financial Information and included in the Pro Forma Historical Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal control as the directors determine are necessary to enable the preparation of Historical Financial Information that is free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information, based on the review procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information.

Conclusions

Actual Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Actual Historical Financial Information of GTN Cayman, as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and GTN Cayman's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of GTN as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and GTN's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Historical Financial Information.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

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Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Charles Humphrey

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

4

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 12 May 2016

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwCS**) has been engaged by GTN Limited (**GTN**),GTCR Gridlock Holdings (Cayman) LP (**GTN Cayman**) and William Yde III (collectively, **you**) to provide a report in the form of an Independent Limited Assurance Report on the Historical Financial Information (the **Report**) in relation to the proposed issue of Shares in GTN and listing of GTN on the Australian Securities Exchange, for inclusion in the prospectus dated on or about 12 May 2016.

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

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

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.

4. General financial product advice

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

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report 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.

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5. **Fees, commissions and other benefits we may receive**

PwCS charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwCS 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 an hourly basis and GTN Cayman or GTN has paid, or agreed to pay, approximately $944,000 (excluding disbursements and GST) for the above services up until the Prospectus Date.

Directors or employees of PwCS, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to GTN Cayman and GTN, PricewaterhouseCoopers is the auditor.

7. **Complaints**

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**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. **Contact Details**

PwCS can be contacted by sending a letter to the following address:

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Darling Park Tower 2,
201 Sussex Street,
SYDNEY NSW 2000
GPO BOX 2650,
SYDNEY NSW 1171

Section 9

Independent Limited Assurance Report on Forecast Financial Information

9. Independent Limited Assurance Report on Forecast Financial Information

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The Directors
GTN Limited
Level 42, Northpoint
100 Miller Street
North Sydney NSW 2060

William Yde III
208 W Stafford Road
Westlake Village, CA 91361
United States of America

12 May 2016

Dear Directors

Independent Limited Assurance Report on GTN Limited Forecast Financial Information and Financial Services Guide

We have been engaged by GTN Limited (ACN 606 841 801) (**GTN** or **you**) and William Yde III to report on the consolidated forecast financial information of GTN for inclusion in the prospectus (**Prospectus**) dated on or about 12 May 2016 and relating to the issue of Shares in GTN and listing of GTN on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001 (Cth). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of GTN included in the Prospectus (collectively, the **Forecast Financial Information**):

a) **Statutory Forecast Financial Information**, being the:

   i. statutory consolidated forecast income statements for the 12 months ending 30 June 2016 (**FY2016**) and 30 June 2017 (**FY2017**) (**Statutory Forecast Results**); and
   ii. statutory consolidated forecast cash flow statements for FY2016 and FY2017 (**Statutory Forecast Cash Flows**)

b) **Pro forma Forecast Financial Information**, being the:

   i. pro forma consolidated forecast income statements for FY2016 and FY2017 (**Pro Forma Forecast Results**); and

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ii. pro forma consolidated cash flow statements for FY2016 and FY2017 (**Pro Forma Forecast Cash Flows**),

which in each case assumes pro forma adjustments (such as Completion and the Restructure) which are described in section 4 of the Prospectus.

Statutory Forecast Financial Information

The Statutory Forecast Results and Statutory Forecast Cash Flows, as described in section 4 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the Statutory Forecast Financial Information as described in section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and GTN's adopted accounting policies.

Pro forma Forecast Financial Information

The Pro Forma Forecast Results and Pro Forma Forecast Cash Flows, as described in section 4 of the Prospectus have been derived from GTN's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Forecast Financial Information. Due to its nature, the Pro forma Forecast Financial Information does not represent GTN's actual or prospective financial performance, and/or cash flows for the years ending 30 June 2016 and 30 June 2017.

Directors' Responsibility

The directors of GTN are responsible for the preparation of the Forecast Financial Information, including its basis of preparation, the best-estimate assumptions underlying the Forecast Financial Information and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal control as the directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not

2

enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Forecast Financial Information.

Conclusions

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the Prospectus; or
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and GTN's adopted accounting policies; or
- the Statutory Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information, and
- in all material respects, the Pro forma Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4 of the Prospectus, or
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and GTN's adopted accounting policies, applied to the Statutory Forecast Financial Information and the pro forma transactions and other adjustments as if those transactions or adjustments had occurred as at the date of the Statutory Forecast Financial Information, or
- the Pro forma Forecast Financial Information itself is unreasonable.

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Statutory Forecast Financial Information and Pro forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro forma Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of GTN for the years ending 30 June 2016 and 30 June 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro forma Forecast Financial Information since anticipated events and transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro forma Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of GTN. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro forma Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature.

We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in GTN, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 1, 4 and 5 of the Prospectus. The sensitivity analysis described in section 4.10 of the Prospectus demonstrates the impact on the Pro forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast Financial Information or Pro forma Forecast Financial Information will be achieved.

The Statutory Forecast Financial Information and Pro forma Forecast Financial Information have been prepared by the directors for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information or Pro forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of GTN that all material information concerning the prospects and proposed operations of GTN has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

4

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Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the Forecast Financial Information, being for inclusion in the Prospectus. As a result, the Forecast Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Charles Humphrey

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

5

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Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 12 May 2016

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwCS**) has been engaged by GTN Limited (**GTN**) and William Yde III to provide a report in the form of an Independent Limited Assurance Report on GTN's Forecast Financial Information (the **Report**) in relation to the proposed issue of Shares in GTN and listing of GTN on the Australian Securities Exchange, for inclusion in the prospectus dated on or about 12 May 2016.

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

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

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.

4. General financial product advice

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

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report 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.

5. Fees, commissions and other benefits we may receive

PwCS charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwCS 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 an hourly basis and GTCR Gridlock Holdings (Cayman) LP or GTN has paid, or agreed to pay, approximately $944,000 (excluding disbursements and GST) for the above services up until the Prospectus Date.

Directors or employees of PwCS, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to GTN, PricewaterhouseCoopers is the auditor.

7. Complaints

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**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwCS can be contacted by sending a letter to the following address:

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SYDNEY NSW 1171

7

Section 10

Additional Information

10. Additional Information

10.1 Registration

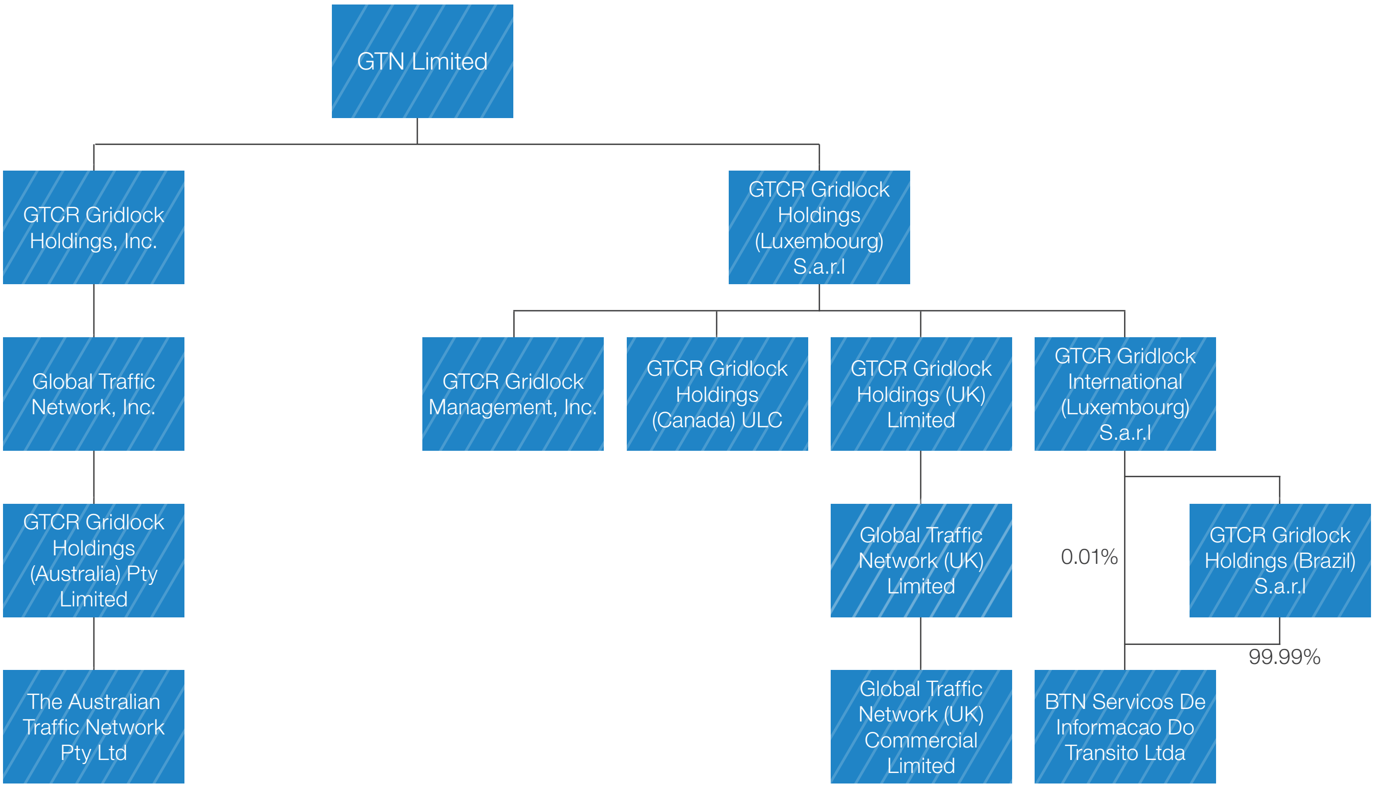
GTN was registered in Victoria, Australia on 2 July 2015.

10.2 Company tax status

GTN is and will be subject to tax at the Australian corporate tax rate on its taxable income.

10.3 Corporate structure

The following diagram shows the entities in the corporate structure of the GTN Group following the Restructure, the liquidation of GTN Cayman and the reorganisation of certain subsidiaries in the GTN Group to simplify the corporate structure.



10.4 The Restructure

The business of GTN is currently conducted by GTN Cayman, which as at the Prospectus Date is the holding entity of the GTN Group. As at the Prospectus Date, 3.1% of GTN Cayman is owned by the Management Shareholder (through GTN) and 96.9% is owned by the GTCR Funds and other members of management of the GTN Group (through GTCR Cayman).

In connection with the Offer, GTN Group will undertake the Restructure, under which GTN Cayman will become a wholly owned subsidiary of GTN and the GTCR Funds (through GTCR Cayman) will receive a combination of cash and Shares in exchange for their securities in GTN Cayman. Securities in GTN Cayman held by members of management of the GTN Group apart from the Management Shareholder (through GTCR Cayman) will be cancelled in exchange for a nominal amount of cash as part of the Restructure.

Completion of the Restructure is subject to Settlement occurring. The Restructure is scheduled to take effect on the date the Shares are issued and transferred pursuant to the Offer.

It is proposed that following the Restructure and Completion, GTN will form an Australian income tax consolidated group with its wholly-owned Australian subsidiaries and certain subsidiaries in the GTN Group will be reorganised to simplify the corporate structure of the GTN Group.

The corporate structure of the GTN Group after completion of the Restructure and other steps is contained in Section 10.3.

10. Additional Information (continued)

10.5 Dividend reinvestment plan

The Board has approved a dividend reinvestment plan (**DRP**). GTN will determine when it may be appropriate to activate the DRP. The rules of the DRP are typical of a DRP operated by an ASX-listed company.

Shareholders who elect to participate in the DRP will be able to reinvest the dividends they are entitled to receive, in Shares rather than receiving those dividends in cash. Shareholders may choose to participate in the DRP in respect of some or all of their Shares, although GTN may specify a minimum and/or maximum number of Shares that are able to participate.

GTN may choose to enter into underwriting arrangements from time to time for the partial or full underwriting of any shortfall in the DRP take-up with respect to a particular dividend. The DRP may be modified, suspended, recommenced or terminated by GTN at any time, according to the rules of the DRP.

Shareholders who are not resident in Australia or New Zealand may not be eligible to participate in the DRP, except where GTN is satisfied that it would be lawful and practicable for them to do so. The Board will determine eligibility to participate in the DRP as it sees fit, having regard to the criteria in the DRP rules.

If and when the DRP is activated, a copy of the DRP rules will be made available to Shareholders in advance of the record date for the first dividend payable by GTN after the activation of the DRP, and a copy of the DRP rules will be made available on GTN's website at www.gtnetwork.com.au.

10.6 Material contracts

10.6.1 Affiliate Contracts

Under its Affiliate Contracts, GTN provides information reports, such as traffic and entertainment news reports, in exchange for spots which may be sold by GTN to advertisers on a national, regional or specific market basis. In some cases, GTN provides cash compensation to its Affiliates for advertising spots. This is a summary only of the typical characteristics of Affiliate Contracts and the terms of the agreements can differ on a number of grounds.

Affiliate Contracts generally cover all of an Affiliate's stations across the relevant market and provide a fixed number of spots over the life of the agreement.

Affiliate Contracts are collectively material to GTN because GTN's competitive advantage lies in offering advertisers access to large audiences through its Affiliate network. The typical terms and conditions of Affiliate Contracts include:

- *Term:* The majority of agreements have a term between two and five years and they generally have staggered termination dates, although two of ATN's largest Affiliate Contracts are up for renewal in the second half of 2016. A number of Affiliate Contracts contain automatic renewal provisions, where the contract renews automatically for an additional year unless either party terminates. Certain other Affiliate Contracts have a formal review process where the parties agree to enter into discussions prior to the end of the current term in relation to the extension of the agreement;
- *Termination provisions:* Affiliate Contracts can generally be terminated by either party for breach of a material term of the agreement or in the event of the insolvency of the other party;
- *Exclusivity:* Affiliates typically agree not to broadcast traffic reports from any other traffic provider or source of traffic information where the agreement relate to traffic reports. In some cases, Affiliates also agree not to permit any advertising time to be sold by a third party embedded in or adjacent to a traffic report or news report (other than GTN);
- *Refusal to broadcast:* In certain cases, Affiliates can refuse to broadcast an information report or advertisement within an information report if the report or advertisement does not comply with relevant laws or regulations or would cause damage to the goodwill or reputation of the Affiliate;
- *Indemnity:* Generally, Affiliate Contracts contain an indemnity from the relevant GTN Group member for any loss or damage caused by any wilful or negligent act or default by the GTN Group member, a breach of the agreement or the content of the information report or advertisement. Affiliate Contracts also generally contain an indemnity from the relevant Affiliate for any loss or damage caused by any wilful or negligent act or default by the Affiliate or breach of the agreement; and
- *Solicitation of staff:* Affiliate Contracts generally contain provisions which prevent or restrict Affiliates from soliciting or employing any current or former employee of the relevant GTN Group member within specified time period.

10.6.2 Southern Cross Austereo Affiliate Contract

On 9 February 2016, ATN entered into a new Affiliate Contract with Southern Cross Austereo. Under the Southern Cross Austereo Affiliate Contract, ATN provides Southern Cross Austereo with information reports and the fees described below, in exchange for advertising spots on Southern Cross Austereo's radio stations.

The material terms of the Southern Cross Austereo Affiliate Contract are:

- *Term:* A term of 30 years, which includes an automatic renewal after 20 years for an additional 10 years unless ATN sends a written notice to Southern Cross Austereo terminating the agreement at least six months prior to the end of the initial term;
- *Fees:* An upfront payment of $100 million from ATN to Southern Cross Austereo (paid on 9 February 2016) and annual recurring payments from ATN to Southern Cross Austereo from 1 February 2017 of $2.75 million (paid in monthly instalments), indexed annually by the lower of the percentage increase in CPI and 2.5%;
- *Termination:* ATN may terminate the agreement if Southern Cross Austereo: (i) materially or persistently breaches any provision of the agreement (subject to certain cure rights); or (ii) is "insolvent" (as defined under the Southern Cross Austereo Affiliate Contract). Southern Cross Austereo may terminate the agreement if ATN: (i) evinces an intention to no longer be bound or fulfil its obligations under the agreement; or (ii) breaches one or more material provisions of the agreement which deprives Southern Cross Austereo of the substantial benefit of the agreement (each subject to certain cure rights). Where ATN has terminated the agreement, it shall also be entitled to a refund equal to:

  (360 – a) / 360 x $100 million

  where a = the number of months (including fractional months) from the commencement date to the date of termination of the agreement;
- *Exclusivity:* Southern Cross Austereo agrees not to broadcast traffic reports or traffic information from any other traffic provider or source of traffic information and agrees that ATN will be the exclusive provider of traffic information and traffic related services to Southern Cross Austereo's stations. Southern Cross Austereo also agrees not to permit any advertising time to be sold by a third party embedded in or adjacent to an information report (other than ATN);
- *Material adverse event:* If a "material adverse event" occurs under the agreement, the parties must negotiate in good faith a variation of the agreement that restores to ATN the value of its rights under the agreement. Any dispute regarding a material adverse event will be determined by an independent expert. "Material adverse event" is defined as any event which has a material adverse effect on: (a) the rights or remedies of ATN under the agreement or the value of those rights or remedies; or (b) the ability of Southern Cross Austereo to perform or comply with its obligations under the agreement, and, to the extent that (a) or (b) is satisfied, includes: (c) Southern Cross Austereo ceasing to have direct or indirect control (including having editorial control) over any radio station, digital station, channel, frequency, or multiplex capacity or any such station ceasing to broadcast; (d) "force majeure" (as defined under the Southern Cross Austereo Affiliate Contract); or (e) a "change in law" (as defined under the Southern Cross Austereo Affiliate Contract), but excludes the impact of any change resulting solely from technological preferences of the target audience of any radio stations set out in the schedules to the agreement;
- *Audience testing:* On each four year anniversary of the commencement of the agreement, Southern Cross Austereo's cumulative audience will be tested and Southern Cross Austereo agrees to provide additional spots where the audience is below certain thresholds;
- *Refusal to broadcast:* Southern Cross Austereo can refuse to broadcast an information report or advertisement within an information report if the report or advertisement does not comply with relevant laws or regulations or is otherwise in breach of the agreement;
- *Indemnity:* ATN indemnifies Southern Cross Austereo against all expenses, losses, damages and costs caused by any: (i) breach of the agreement; (ii) loss or damage to any property or death to any person caused by any negligent act or omission or wilful misconduct of ATN or its officers or employees; or (iii) claim related to the content of the information report or advertisement. Southern Cross Austereo indemnifies ATN against all expenses, losses, damages and costs caused by any: (i) breach of the agreement; or (ii) loss or damage to any property or death to any person caused by any negligent act or omission or wilful misconduct of Southern Cross Austereo or its officers or employees; and
- *Transferred stations:* Southern Cross Austereo must require any assignee or acquirer of its stations to accept the obligations in the Southern Cross Austereo Affiliate Contract.

10.6.3 Radiate Option

On 23 March 2016, GTN US entered into an exclusive option with Radiate and Radiate Holdings, the sole member of Radiate, to purchase substantially all of the outstanding assets of Radiate. The material terms of the Radiate Option are:

- *Term:* 1 March 2016 to 30 September 2016 which is exercisable from 1 September 2016. GTN US can extend the option term until 31 December 2016 by paying an additional non-refundable premium of USD 50,000 on or prior to 30 September 2016;
- *Price of Radiate Option:* USD 200,000 (plus USD 50,000 to extend the option term to 31 December 2016);
- *Exercise price:* USD 15 million (inclusive of the assumption of up to USD 8 million in liabilities);

- *Due diligence:* Radiate and Radiate Holdings are required to provide GTN US with all books, agreements, papers and records related to Radiate which are reasonably requested by GTN US and permit GTN US and its representatives reasonable access to inspect and review Radiate's business; and
- *Covenants:* During the term of the option, Radiate and Radiate Holdings shall conduct the business of Radiate in the ordinary course, use commercially reasonably efforts to preserve the value of Radiate's business, keep GTN US informed of material developments in relation to Radiate's business, not sell or dispose of any material assets of Radiate, without GTN US' written consent (subject to certain exceptions), not sell or transfer any equity interests in Radiate and not solicit or enter into negotiations regarding an alternative transaction to the Radiate Option.

10.6.4 Facility Agreement

Refer to Section 4.4.4 for a summary of the Banking Facilities.

10.6.5 Transfer Agreement

The Transfer Agreement is an agreement between GTCR Cayman and GTN to give effect to the Restructure. Under the Transfer Agreement, GTCR Cayman has agreed to sell its interest in GTN Cayman and GTN Cayman's general partner to GTN for a combination of cash and 76,054,051 Shares. The cash consideration payable to GTCR Cayman will be funded from the issue of new Shares under the Offer and will comprise the net proceeds of the Offer less the proceeds payable to the Management Shareholder and the funds to be used for other purposes such as repayment of Banking Facilities, IPO transaction costs and Offer related bonuses and the potential Radiate acquisition as described in section 7.1.2 of the Prospectus.

Completion of the transfer under the Transfer Agreement is conditional upon Listing and the allotment of Shares under the Offer and is scheduled to occur immediately following the allotment of those Shares.

10.6.6 Selldown Deed

The Selldown Deed is a deed poll provided by the Management Shareholder in favour of GTN under which the Management Shareholder irrevocably offers to sell certain Existing Shares at the direction of GTN under the Offer. The cash consideration payable to the Management Shareholder is the Offer Price multiplied by the number of Existing Shares sold by the Management Shareholder under the Offer.

Formal transfer of Existing Shares to Successful Applicants will occur immediately prior to Completion.

10.6.7 Underwriting Agreement

The Offer is arranged, managed and underwritten by the Lead Manager pursuant to the Underwriting Agreement. Under the Underwriting Agreement, the Lead Manager has agreed to arrange, manage and underwrite the Offer.

10.6.7.1 Fees and expenses

GTN has agreed to pay the Lead Manager an underwriting fee equal to 2.00% of the gross amount raised under the Offer and a management fee equal to 0.50% of the gross amount raised under the Offer. The underwriting fee and management fee are payable by GTN by 5.00pm on 3 June 2016.

GTN may also pay an incentive fee to the Lead Manager equal to 0.75% of the gross amount raised under the Offer. Payment of the incentive fee is at the sole and absolute discretion of GTN and, if paid, will be so paid to the Lead Manager by GTN by 5.00pm on 3 June 2016.

In addition to the fees described above, GTN has agreed to pay, or reimburse the Lead Manager, for certain costs and expenses, including legal expenses, incurred by the Lead Manager in relation to the Offer.

10.6.7.2 Termination events

The Underwriting Agreement is subject to customary termination events. The Lead Manager may, at any time after the date of the Underwriting Agreement and until, on or before 6 June 2016, terminate the Underwriting Agreement without cost or liability by notice to GTN if any of the following events occur:

- a statement contained in the Offer Documents is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act, the ASX Listing Rules, the Companies Act 1993 of New Zealand, the Securities Act 1978 of New Zealand, the Financial Markets Conduct Act 2013 of New Zealand and all regulations made under those Acts, including without limitation, the Securities Regulations 2009 of New Zealand and the NZ Financial Markets Conduct Regulations 2014 of New Zealand or any other applicable law or regulation);
- there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;

- GTN issues or, in the reasonable opinion the Lead Manager, is required to issue, a supplementary or replacement prospectus prepared or required to be prepared and lodged by GTN with ASIC under section 719 of the Corporations Act in connection with the Offer to comply with sections 719 and 728 of the Corporations Act or GTN lodges a supplementary or replacement prospectus prepared or required to be prepared and lodged by GTN with ASIC under section 719 of the Corporations Act in connection with the Offer with ASIC in a form that has not been approved by the Lead Manager;
- any time the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the date of the Underwriting Agreement and is at or below that level at the close of trading for three consecutive Business Days during any time after the date of the Underwriting Agreement; or on the Business Day immediately prior to, either, 3 June 2016 or 4 June 2016;
- any voluntary escrow arrangement described in section 7.10 is withdrawn, varied, terminated, rescinded, altered, amended or breached or there is a failure to comply with any of them;
- the Transfer Agreement is breached, rescinded, terminated, amended or varied, any condition precedent to an obligation of the parties under the Transfer Agreement to complete the transaction contemplated by that agreement ceases to be capable of being satisfied or the Restructure otherwise becomes incapable of being completed;
- there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement in the Offer Documents which relates to a future matter;
- GTN or any directors or officers (as those terms are defined in the Corporations Act) of GTN engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to (i) GTN's admission to the official list of ASX on or before 1 June 2016; or (ii) the quotation of all Shares, on ASX or for Shares to be traded through CHESS on or before 1 June 2016, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any of the following notifications are made in respect of the Offer: ASIC issues an order (including an interim order) under section 739 of the Corporations Act; ASIC holds a hearing under section 739(2) of the Corporations Act; an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or an Offer Document; any person (other than the Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;
- GTN fails to comply with the requirements of the Securities Act 1978 of New Zealand to enable the Offer to proceed under the Securities Act 1978 of New Zealand and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 of New Zealand;
- any New Zealand regulatory body having jurisdiction in respect of the Offer issues an order prohibiting GTN from making the Offer under the Securities Act 1978 of New Zealand and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 of New Zealand;
- GTN does not provide a certificate required under the Underwriting Agreement as and when required by the Underwriting Agreement;
- if any of the obligations of the relevant parties under any of the voluntary escrow arrangements described in section 7.10, or any of the Southern Cross Austereo Affiliate Contract, the Facility Agreement and the Transfer Agreement are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of such contracts: (i) is amended or varied without the consent of the Lead Manager (other than pursuant to a waiver from the lenders under the Facility Agreement to permit the Restructure); (ii) is terminated; (iii) ceases to have effect, otherwise than in accordance with its terms; or (iv) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- GTN withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- GTN or any of Australian Traffic Network Pty Ltd, Canadian Traffic Network ULC, BTN Services De Informacao Do Transito Ltda and Global Traffic Network (UK) Commercial Limited (registered number 02229296) becomes insolvent, or there is an act or omission which is likely to result in GTN or any of Australian Traffic Network Pty Ltd, Canadian Traffic Network ULC, BTN Services De Informacao Do Transito Ltda and Global Traffic Network (UK) Commercial Limited (registered number 02229296) becoming insolvent;
- other than any delay agreed between GTN and the Lead Manager, an event specified in the Offer timetable up to and including 3 June 2016 is delayed by: (i) more than two Business Days; or (ii) if ASIC extends the period under section 727(3) of the Corporations Act, more than three Business Days in total unless ASIC extends the period under section 727(3) of the Corporations Act for only one Business Day;

- GTN is prevented from allotting and issuing the Shares offered under the Prospectus or the Management Shareholder is prevented from transferring Shares, within the time required by the Offer timetable, the Offer Documents, the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality or entity in any jurisdiction;
- GTN: (i) alters its issued capital or the issued capital of any member of the GTN Group is altered other than as necessary to give effect to the Restructure; or (ii) disposes or attempts to dispose of a substantial part of the business or property of GTN or the GTN Group (taken as a whole), without the prior written consent of the Lead Manager;
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for GTN to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- if there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality or entity in any jurisdiction which makes it illegal for the Lead Manager to satisfy an obligation under this document, or to market, promote or settle the Offer;
- a change occurs in the position of either or both of the Management Shareholder or Scott Cody;
- any of the following occur: (i) a director or proposed director named in the Prospectus of GTN, or GTN Cayman, is charged with an indictable offence (ii) any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality or entity in any jurisdiction commences any public action against GTN or any Directors in his or her capacity as a director of GTN or announces that it intends to take action; or (iii) any director or proposed director named in the Prospectus of GTN is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- or the Selldown Deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or not complied with.

10.6.7.3 Termination events subject to materiality

In addition to the termination events noted above, the Lead Manager may, any time after the date of the Underwriting Agreement, and until, on or before 6 June 2016, terminate the Underwriting Agreement without cost or liability by notice to GTN if any of the following events occur and the Lead Manager believes that the event: (a) has or is likely to have a material adverse effect on: (i) the success, settlement or marketing of the Offer or on the ability of the Lead Manager to market or promote or settle the Offer or on the likely price at which Shares will trade on ASX; or (ii) the willingness of investors to subscribe for the Shares; and (b) will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager or its Affiliates or the Lead Manager or its Affiliates being involved in a contravention of, any applicable law:

- a change occurs in the management referred to in Section 6.2 or the Directors;
- if all or any part of any of the obligations of the relevant parties under any of the voluntary escrow arrangements described in section 7.10, or any of the Southern Cross Austereo Affiliate Contract, the Facility Agreement and the Transfer Agreement is breached;
- the report of the due diligence committee formed by GTN in connection with the Offer to the directors of GTN and each of member of the due diligence committee (including the Lead Manager) and their representatives, and all annexures, attachments to that report or verification material or any other information supplied by or on behalf of GTN or GTN Cayman to the Lead Manager in relation to the GTN Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of GTN and the GTN Group (insofar as the position in relation to an entity in the GTN Group affects the overall position of GTN), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of GTN or the GTN Group from those respectively disclosed in any Offer Document or the public and other media statements made by, or on behalf and with the knowledge and consent of GTN or any other member of the GTN Group in relation to the business or affairs of GTN, the GTN Group or the Offer;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, Brazil, Canada, the United States or the United Kingdom or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- there is a contravention by GTN or any other member of the GTN Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), Australian Securities and Investments Commission Act 2001 (Cth) (any regulations under those acts), its constitution, the Listing Rules;
- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the Companies Act 1993 of New Zealand, Securities Act 1978 of New Zealand, Financial Markets Conduct Act 2013 of New Zealand and all regulations made under those Acts, including without limitation, the Securities Regulations 2009 of New Zealand and NZ Financial Markets Conduct Regulations 2014 of New Zealand or the Listing Rules or any other applicable law or regulation;

- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of GTN is breached, becomes not true or correct or is not performed;
- GTN or GTN Cayman defaults on one or more of its obligations under the Underwriting Agreement;
- GTN varies any term of its constitution without the prior written consent of the Lead Manager;
- any of the following occurs: (i) the commencement of legal proceedings against GTN, any member of the GTN Group or against any Director of GTN or any other member of the GTN Group in that capacity; or (ii) any regulatory body commences any enquiry or public action against a member of the GTN Group;
- any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a member of the GTN Group to the Lead Manager in respect of the Offer or the GTN Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including, by omission);
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom, Brazil, Canada, or the United States or a major terrorist act is perpetrated on any of those countries;
- a statement in any certificate required under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect; or
- any of the following occurs (i) a general moratorium on commercial banking activities in Australia, the United Kingdom, Canada, Brazil or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect on the financial markets in Australia, the United Kingdom, Canada, Brazil or the United States, or in foreign exchange rates; or; (iii) trading in all securities quoted or listed on ASX, New York Stock Exchange or London Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

10.6.7.4 Representations, warranties, undertakings and other items

The Underwriting Agreement contains representations and warranties provided by GTN and GTN Cayman to the Lead Manager and representations, warranties and undertakings provided by GTN to the Lead Manager.

The representations and warranties provided by GTN and GTN Cayman to the Lead Manager relate to matters such as their powers, their conduct (including in respect of compliance with applicable laws and the ASX Listing Rules), insolvency and litigation.

The representations and warranties provided by GTN to the Lead Manager relate to matters such as its conduct (including in respect of due diligence, disclosure and compliance with applicable laws and the ASX Listing Rules), the Offer Documents and the conduct of the Offer.

GTN's undertakings include that it will not, other than pursuant to the Restructure, reduce, reorganise, or otherwise alter or restructure its capital structure, or agree or announce an intention to do any of those things, without the prior written consent of the Lead Manager at any time after the date of this agreement and before the expiration of 120 days after Completion.

10.6.7.5 Indemnity

Subject to certain customary exclusions (including negligence, recklessness, wilful misconduct or fraud of an indemnified party), GTN unconditionally and irrevocably agrees to indemnify and hold harmless the Lead Manager and certain affiliated parties from certain losses suffered in connection with the Offer.

Offer Documents means for the purposes of Section 10.6.6 the following documents issued or published by, or on behalf of, and with the authorisation of GTN in respect of the Offer, and in a form approved by the Lead Manager:

(a) the draft Prospectus for the Offer dated on or around 26 April 2016 that has been provided to, amongst others, Institutional Investors for the purposes of the roadshow and bookbuild process undertaken prior to the Prospectus Date to determine Institutional Investor demand for Shares;

(b) the Prospectus; any Application Form and any supplementary or replacement prospectus prepared or required to be prepared and lodged by GTN with ASIC under section 719 of the Corporations Act in connection with the Offer; and

(c) the marketing, roadshow presentation and/or ASX announcement(s) used by or on behalf of GTN to conduct the Offer,

including any supplementary or replacement prospectus prepared or required to be prepared and lodged by GTN with ASIC under section 719 of the Corporations Act in connection with the Offer or other amendments, supplements, replacements or updates to any of the above.

Business Day means for the purposes of Section 10.6.6 a day on which ASX is open for trading in securities and banks are open for general banking in Sydney.

10.7 Description of the syndicate

Macquarie Capital (Australia) Limited is the Lead Manager to the Offer. Macquarie Equities Limited is the Co-Manager of the Offer.

10. Additional Information (continued)

10.8 Foreign and other ownership restrictions

10.8.1 Foreign ownership restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold, in any country outside Australia except as provided below.

10.8.2 Other ownership restrictions

The sale and purchase of shares in Australia is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in contribution with others). This Section 10.8.2 contains a general description of these laws.

10.8.2.1 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Australian Federal Government Foreign Investment Policy

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**).

Where an acquisition of a Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, acquisitions of a direct interest in a company by foreign government investors and their associates must be notified to the Foreign Investment Review Board for prior approval, irrespective of the value of the investment. A direct interest will typically include any interest in 10% or more of the shares (or other securities or equivalent interest or voting power) in a company but may also include an interest in less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target.

10.8.2.2 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in GTN either themselves or through an associate.

10.8.2.3 Notice to investors in Canada

Prospective Canadian investors are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisors concerning the information contained within the Prospectus and as to the suitability of an investment in the Shares in their particular circumstances.

The offer and sale of the Shares in Canada will only be made in the provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario and Quebec or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers and sales will be made only under exemptions from the requirement to file a prospectus with the securities regulators in the Provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario and Quebec and will be made only by authorised dealer representatives that are properly registered under the laws of the Provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario and/or Quebec or, alternatively, are entitled to rely on exemptions from the dealer registration requirements in the Provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario and/or Quebec.

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions (**NI 45-106**) or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (**NI 33-105**), the Lead Manager and other placement agents in the offering, as the case may be, are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this global offering.

GTN hereby notifies prospective Canadian purchasers that: (a) it may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price of any Shares purchased) (**personal information**), which Form 45-106F1 may be required to be filed by GTN under NI 45-106; (b) such personal information may be delivered to the Ontario Securities Commission (**OSC**) in accordance with NI 45-106; (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario; (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (e) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684. Prospective Canadian purchasers that purchase Shares in this offering will be deemed to have authorised the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this Prospectus, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including, for greater certainty, any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

10.8.2.4 European Economic Area – Belgium, Denmark, Germany, Luxembourg and the Netherlands

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

10.8.2.5 France

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

This document and any other offering material relating to the Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

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

10.8.2.6 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

10.8.2.7 Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**). The Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

10.8.2.8 Italy

The offering of the Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the Shares may be distributed in Italy and the Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended (**Decree No. 58**), other than:

to qualified investors (**Qualified Investors**), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended (**Regulation No. 1197l**); and

in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Shares or distribution of any offer document relating to the Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such shares being declared null and void and in the liability of the entity transferring the Shares for any damages suffered by the investors.

10.8.2.9 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the New Zealand Securities Act 1978, New Zealand Financial Markets Conduct Act 2013 (the **FMC Act**) or any other relevant law in New Zealand.

No action has been taken to permit the Institutional Offer to be made to investors in New Zealand under the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008. Consequently, the Shares under the Institutional Offer are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

10.8.2.10 Norway

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

The Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

10.8.2.11 Singapore

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

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

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

10.8.2.12 Sweden

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

10.8.2.13 Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

This document is personal to the recipient only and not for general circulation in Switzerland.

10.8.2.14 United Arab Emirates

Neither this document nor the Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Shares, including the receipt of applications and/or the allotment or redemption of Shares, may be rendered within the United Arab Emirates by the Company.

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

10.8.2.15 United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

10.9 ASX listing, registries and holding statements and conditional and deferred settlement trading

10.9.1 Application to ASX for listing of GTN and quotation of Shares

GTN will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List and quotation of Shares (under the code "GTN").

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit GTN to the Official List is not to be taken as an indication of the merits of GTN or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by GTN will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

GTN will be required to comply with the ASX Listing Rules, subject to any waivers obtained by GTN from time to time.

10.9.2 CHESS and issuer sponsored holdings

GTN has applied to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Shareholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. GTN and the Share Registry may charge a fee for these additional issuer sponsored statements.

10.9.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX on a conditional and deferred settlement basis will commence on or about 1 June 2016.

If the Offer is withdrawn before Shares have commenced trading on an unconditional basis, all contracts for the sale of the Shares on the ASX will be cancelled and any Application Monies received will be refunded as soon as possible. Conditional and deferred settlement trading will continue until GTN has advised the ASX that (i) the Restructure has completed and (ii) GTN has issued New Shares and the Management Shareholder has transferred Existing Shares to Successful Applicants under the Offer, which is expected to be on or about 6 June 2016. If completion of the Restructure has not occurred by the end of the conditional and deferred settlement trading period, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.

Following completion of the Restructure, trading on the ASX will be on an unconditional but deferred settlement basis until GTN has advised the ASX that initial holding statements have been dispatched to Shareholders. Trading on the ASX is expected to commence on a normal settlement basis (that is on a T+2 basis) on or about 8 June 2016.

Following the issue and sale of Shares under the Offer, Successful Applicants will receive a holding statement setting out the number of Shares allocated to them under the Offer. It is expected that holding statements will be dispatched by standard post on or about 7 June 2016.

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. GTN, the Management Sahreholder, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving a holding statement, even if such person received confirmation of allocation from the GTN IPO Offer Information Line or confirmed their firm allocation through a Broker.

10.10 Legal proceedings

So far as the Directors are aware, other than as described elsewhere in this Prospectus, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which GTN is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of GTN.

10.11 Taxation considerations

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities, certain companies, trusts and partnerships, each of whom hold their shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

10.11.1 Dividends on a Share

10.11.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than $5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

10.11.1.2 Companies

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a "qualified person". A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

10.11.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

10.11.1.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after, the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person.

The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

10.11.2 Disposal of Shares

The disposal of a Share by an investor will be a capital gains tax (**CGT**) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

10.11.3 Goods and services tax (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of Shares. Separate GST advice should be sought by investors in this respect.

10.11.4 Stamp duty

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in GTN. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

10.11.5 Tax file number (TFN)

Resident investors may, if they choose, notify GTN of their TFN or ABN or a relevant exemption from withholding tax with respect to dividends. In the event GTN is not so notified, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

10.12 Consent to be named and statement of disclaimers of responsibility

Each of the parties listed below in this Section 10.11 each a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Macquarie Capital (Australia) Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Lead Manager to the Offer;
- Macquarie Equities Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Co-Manager to the Offer;
- King & Wood Mallesons has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal advisor (other than in relation to taxation matters) to GTN in relation to the Offer in the form and context in which it is named;
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to GTN in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Prospectus of its Independent Limited Assurance Report on Historical Financial Information set out in Section 8 and its Independent Limited Assurance Report on Forecast Financial Information set out in Section 9 in the form and context in which they are included;
- PricewaterhouseCoopers has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as tax advisor to GTN in relation to the Offer in the form and context in which it is named;
- PricewaterhouseCoopers has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as auditor to GTN in the form and context in which it is named;
- Link Market Services Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to GTN in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to GTN;
- ZenithOptimedia Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in the form and context in which it is named; and
- Heernet Ventures Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in the form and context in which it is named.

No entity or person referred to above in this Section 10.11 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above in this Section 10.11 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except as stated above in this Section 10.11.

10.13 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.14 ASIC relief and ASX waivers and confirmations

10.14.1 ASIC relief

GTN has applied for the following relief from ASIC in relation to the Offer:

- relief so that the sale of Shares during the conditional and deferred settlement period is exempt from the operation of subsection 1020B(2) of the Corporations Act; and
- relief so that that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that GTN would otherwise acquire in those Shares held by Escrowed Shareholders by reason of the escrow arrangements in relation to those Shares.

10.14.2 ASX waivers and confirmations

GTN has applied for standard waivers and confirmations including the following waiver and confirmations in connection with its application to the ASX for admission to the Official List:

- confirmation that the Shares may begin trading on a conditional and deferred settlement basis;
- confirmation in relation to ASX Listing Rule 10.11 that the issue of Shares under the Restructure to the GTCR Funds will not require Shareholder approval; and
- waiver in relation to ASX Listing Rule 10.14 to permit the proposed issue of securities to William Yde III under the LTI Plan without Shareholder approval in relation to ASX Listing Rule 10.11.

10.15 Other additional information

10.15.1 Privacy

By filling out an Application Form, you are providing personal information to GTN through the Share Registry, which is contracted by GTN to manage Applications. GTN and the Share Registry on behalf of GTN, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, GTN and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by GTN, which it considers may be of interest to you.

Your personal information may also be provided to GTN's members, agents and service providers on the basis that they deal with such information in accordance with GTN's Privacy Policy and applicable laws. The members, agents and service providers of GTN may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires GTN to include information about the Shareholder (including name, address and details of the Shares held) in its public Shareholder register. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including GTN's financial results and annual reports and other information that GTN may wish to communicate to its Shareholders) and compliance by GTN with legal and regulatory requirements. An Applicant has a right to gain access to the information that GTN and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to GTN's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of GTN's Privacy Policy by visiting GTN's website www.gtnetwork.com.au.

You may request access to your personal information held by or on behalf of GTN and you may correct the personal information held by or on behalf of GTN about you. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Email: privacy.officer@linkmarketservices.com.au

Address: Locked Bag A14, South Sydney NSW 1235

Telephone: +61 1800 502 355 (free call within Australia), 9am – 5pm (Sydney time)

10.15.2 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by GTN. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

10.15.3 Company website

Any references to documents included on GTN's website at www.gtnetwork.com.au are for convenience only, and none of the documents or other information available on GTN's website is incorporated into this Prospectus by reference.

10.15.4 Liquidity and capital resources

The Directors believe that the Company will have sufficient working capital to carry out its stated objectives in the forecast period to 30 June 2017.

10.16 Statement of Directors

This Prospectus has been authorised by each director of GTN and the Management Shareholder who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

Appendix A

Glossary

Appendix A. Glossary

$	means Australian currency
1H FY2015	means the six months ended 31 December 2014
1H FY2016	means the six months ended 31 December 2015
1HFY2017	means the six months ending 31 December 2016
1Q FY2017	means the three months ending 30 September 2016
2H FY2016	means the six months ending 30 June 2016
2Q FY2015	means the three months ended 31 December 2014
2Q FY2016	means the three months ended 31 December 2015
A-IFRS	means Australian equivalents to International Financial Reporting Standards
AAS	means Australian Accounting Standards
AASB	means the Australian Accounting Standards Board
ABC	means Australian Broadcasting Corporation
ACMA	means the Australian Communications and Media Authority
Actual Historical Financial Information	has the meaning given in Section 4.1.2
Adjusted EBIT	means EBIT adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract
Adjusted EBITDA	means EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract
Adjusted EPS	means earnings per share calculated as NPATA divided by total Shares on issue
Advertisers	means companies and advertising agencies that purchase advertising spots from GTN
Affiliates	means the radio and television networks or stations from which GTN receives advertising spots
Affiliate Contracts	means the contractual arrangements between GTN and its Affiliates
Anatel	means the Brazilian Agência Nacional de Telecomunicações
Applicant	means a person who submits an Application
Application	means an application made to subscribe for Shares offered under this Prospectus
Application Form	means the application form attached to or accompanying this Prospectus
Application Monies	means the amount of monies accompanying an Application Form submitted by an Applicant
ASIC	means the Australian Securities and Investments Commission
ASX	means the Australian Securities Exchange
ASX 300	has the meaning given in the LTI Plan
ASX Listing Rules	means the listing rules of the ASX, as amended, modified or waived from time to time
ASX Principles	means the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement	means ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX Settlement Operating Rules	means the operating rules of ASX Settlement
ATN	means GTN's Australian operations, known as Australian Traffic Network
AUD	means Australian dollars
Australian Accounting Standards	means the Australian Accounting Standards and other authoritative pronouncements issued by the AASB
Banking Facilities	means the new banking facilities described in Section 4.4.4
BBSY	means the Bank Bill Swap Bid Rate, which is a benchmark interest rate quoted and dispersed by Reuters Information Service
Bell Media	means Bell Media Inc. and its subsidiaries
Board	means the board of directors of GTN
BRL	means Brazilian reals

Appendix A. Glossary (continued)

Broker	means any ASX participating organisation selected by the Lead Manager and GTN to act as a broker to the Offer
Broker Firm Offer	means the offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of participating Brokers who have received a firm allocation from their Broker (provided that such clients are not in the United States), as described in Section 7.3
BTN	means GTN's Brazilian operations, known as Brazilian Traffic Network
CAD	means Canadian dollars
CAGR	means compound annual growth rate
Chairman	means the chairman of the Board
CHESS	means the Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Closing Date	means the date on which the Offer is expected to close, being 30 May 2016 in respect of the Retail Offer
Co-Manager	means Macquarie Equities Limited (ABN 41 002 574 923)
Company	means GTN
Completion	means the issue and transfer of Shares to the Successful Applicants under this Prospectus
Constitution	means the Constitution of GTN
Corporations Act	means the Corporations Act 2001 (Cth)
Corus	means Corus Entertainment Inc.
CPI	means consumer price index
CPT	means cost per thousand, which refers to the amount of money charged to advertisers per thousand listeners or viewers reached
CRTC	means the Canadian Radio-television and Telecommunications Commission
CTN	means GTN's Canadian operations, known as Canadian Traffic Network
Director	means each of the directors of GTN from time to time
EBIT	means earnings before interest and tax
EBITDA	means earnings before interest, tax, depreciation and amortisation
EPS	means earnings per share
Escrowed Shareholders	means the Management Shareholder and the GTCR Funds
Escrowed Shares	means the Shares retained immediately following Completion by the Escrowed Shareholders
Existing Owners	means the owners of GTN Cayman, including the GTCR Funds, the Management Shareholder and, prior to Completion, certain members of management of the GTN Group
Existing Shares	means the Shares held by the Management Shareholder
Exposure Period	means the seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an Application must not be accepted
Facility Agreement	means the facility agreement between GTCR Gridlock Holdings (Australia) Pty Limited, Commonwealth Bank of Australia and Macquarie Bank Limited dated 9 February 2016
Financial Information	has the meaning given in Section 4.1.2
Forecast Financial Information	has the meaning given in Section 4.1.2
Former Banking Facilities	means has the meaning given in Section 4.4.3
FX	means foreign exchange
FY2013	means the 12 months ended 30 June 2013
FY2014	means the 12 months ended 30 June 2014
FY2015	means the 12 months ended 30 June 2015
FY2016	means the 12 months ending 30 June 2016

FY2017	means the 12 months ending 30 June 2017
GAN	means Global Alert Network, Inc.
GBP	means British pounds
GST	means the goods and services or similar tax imposed in Australia and Canada
GTCR	means the North American-based financial sponsor and majority shareholder in the GTN Group
GTCR Cayman	means the entity established by the GTCR Funds in connection with the Restructure, GTCR Gridlock II (Cayman) LP
GTCR Funds	means GTCR Fund X/A AIV LP, GTCR Fund X/C AIV LP, GTCR Co-Invest X AIV LP which following Completion will hold Shares through GTCR Cayman
GTN	means GTN Limited (ACN 606 841 801)
GTN Cayman	means GTCR Gridlock Holdings (Cayman) LP
GTN Group	means the group of entities currently wholly owned by GTN Cayman (and including GTN Cayman), which operate the business known as Global Traffic Network, and following the Restructure the group of entities owned by GTN (including GTN)
GTN US	means GTCR Gridlock Management, Inc
Historical Financial Information	has the meaning given in Section 4.1.2
IFRS	means the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board
Impact	means a thousand listener impressions, which is a metric used for measuring audience numbers in the United Kingdom radio market
Initial Options	means options to acquire ordinary shares in GTN with an exercise price that is equal to the Offer Price which GTN intends to grant to certain members of senior management after Listing
Institutional Investor	means an investor: • in Australia who is a “wholesale client” for the purpose of section 761G of the Corporations Act and who is either a “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act; or • in certain other jurisdictions, as agreed between GTN and the Lead Manager, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which GTN is willing, in its absolute discretion, to comply)], and in either case, provided that such person is not in the United States
Institutional Offer	means the offer of Shares under this Prospectus to Institutional Investors, as described in Section 7.7
IPO	means initial public offering
Lead Manager	means Macquarie Capital (Australia) Limited (ABN 79 123 199 548)
Listing	means the commencement of trading in Shares on the Official List, initially on a conditional and deferred settlement basis
LTI Plan	has the meaning given in Section 6.3.3.1
Management Shareholder	means William Yde III
Newcap	means Newfoundland Capital Corporation Limited
New Shares	means the 97.4 million Shares to be issued by GTN under the Offer
NPAT	means net profit after tax
NPATA	means net profit after tax and after adding back the tax-effected amortisation expense related to acquired intangibles
Ofcom	means the United Kingdom’s Office of Communications
Offer	means the IPO under this Prospectus of 97.4 million New Shares to be issued by GTN and 1.5 million Existing Shares to be sold by the Management Shareholder
Offer Price	means $1.90 per Share

Appendix A. Glossary (continued)

Offer Period	means the period from the Opening Date to the Closing Date
Official List	means the official list of entities that ASX has admitted to and not removed from listing
Opening Date	means the date on which the Retail Offer opens
Priority Offer	means the offer of Shares under this Prospectus, which is made to selected investors nominated by GTN who have received a Priority Offer invitation, as described in Section 7.4
Pro Forma Forecast Financial Information	has the meaning given in Section 4.1.2
Pro Forma Historical Financial Information	has the meaning given in Section 4.1.2
Prospectus	means this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	means the date on which a copy of this Prospectus was lodged with ASIC, being Thursday, 12 May 2016
Radiate	means Radiate Media, LLC
Radiate Holdings	means Radiate Media Holding Company
Radiate Option	means the option agreement dated 23 March 2016, between GTN US, Radiate Holdings and Radiate regarding an option to purchase substantially all of the assets of Radiate
Regulation S	means Regulation S promulgated under the US Securities Act
Restructure	means the restructure of the GTN Group whereby GTN Cayman will become a wholly owned subsidiary of GTN, as disclosed in Section 10.4
Retail Offer	means the Broker Firm Offer and the Priority Offer
Revenue	means revenue from customers, net of commissions owed to advertising agencies
Rogers	means Rogers Communications Inc.
ROI	means return on investment
SBS	means Special Broadcasting Service
Selldown Deed	means the selldown deed poll dated on or about the Prospectus Date provided by the Management Shareholder in favour of GTN
Settlement	means the settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements
Share	means a fully paid ordinary share in GTN
Share Registry	means Link Market Services Limited (ABN 54 083 214 537)
Shareholder	means the registered holder of a Share from time to time
Southern Cross Austereo Affiliate Contract	means the Affiliate Contract that ATN entered into with Southern Cross Austereo on 9 February 2016, as described in Section 10.6.2
STI Award	has the meaning given in Section 6.3.3.1
Successful Applicant	means an Applicant who is issued or sold Shares under the Offer
Traffic Access Arrangements	means agreements or understandings with government traffic authorities
Transfer Agreement	means the transfer agreement dated on or about the Prospectus Date between GTCR Cayman and GTN
UKTN	means GTN's United Kingdom operations, known as United Kingdom Traffic Network
Underwriting Agreement	means the underwriting agreement dated on or about the Prospectus Date between GTN, GTN Cayman and the Lead Manager
USD	means United States dollars
US Person	has the meaning given in Rule 902(k) of Regulation S
US Securities Act	means the US Securities Act of 1933, as amended

GTN

Appendix B

New Southern Cross

Austereo Affiliate Contract

Appendix B. New Southern Cross Austereo Affiliate Contract

The following analysis summarises the initial upfront and annual cash payments that ATN will make to Southern Cross Austereo and the net accounting expense that ATN will report, over the 30 year term of the new Southern Cross Austereo Affiliate Contract (on the assumption ATN exercises the 10 year extension option to the 20 year contract):

$'000s	Cash payments		Accounting expense and income components relating to $100 million prepayment			Accounting expense relating to recurring cash payments	Adjusted EBITDA impact
Financial year ending 30 June	**Prepayment 9 Feb 2016 (see note 1)**	**Indexed recurring cash payments (see note 2)**	**Station compensation expense (see note 1B)**	**Imputed interest income (see note 1A)**	**Net income statement expense**	**Income statement expense (see note 3)**	**Total income statement expense**
2016	(100,000)	-	(3,877)	3,542	(335)	(1,599)	(1,934)
2017	-	(1,146)	(9,305)	8,471	(834)	(3,837)	(4,670)
2018	-	(2,779)	(9,305)	8,401	(904)	(3,837)	(4,741)
2019	-	(2,848)	(9,305)	8,324	(981)	(3,837)	(4,818)
2020	-	(2,919)	(9,305)	8,240	(1,065)	(3,837)	(4,902)
2021	-	(2,992)	(9,305)	8,150	(1,155)	(3,837)	(4,992)
2022	-	(3,067)	(9,305)	8,052	(1,253)	(3,837)	(5,090)
2023	-	(3,144)	(9,305)	7,945	(1,360)	(3,837)	(5,197)
2024	-	(3,222)	(9,305)	7,830	(1,476)	(3,837)	(5,312)
2025	-	(3,303)	(9,305)	7,704	(1,601)	(3,837)	(5,438)
2026	-	(3,386)	(9,305)	7,568	(1,737)	(3,837)	(5,574)
2027	-	(3,470)	(9,305)	7,420	(1,885)	(3,837)	(5,722)
2028	-	(3,557)	(9,305)	7,260	(2,045)	(3,837)	(5,882)
2029	-	(3,646)	(9,305)	7,086	(2,219)	(3,837)	(6,056)
2030	-	(3,737)	(9,305)	6,898	(2,407)	(3,837)	(6,244)
2031	-	(3,830)	(9,305)	6,693	(2,612)	(3,837)	(6,449)
2032	-	(3,926)	(9,305)	6,471	(2,834)	(3,837)	(6,671)
2033	-	(4,024)	(9,305)	6,230	(3,075)	(3,837)	(6,912)
2034	-	(4,125)	(9,305)	5,969	(3,336)	(3,837)	(7,173)
2035	-	(4,228)	(9,305)	5,685	(3,620)	(3,837)	(7,457)
2036	-	(4,334)	(9,305)	5,378	(3,927)	(3,837)	(7,764)
2037	-	(4,442)	(9,305)	5,044	(4,261)	(3,837)	(8,098)
2038	-	(4,553)	(9,305)	4,682	(4,623)	(3,837)	(8,460)
2039	-	(4,667)	(9,305)	4,289	(5,016)	(3,837)	(8,853)
2040	-	(4,784)	(9,305)	3,862	(5,443)	(3,837)	(9,280)
2041	-	(4,903)	(9,305)	3,400	(5,905)	(3,837)	(9,742)
2042	-	(5,026)	(9,305)	2,898	(6,407)	(3,837)	(10,244)
2043	-	(5,151)	(9,305)	2,353	(6,952)	(3,837)	(10,789)
2044	-	(5,280)	(9,305)	1,762	(7,543)	(3,837)	(11,380)
2045	-	(5,412)	(9,305)	1,121	(8,184)	(3,837)	(12,021)
2046	-	(3,203)	(5,428)	425	(5,003)	(2,238)	(7,241)
	(100,000)	(115,105)	(279,152)	179,152	(100,000)	(115,105)	(215,105)

Appendix B. New Southern Cross Austereo Affiliate Contract (continued)

Notes:

1. ATN made a $100 million prepayment of station compensation to Southern Cross Austereo on 9 February 2016. This is being accounted for as a financing arrangement with Southern Cross Austereo whereby:
   A. Initially, ATN will record non-cash interest income over the term of the contractual agreement, based on an estimate of Southern Cross Austereo's incremental borrowing rate with similar terms (assumed to be 8.5% per annum), which will reduce over time as the prepayment is amortised; and
   B. ATN will also record station compensation expense over the contract period equal to the $100 million prepayment plus the total non-cash interest income, which will be recognised as a straight line over the 30 year contract term.
2. ATN will make annual recurring cash payments commencing on 1 February 2017 of $2.75 million payable on a monthly basis, that will be indexed by the lower of CPI and 2.5%. This illustrative analysis assumes a 2.5% indexation factor will apply each year.
3. ATN will record an additional station compensation expense over the contract period equal to the total recurring indexed cash payments, which will be recognised straight line over the 30 year contract term.

Appendix C

Significant

Accounting Policies

Appendix C. Significant Accounting Policies

1 Summary of accounting policies

1.1 Overall considerations

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

1.2 Basis of consolidation

The Company financial statements consolidate those of GTCR Gridlock Holdings (Cayman) LP and all of its subsidiaries. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have an annual reporting date of 30 June.

All transactions and balances between subsidiaries of the Company are eliminated on consolidation, including unrealised gains and losses on transactions between the Company and the subsidiaries. Where unrealised losses on "intra-group" asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Company perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the reporting period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

1.3 Business combinations

The Company applies the acquisition method in accounting for business combinations.

The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

1.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australia dollars (AUD). ATN and GTCR Gridlock Holdings (Australia) Pty Limited's functional currency is Australia dollars (AUD); CTN's functional currency is Canada dollars (CAD); UKTN and GTCR Gridlock Holdings (UK) Pty Limited's functional currency is Great Britain pounds (GBP); and BTN's functional currency is Brazil reals (BRL). The remaining subsidiaries' functional currency is United States dollars (USD).

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Company's financial statements, all assets, liabilities and transactions of entities with a functional currency other than AUD are translated into AUD upon consolidation. The functional currency of the entities in the Company has remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

1.5 Revenue recognition

Advertising revenue

Advertising revenue is earned and recognised at the time commercial advertisements are broadcast. Advertising revenue is reported net of commissions provided to third party advertising agencies that represent a majority of the advertisers. Payments received or amounts invoiced in advance are deferred until earned and such amounts are included as a component of deferred revenue in the accompanying consolidated balance sheet. Sales taxes, goods and services taxes, value added taxes and similar charges collected by the Company on behalf of government authorities are not included as a component of revenue.

Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

1.6 Operating expenses

The costs of producing and distributing the radio and television traffic and news reports and services and the obtaining of advertising inventory are considered operating expenses. These consist mainly of personnel costs, aviation costs, facility costs, third party content providers costs and station compensation. Operating expenses are recognised when incurred.

1.7 Station compensation and reimbursement

The Company generally enters into multi-year contracts with radio and television stations. These contracts call for the provision of various levels of service (including, but not limited to providing professional broadcasters, gathering of information, communications and aviation services) and, in some cases, cash compensation or reimbursement of expenses. Station compensation and reimbursement is a component of operating expenses on the accompanying consolidated income statement and consolidated statement of other comprehensive income and is recognised over the terms of the contracts, which is not materially different than when the services are performed.

1.8 New borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

1.9 Profit or loss from discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the consolidated income statement and consolidated statement of other comprehensive income. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

1.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within selling, general and administrative expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses in profit or loss.

1.11 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

1.12 Intangible assets

Intangible assets are stated at cost. Intangible assets with definite lives are amortised over their expected useful lives on a straight line basis, as follows:

- station contracts: 14 years; and
- advertising contracts: 4.5 years.

Amortisation expense is not reflected for intangible assets with indefinite lives such as trade names and the Company annually reviews these assets for impairment. Costs incurred to renew or extend the term of an intangible asset are expensed when incurred. There is no residual value recognised with regard to intangible assets subject to amortisation.

1.13 Property, plant and equipment

IT equipment, motor vehicles, aircraft and other equipment

IT equipment, motor vehicles, aircraft and other equipment (comprising furniture and fittings) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

IT equipment, motor vehicles, aircraft and other equipment are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight line basis to write down the cost less estimated residual value of IT equipment, motor vehicles, aircraft and other equipment. The following useful lives are applied:

- computer equipment and software: 3 to 5 years;
- motor vehicles: 7 years;
- helicopters and fixed wing aircraft: 6 to 8 years;
- helicopter engine rebuilds: 2 to 3 years;
- furniture, equipment and other: 5 years; and
- recording, broadcasting and studio equipment: 5 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated income statement and consolidated statement of other comprehensive income within other income or other expenses.

1.14 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1.15 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (**cash-generating units**). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) and trade names are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell, and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

1.16 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss (**FVTPL**), which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within sales, general and administrative expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

All other financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available for sale financial assets reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

Reversals of impairment losses for debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated balance sheet.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

1.17 Income taxes

Under current legislation, the Company is not subject to income tax and its taxable income/taxable loss (including assessable realised capital gains) is distributed in full to the Partners. The Company fully distributes its distributable income/losses, calculated in accordance with the Company's constitution and applicable taxation legislation, to the Partners who are presently entitled to the income/loss under the constitution.

Within the subsidiaries, the income tax expense for the period is the tax payable on the current period's taxable income based on the national tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of the asset and liabilities and their carrying amount in financial statements.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax benefit or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.19 Employee benefits

Short term employee benefits

Short term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long term employee benefits

The Company's liabilities for annual leave and long service leave are included in other long term benefits when they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

1.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

1.21 Equity and reserves

Shareholders' equity represents the fair value of Shares that have been issued. Any transaction costs associated with the issuing of Shares are deducted from Shareholders' equity.

Other components of equity include the following:

- foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Company's foreign entities into AUD;
- AFS financial assets and cash flow hedge reserves – comprise gains and losses relating to these types of financial instruments;
- equity-based payment reserve – comprises the cumulative charge to the consolidated income statement and consolidated statement of other comprehensive income for employee equity-based remuneration.

Retained earnings/(accumulated losses) include all current and prior period retained profits and accumulated losses.

1.22 Equity-based remuneration

The Company operates equity-settled partnership-based remuneration plans for its employees. None of the Company's equity plans features any options for a cash settlement.

All goods and services received in exchange for the grant of any equity-based payment are measured at their fair values. Where employees are rewarded using equity-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All equity-based remuneration is ultimately recognised as an expense in profit or loss, with a corresponding credit to equity-based payment reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of equity instruments ultimately exercised is different to that estimated on vesting.

Upon exercise of equity instruments, the proceeds received net of any directly attributable transaction costs are allocated to Partners' equity.

The same policy is in place for phantom Company interests, except that it is treated as a liability since it is anticipated these interests will be cash settled.

1.23 Deferred loan costs

Deferred loan costs correspond to the costs related to the debt financing of Aus Hold Co and are amortised using the effective interest method over the five year life of the loan. Expense recognised related to the effective interest method is recognised as a component of finance cost in the Company's consolidated income statement and consolidated statement of other comprehensive income.

1.24 Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no contingent liability is recognised.

1.25 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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