



APN News & Media

Investor Presentation

Acquisition of ARN and TRN and Entitlement Offer

19 February 2014

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This Presentation contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of APN the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APN, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the risks section of this Presentation for a summary of certain general and APN specific risk factors that may affect APN.

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Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Investment risk

An investment in APN shares is subject to investment and other known and unknown risks, some of which are beyond the control of APN including possible loss of income and principal invested. APN does not guarantee any particular rate of return or the performance of APN, nor does it guarantee the repayment of capital from APN or any particular tax treatment. In considering an investment in APN shares, investors should have regard to (amongst other things) the risks outlined in this Presentation.

AGENDA

- 1) Executive summary
- 2) Transaction highlights
- 3) ARN and TRN overview
- 4) Acquisition funding and balance sheet
- 5) Entitlement Offer
- 6) Appendices

1. EXECUTIVE SUMMARY

- APN is today acquiring full ownership of Australian Radio Network (ARN) and The Radio Network (TRN) from US joint venture partner Clear Channel for \$246.5m (“Acquisition”). The Acquisition gives APN 100% ownership of the largest network of radio stations across Australia and New Zealand
 - Clear Channel remains committed to its relationship with APN in their outdoor joint venture businesses, as well as continuing its partnership with APN for the digital radio platform iHeartRadio across the region
- The Acquisition purchase price of \$246.5m represents an EV/ FY13 EBITDA multiple of approximately 6.9x¹ and will be funded as follows²:
 - \$132m in equity raised by way of a fully underwritten accelerated non-renounceable entitlement offer;
 - \$60m in proceeds from the sale of APN Outdoor which completed on 24 January 2014; and
 - \$61m in debt funded from existing facilities
- Upon completion of the Acquisition and equity raising, APN’s pro forma leverage will be 3.0x net debt/ FY13 EBITDA³. APN is committed to strengthening its balance sheet and reducing leverage
 - APN is targeting the generation of \$60m to \$70m of operating cashflows for net debt reduction by end FY2014⁴, which compares to \$54m in FY2013

Note:

1. Based on ARN and TRN’s attributable EBITDA of A\$71.5m; adjusted to represent owned share of EBITDA in joint ventures
2. Plus estimated fees and transaction costs of \$7m
3. EBITDA based on continuing operations and pre exceptional items
4. Assuming average and closing AUDNZD exchange rate of 1.09 for FY2014

2. TRANSACTION HIGHLIGHTS

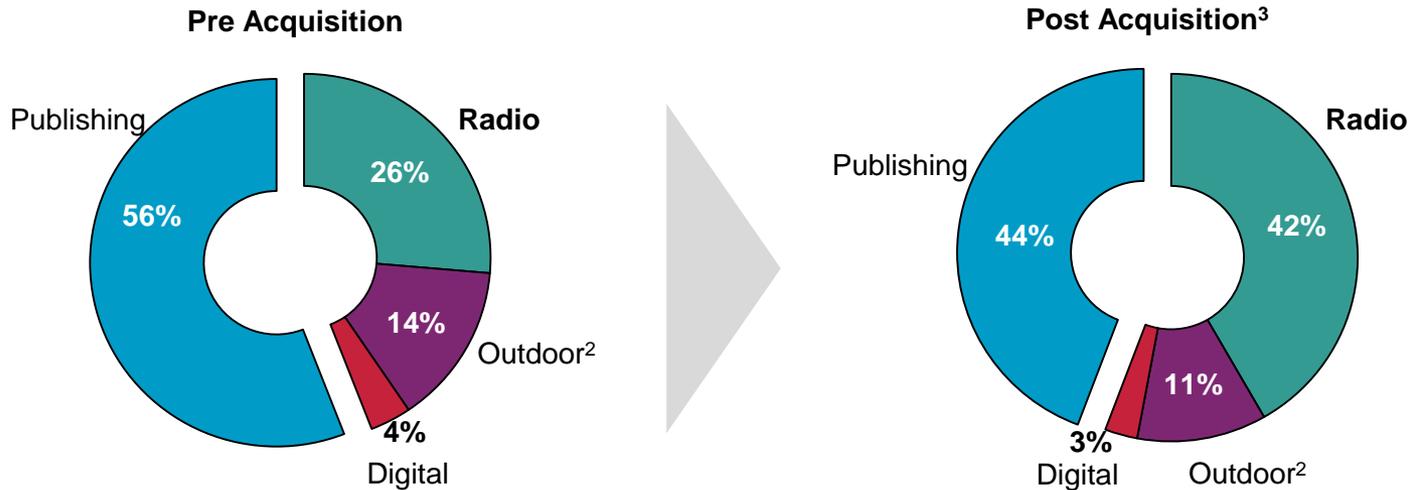
Radio is a key strategic asset for APN

- ✓ Radio continues to grow as a medium and APN expects ARN and TRN to continue capturing a greater share of the market
- ✓ APN has a defined radio strategy in place with experienced autonomous management, with ARN having consistently delivered increased audience and revenue share over the past 3 years
- ✓ APN considers the Acquisition low risk due to APN's intimate knowledge of ARN and TRN, having run them for nearly 20 years
- ✓ Acquisition provides increased cashflows under 100% ownership of ARN and TRN
- ✓ Full ownership of ARN and TRN gives APN freedom to pursue new revenue generating opportunities across APN's portfolio of media businesses

2. TRANSACTION HIGHLIGHTS

Majority of APN earnings post Acquisition are expected to be in businesses delivering consistent growth with further organic growth opportunities

Proportional FY13 EBITDA (from continuing operations¹ excl. corporate costs & pre exceptional items)



Note:

1. Continuing operations exclude APN Outdoor and brandsExclusive
2. Outdoor represents 50% of Adshel and HK Outdoor EBITDA
3. Pro forma reflecting 100% ownership of ARN and TRN

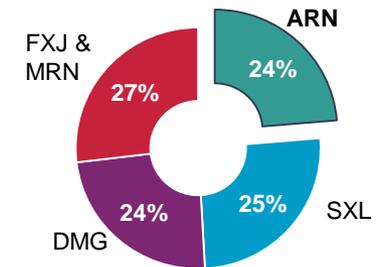
3. ARN OVERVIEW (AUSTRALIA)

ARN is an Australian commercial radio broadcaster with an objective of becoming the #1FM radio network in Australia

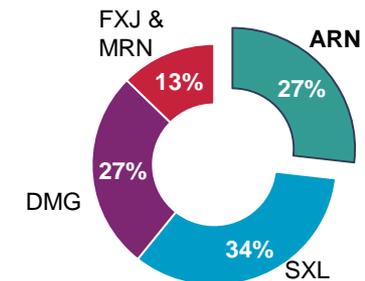
- ARN operates 4 core radio brands that broadcast to approximately 4 million listeners each week across 4 metropolitan Australian markets:
 - ✓ **KIIS 1065** – led by the Kyle & Jackie O show, Sydney's #1FM Breakfast team, a potential game changer for ARN in key Sydney market
 - ✓ **MixFM** – #1 stations in Brisbane and Adelaide (based on average 2013 surveys)
 - ✓ **Classic Hits** – achieved #1FM station in Sydney for survey 2, 2013 and achieved joint #1FM station in Melbourne for survey 6, 2013
 - ✓ **The Edge** – digital integration with iHeartRadio to grow audiences under 30
- ARN is the only network in Australia to record ratings growth in the 10+ category in each of the last 3 years
- ARN also jointly owns 4 radio stations in Perth, Brisbane and Canberra
- ARN's objective is to become the #1FM network across Australia led by quality radio talent and refreshed stations

Commercial audience share Syd, Mel, Bris and Adel by age

All 10+



All 25-54



Source: Nielsen Media Research – Survey 8, 2013 (Sydney, Melbourne, Brisbane, Adelaide excluding Perth) % share based on average audience Mon-Sun 5:30am to 12:00 midnight – total audience (excludes government stations and other FM/AM)

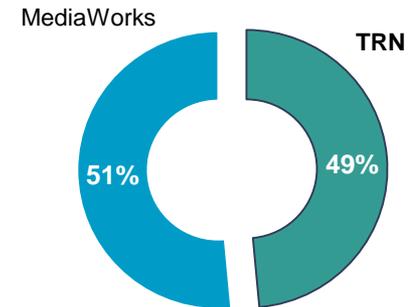


3. TRN OVERVIEW (NEW ZEALAND)

TRN is a leading New Zealand radio broadcaster with the #1 national music, talk and sports radio stations

- TRN operates 7 core radio brands that broadcast to approximately 1.7 million listeners each week across New Zealand:
 - ✓ **Newstalk ZB** – #1 radio station and talk station nationally with more than double the share of any other station in the 30+ Breakfast audience
 - ✓ **Radio Sport** – #1 sports station and #2 talk station nationally
 - ✓ **Coast** – #1 music station nationally
 - ✓ **ZM** – #1 station for 18-39 females nationally
 - ✓ **Classic Hits** – ahead of segment competitors with new national Drive show
 - ✓ **Radio Hauraki** – rebranded to target 25-44 year audience with new national Breakfast and Drive shows
 - ✓ **Flava** – increased 10+ audience by 42% in 2013
- TRN will introduce new top talent and refreshed brands in 2014 across stations Radio Hauraki, ZM and Classic Hits
- TRN is focused on growing its revenues beyond traditional radio by leveraging multi-media platforms (including iHeartRadio) to deliver fully integrated media solutions to advertisers

NZ commercial radio audience share

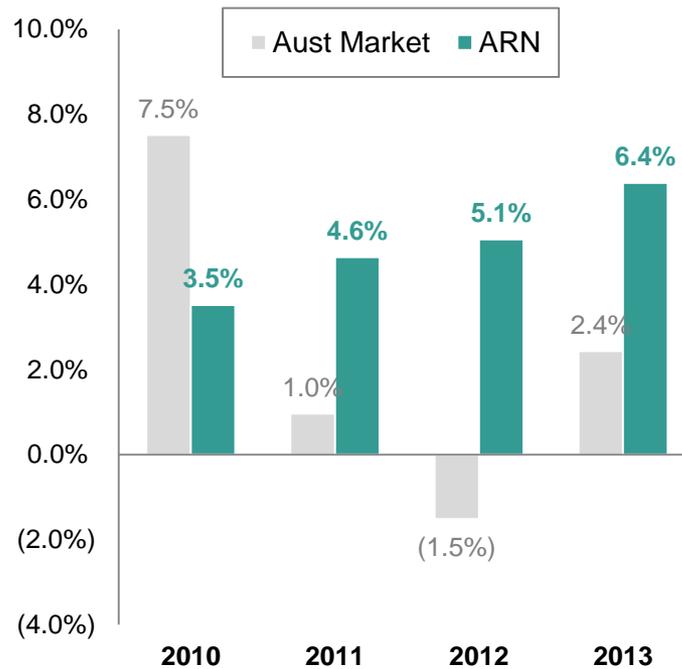


Source: TNS New Zealand Commercial National Survey 2/2013 (October 2013), All 10+, Mon-Sun, 6:00am to 12:00 midnight (excluding other FM/AM)

3. ARN & TRN PERFORMANCE

ARN and TRN outperformed in their respective markets

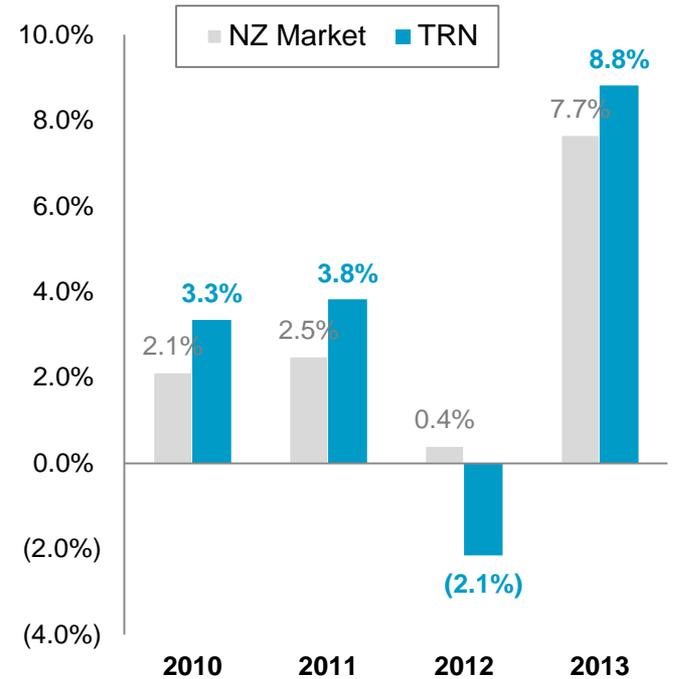
ARN¹ vs. Australian market² annual revenue growth (in AUD)



Source:

1. APN financials (December year end)
2. Commercial Radio Australia radio network advertising revenue growth across metropolitan markets (Sydney, Melbourne, Brisbane, Adelaide; excluding Perth) (December year end)

TRN³ vs. New Zealand market⁴ annual revenue growth (in NZD)



Source:

3. APN financials (December year end)
4. New Zealand Advertising Standards Authority up to 2012; 2013 market growth estimate based on TRN management estimates

3. IHEARTRADIO

APN's digital radio growth path is in place through its iHeartRadio platform

- As part of the Acquisition, APN has secured an exclusive 10 year agreement with Clear Channel to operate and broadcast iHeartRadio in Australia and New Zealand, as well as the option to act as the implementation partner for iHeartRadio into parts of Asia¹:
 - APN will pay Clear Channel \$3.0m annually over the next 3 years as part of this arrangement to extend the licence period
- iHeartRadio is the only free custom music and live radio platform, covering over 1,000 live radio stations across all ARN, TRN and Clear Channel US networks
- iHeartRadio launched in Australia and New Zealand in August 2013 and has secured 274,000 registered users and more than 424,000 unique mobile and online visitors and 11.2 million page impressions per month
- iHeartRadio is complementary to radio, offering advertisers greater audience reach as well as new opportunities to reach listeners via:
 - ✓ online and mobile display banners;
 - ✓ video and audio advertising pre-rolls;
 - ✓ custom radio stations;
 - ✓ live streaming, events and broadcast sponsorship; and
 - ✓ rich access to data (gender, age, location, music preference)



4. ACQUISITION FUNDING

Equity raising to support overall funding requirement

- The Acquisition purchase price of \$246.5m plus \$7m in estimated transaction costs is to be funded as follows:
 - \$132m in equity raised by way of a fully underwritten accelerated non-renounceable entitlement offer;
 - \$60m in proceeds from the sale of APN Outdoor which completed on 24 January 2014; and
 - \$61m in debt funded from existing facilities
- APN will settle the Acquisition and take full ownership of ARN and TRN today (19 February 2014) through (i) drawing on existing facilities and (ii) drawing on an equity bridge facility provided by Commonwealth Bank of Australia (“Equity Bridge Facility”); the Equity Bridge Facility will be repaid through the net proceeds of the equity raising

Sources	A\$m	Uses	A\$m
Equity raising	132	Acquisition	247
APN Outdoor proceeds	60	Estimated transaction costs	7
Increase in drawn debt	61		
Total sources	253	Total uses	253

Note: Numbers may not add due to rounding

4. PRO FORMA BALANCE SHEET

Pro-forma balance sheet presented on a historical basis

A\$m	APN 31 Dec 13	Adjustments						Pro-forma 31 Dec 13
		Sale of APNO	Sale of bEX	Sale of NZ Mags	Purchase Radio ¹	Acquire iHeartRadio licence	Entitlement Offer ²	
Cash	20	-	-	-	-	-	-	20
Receivables	121	-	-	-	-	-	-	121
Inventories	8	-	-	-	-	-	-	8
PP&E	149	-	-	-	-	-	-	149
Investments	74	-	-	-	-	-	-	74
Intangibles	715	-	-	-	-	8	-	723
Assets held for sale	119	(108)	(8)	(3)	-	-	-	0
Other assets	49	-	-	-	-	-	-	49
Total assets	1,255	(108)	(8)	(3)	-	8	-	1,144
Payables	113	-	-	-	-	-	-	113
Borrowings	452	(68)	2	(4)	249	8	(128)	512
Liabilities ass. with assets held for sale	56	(40)	(10)	(5)	-	-	-	0
Other	23	-	-	-	-	-	-	23
Total liabilities	644	(108)	(8)	(9)	249	8	(128)	648
Contributed equity	1,093	-	-	-	-	-	128	1,222
Reserves	(71)	-	-	-	(41)	-	-	(112)
Accumulated losses	(661)	-	-	6	-	-	-	(655)
Non-controlling interest	249	-	-	-	(208)	-	-	41
Total equity	611	-	-	6	(249)	-	128	495
Gross debt³	452							512
Net debt³	432							492

Notes:

1. Represents purchase price of ARN and TRN including transaction costs
2. Represents total funds raised under Entitlement Offer less transaction costs
3. Net of borrowing costs
4. Numbers may not add due to rounding

4. FINANCIAL IMPACT

- Upon completion of the Acquisition and equity raising, APN's pro forma leverage will be 3.0x net debt/ FY13 EBITDA¹
- Whilst reported EBITDA will not change given previous full consolidation, APN's operating cash flows are expected to increase under 100% ownership of ARN and TRN
- APN is committed to strengthening its balance sheet and reducing leverage. APN will continue to assess its balance sheet in the context of broader operating conditions in determining when it will resume paying dividends
- APN is targeting the generation of \$60m to \$70m of operating cashflows for net debt reduction by end FY2014², which compares to \$54m in FY2013. APN expects to achieve this target via:
 - continued focus on cash generation;
 - ongoing restructuring and cost saving initiatives; and
 - increased operating cashflows under 100% ownership of ARN and TRN
- Upon completion of the Acquisition and equity raising, APN will have sufficient undrawn facilities to cover all upcoming 2014 maturities

Notes:

1. EBITDA based on continuing operations and pre exceptional items
2. Assuming average and closing AUDNZD exchange rate of 1.09 for FY2014

5. ENTITLEMENT OFFER SUMMARY

<p>Offer structure and size</p>	<ul style="list-style-type: none"> • 5 for 9 pro rata accelerated non-renounceable entitlement offer to raise approximately \$132m (“Entitlement Offer”) • Entitlement Offer is fully underwritten by CBA Equities Limited • Issue price of \$0.36 per New Share (“Offer Price”), representing a 12.5% discount to TERP¹ of \$0.41 • New Shares will rank equally in all respects with existing shares from the date of allotment
<p>Institutional and Retail Entitlement Offer</p>	<ul style="list-style-type: none"> • Institutional Entitlement Offer opens Wednesday, 19 February and closes Thursday, 20 February • Retail Entitlement Offer opens Thursday, 27 February and closes on Friday, 14 March • Eligible retail shareholders are being given the opportunity to apply for New Shares in excess of their entitlement up to a maximum of 100% of their entitlement²
<p>Shareholder commitments</p>	<ul style="list-style-type: none"> • APN has commitments from Allan Gray and Baycliffe Limited (“Baycliffe”), an investment vehicle controlled by Denis O’Brien, that they will take up their full pro rata entitlements • Baycliffe is also sub-underwriting part of the Entitlement Offer equal to the entitlements of Independent News & Media plc (“INM”) • The relevant interest of Baycliffe of 30.8% in APN will therefore not change as a result of the Entitlement Offer
<p>Record date</p>	<ul style="list-style-type: none"> • 7.00pm (Sydney time) Monday, 24 February 2014

Notes:

1. The theoretical ex-rights price is the theoretical price at which APN shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APN shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP
2. Applications for New Shares in excess of entitlements may be scaled back at the Company’s absolute discretion. Any allocation of additional New Shares will be made on a pro rata basis

5. ENTITLEMENT OFFER TIMETABLE

Event	Date (2014)
Trading halt, Institutional Entitlement Offer opens	Wednesday, 19 February
Institutional Entitlement Offer closes	Thursday, 20 February
Record Date for eligibility in the Entitlement Offer (7.00pm Sydney time)	Monday, 24 February
Retail Entitlement Offer opens and dispatch of Retail Offer Booklet	Thursday, 27 February
Settlement of Institutional Entitlement Offer	Thursday, 6 March
Issue and quotation of New Shares under the Institutional Entitlement Offer	Friday, 7 March
Retail Entitlement Offer closes	Friday, 14 March
Announcement of results of Retail Entitlement Offer	Wednesday, 19 March
Settlement of Retail Entitlement Offer	Thursday, 20 March
Allotment of Retail Entitlement Offer	Friday, 21 March
New Shares under Retail Entitlement Offer commence trading on normal settlement basis	Monday, 24 March

Note: Dates and time are indicative only and are subject to change

Questions

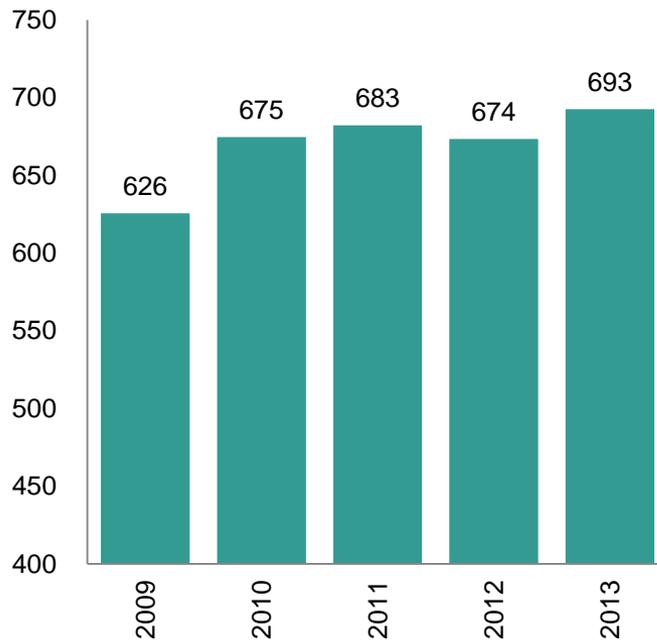


Appendices

RADIO ADVERTISING REVENUE

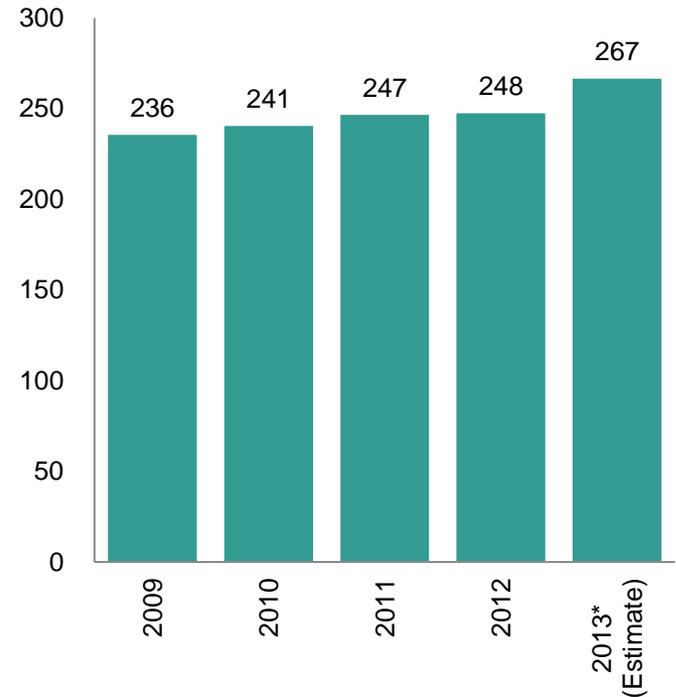
Australian and New Zealand radio industry advertising revenue has been resilient despite a challenged advertising market

Australian metropolitan commercial radio station ad market revenue (A\$m)



Source: Commercial Radio Australia radio network advertising revenue across metropolitan markets (Sydney, Melbourne, Brisbane, Adelaide, Perth) (December year end)

New Zealand radio ad market revenue (NZ\$m)



Source: New Zealand Advertising Standards Authority up to 2012 (based on latest available published data) (December year end)
 Note: (*) TRN management estimate for 2013

LEVERAGE CALCULATION

Upon completion of the equity raising, APN's pro forma leverage will be 3.0x net debt/ FY13 EBITDA

AUD million	FY2013 ¹					Pro Forma FY2013 ¹		
	Ownership	Business EBITDA	Accounting treatment	Consolidated (incl associates)	Proportional (incl associates)	Ownership	Adjustment ²	Consolidated (incl associates)
Australian Regional Media	100%	29.7	Consolidated	29.7	29.7	100%	-	29.7
New Zealand Media	100%	53.0	Consolidated	53.0	53.0	100%	-	53.0
Publishing Group		82.7		82.7	82.7			82.7
Australian Radio Network	50%	58.0	Consolidated	58.0	29.0	100%	29.0	58.0
The Radio Network (NZ)	50%	20.0	Consolidated	20.0	10.0	100%	10.0	20.0
Radio Group		77.9		77.9	39.0			77.9
Adshel (associate)	50%	40.2	Associate	10.6	10.6	50%	-	10.6
Hong Kong Outdoor	50%	1.8	Consolidated	1.8	0.9	50%	-	1.8
Outdoor Group		42.0		12.3	11.4			12.3
GrabOne	100%	4.8	Consolidated	4.8	4.8	100%	-	4.8
iNC Network (CC Media)	100%	0.5	Consolidated	0.5	0.5	100%	-	0.5
Digital Group		5.3		5.3	5.3			5.3
Corporate				(15.4)	(15.4)		-	(15.4)
EBITDA (from continuing operations and pre exceptional items)				162.8	123.0			162.8
Net debt³				432	432		60⁴	492
Net debt/ EBITDA				2.7x	3.5x			3.0x

Note:

1. For financial year ended 31 December 2013 from continuing operations
2. Representing 100% ownership of ARN and TRN
3. As at 31 December 2013 net of borrowing costs
4. See pro forma balance sheet for detailed adjustments

PRECEDENT TRANSACTION MULTIPLES

Acquisition purchase price is below precedent transactions

Date	Target	Acquirer	EV (A\$m)	EV/ EBITDA (LTM)
Jul 07	Southern Cross Broadcasting	Macquarie Media Group & Fairfax	1,361	12.9x
Jan 11	Austereo Group	Southern Cross Media Group	944	10.2x
Aug 13	Prime Radio Group	Grant Broadcasters	25	7.4x
Average				10.1x
Feb 14	ARN and TRN	APN News & Media	493	6.9x¹

Source: Company announcements based on publically available information

Note:

1. Based on ARN and TRN's attributable EBITDA of A\$71.5m; adjusted to represent owned share of EBITDA in joint ventures

KEY RISKS

Introduction

- Investors should be aware that there are risks associated with an investment in APN.
- Some of the principal factors which may, either individually or in combination, affect the future operating performance of APN are set out below. Some are specific to an investment in APN and the New Shares and others are of a more general nature.
- The summary of risks below is not exhaustive. This Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that APN is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of APN and the New Shares.
- It is important therefore for shareholders and investors before taking up the Entitlement Offer or investing in APN, to read and understand the entire Presentation and to carefully consider these risks and uncertainties. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

Risks associated with APN

i. Advertising market

- APN's revenues and earnings are predominantly derived from cover price sales and advertising sales in newspaper publishing, radio broadcasting, outdoor advertising and through advertising and transactions on digital platforms. APN is therefore highly leveraged to fluctuations in the advertising markets in Australia and New Zealand and, to a lesser degree, in Hong Kong. This in turn is influenced, in part, by the general condition of the economy which by its nature is cyclical and subject to change. This can cause APN's earnings to be relatively volatile.
- In addition to the broader advertising market, APN's earnings are also influenced by the composition of spend between different media platforms including publishing, radio broadcasting, television broadcasting, outdoor advertising, digital and direct marketing. As APN does not operate across all these media platforms, APN's advertising revenue can be volatile as a result of advertiser's desired composition of spending changing.
- As a result of economic conditions and general levels of consumer and business confidence, businesses have reduced their advertising spend in recent years and are making shorter term decisions in relation to how they spend their advertising budget. Accordingly, APN has reduced visibility as to the likely future advertising spend in the media industries in Australia.
- There can be no assurance that advertising spend in the media industries in Australia will not contract in the future or the composition of advertiser's media spend may change further.
- A prolonged downturn in the advertising market may adversely impact APN's operating and financial performance.

ii. Competition in the media sector

- The media sectors in Australia, New Zealand and Hong Kong can be highly competitive, with a number of operators competing for market share through the same or substitutable products.
- APN faces competition from both existing media groups and other potential new media companies utilising new technologies including digital and other distribution platforms and potentially providing advertisers with richer data and insights.
- The media sector is increasingly fragmented as a result of this heightened competition and there is a shifting share of advertising revenue between the different media platforms.

KEY RISKS

- The actions of an existing competitor or the entry of new competitors or the issue of new broadcasting licences in either a media sector in which APN operates or in general may have an adverse effect on APN's operating and financial performance.

iii. Changes in consumer behaviour and technology

- The media sector is subject to rapid and significant change in technology and subsequent consumer adoption and the impact of this on APN and its businesses cannot be predicted. The cost of implementing emerging and future technologies could be significant. The development or anticipated development of new technology, or use by consumers, or anticipated use of existing technology by consumers may have a material adverse effect on the operating and financial performance of APN.
- APN's ability to compete in the media industries effectively in the future may be impacted by its ability to maintain or develop appropriate technology platforms for the efficient delivery of its services. No assurance can be given that APN will have the resources to acquire or the ability to develop new competitive technologies. In addition, maintaining or developing appropriate technologies may require significant capital investment by APN.
- Additionally, failure of or interruption (including as a result of computer hackers, computer viruses, malicious software or codes, cyber attacks or unauthorised users) to any technology system such as those relied upon by APN's broadcasting businesses, could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect APN's operating and financial performance.

iv. Shift to digital media products and services

- APN's business may be affected by changes to demand for digital and other existing media products and services.
- APN's publishing business has been impacted by economic conditions and a shift to alternative media options, including the internet. Although APN has sought to address this issue by investing in its portfolio of digital businesses and expanding its capabilities within its business divisions, there can be no guarantee that growth in APN's digital businesses will offset any declines in its publishing business, which could therefore adversely affect APN's operating and financial performance. Further, APN's digital ventures include early stage investments, which (although comparatively small) are inherently higher risk.
- Whilst online migration has occurred over recent years, there can be no guarantee that this will continue in the future, which may have an adverse effect on the growth of APN's portfolio of digital businesses (though any such adverse effect may be partly offset by a corresponding benefit to APN's traditional publishing businesses if consumers remain with those forms of media).
- As APN's business includes the publication, circulation and broadcast of media in different forms including online and other distribution platforms, these changes may, depending on their nature and APN's business model at that time, impact on APN's operating and financial performance.

v. Extraordinary earnings shock

- Extraordinary events and natural disasters, such as the Queensland floods in 2011 and 2013, can have a material impact on APN's operating and financial performance as direct operations are disturbed and local advertising markets slow down.

vi. Risk of dividends not being paid

- The payment of dividends by APN is announced at the time of release of APN's half year and full year results as determined by the Board from time to time at its discretion, dependent on the profitability and cash flow of the APN business and its financial position at the time. Circumstances may arise where APN is required to reduce or cease paying dividends for a period of time. APN has not declared a final dividend in respect of the full year ended 31 December 2013 and may not pay dividends in respect of the full year ending 31 December 2014. Whether or not the Board determines to pay dividends beyond this period will depend on, among other things, the profitability and cash flow of APN's business and its financial position in line with prevailing market conditions.

KEY RISKS

vii. Asset impairment risk

- Under Australian accounting standards, intangible assets that have an indefinite useful life, are not subject to amortisation and are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. Assets which are considered to have indefinite lives include goodwill, mastheads and Australian radio licences.
- Changes to the carrying amounts of APN's assets (for example mastheads) could have an adverse impact on the reported financial performance of APN in the period that any impairment provision is recorded and could increase volatility of reported earnings in cases where there is further impairment or a reversal of impairment provisions that were recorded in previous periods.
- As part of the financial results for the full year ended 31 December 2013, APN declared an impairment charge in relation to certain of its assets (see APN's FY2013 financial results presentation). Depending on APN's financial performance in the future, further impairment charges may need to be recorded.

viii. Divestment and acquisition activities

- From time to time APN evaluates acquisition and divestment opportunities. Any acquisition and/or divestment would lead to a change in the sources of APN's earnings and could increase the volatility of its earnings. However, there can be no assurance that APN will identify suitable acquisition or divestment opportunities or other projects at acceptable prices, or successfully execute such opportunities or projects. Integration of new businesses into APN may be costly, may not generate expected earnings and may occupy a large amount of management's time.
- In addition, APN's past and future acquisitions and divestments and other projects may subject it to unanticipated risks and liabilities, or disrupt its operations and divert management's attention and resources from APN's day to day operations.

ix. New or loss of broadcasting licences and other regulatory risk

- A loss of one or more broadcasting licences or the issue of new broadcast licences could have a material adverse effect on APN, its business and prospects. APN has no reason to expect cancellation of any of its licences.
- APN may be affected by changes in government policy or legislation applicable to companies in the media sector in various geographies, such as regulations regarding radio broadcasting licences.

x. Economic conditions

- APN's business and its performance are subject to changes in the Australian and New Zealand economy at large. Global economic conditions may have direct and consequential adverse effects on those economies and APN.
- Changes in the macroeconomic environment are beyond the control of APN and include, but are not limited to:
 - Changes in inflation, interest rates and foreign currency exchange rates;
 - Changes in employment levels and labour costs, which will affect the cost structure of APN;
 - Changes in aggregate investment and economic output; and
 - Other changes in economic conditions which may affect the revenue or costs of APN.
- APN's traditional businesses have relatively fixed cost bases which may limit APN's ability to scale its overall cost structure up or down in response to economic conditions.

KEY RISKS

xi. Joint ventures

- Ownership of APN's joint venture operations in certain outdoor advertising businesses (Adshel in Australia and New Zealand and Hong Kong Outdoor) is shared equally with Clear Channel Communications, Inc.
- Given the nature of the joint venture agreements, many strategic, financial and operational decisions for each of the joint ventures are made using a shared decision-making process between APN and its applicable joint venture partners. As a result, APN may be constrained in implementing any operational or strategic changes in those businesses. Further, APN's ability to undertake transactions or restructures with certain assets may be constrained by change of control and pre-emption clauses in those joint venture arrangements.
- Matters which affect joint venture partners may therefore also affect APN.

xii. Seasonality of revenue

- APN generally experiences seasonality in earnings which historically has resulted in stronger revenue generation in the six months ending 31 December compared to the six months ending 30 June. APN relies on the seasonality trends historically displayed by its operating results to prepare forecasts and budgets. There is no guarantee that the seasonality trends displayed historically will continue in the future.
- As APN's mix of assets changes over time, the seasonality in earnings for the whole business will also change. As a result, there is no guarantee that the seasonality trends displayed historically will continue in the future.

xiii. Credit risk

- Credit market conditions and the operating and financial performance of APN will affect borrowing costs as well as APN's capacity to repay, refinance or increase its debt.
- APN is subject to covenants in its debt facilities, including interest coverage, leverage and balance sheet gearing tests. If APN were to breach any of these covenants, its debt could be immediately declared repayable and there is no guarantee that APN would have sufficient cash flow to meet its repayment obligations or be able to source refinancing on acceptable terms.
- In particular, there is a risk that further asset impairments could have a negative impact on APN's ability to satisfy relevant covenants in its credit agreements.
- Further, certain bank facilities will need to be refinanced at various maturity dates. APN may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile has deteriorated materially, or if there are reductions in debt market liquidity at or around the time that APN needs to refinance its various debt tranches. Whether this occurs will depend on numerous factors, some of which are outside APN's control, such as the prevailing economic, political and capital market conditions and credit availability. The inability to refinance these facilities on satisfactory terms could adversely affect APN's financial performance.

xiv. Refinancing of Equity Bridge Facility

- The Acquisition is being part funded by an Equity Bridge Facility at completion. The Equity Bridge Facility must be repaid within 12 months from the date of the Equity Bridge Facility (the "Termination Date"). APN will apply the proceeds of the Entitlement Offer to repay the Equity Bridge Facility prior to the Termination Date. If the Equity Bridge Facility has not been repaid in full from the proceeds of the Entitlement Offer, APN will be obliged to raise alternative funding to repay the Equity Bridge Facility. If such alternative funding is required, there is no certainty regarding the timing, quantum or terms associated with that alternate funding. APN's financial performance could be adversely impacted by the nature of any alternative funding utilised.

KEY RISKS

xv. Risks associated with large shareholders

- APN has a small number of shareholders with relatively large shareholdings. Prior to the Entitlement Offer, APN's two largest shareholders and their related entities together hold approximately 50.4% of APN's existing shares on issue. An expectation by the market that one or more of these shareholders may sell all or a substantial portion of its APN shareholding, or the actual sale of such a shareholding, could have a negative effect on the price of APN shares.

xvi. Counterparty risk

- APN is exposed to collection risk where the counterparty fails to fulfil its contractual obligations.
- For example, APN is exposed to advertising agencies with which it conducts regular business on behalf of their clients. This exposes APN to collection risk with agencies in circumstances where they encounter financial difficulties.

xvii. Geographical and foreign exchange risk

- APN's revenue and earnings are derived from its Australian, New Zealand and Hong Kong operations.
- An investment in APN will therefore also include exposure to economic and currency fluctuations in any of these countries.
- Additionally, a substantial part of APN's publishing revenue is derived from regional Australia, including areas that have previously been affected by floods.
- APN's policy is to hold appropriate levels of debt in Australian and New Zealand currency to match the earnings in each of APN's respective geographic businesses. However APN reports debt in Australian dollars in the statutory accounts. Currency fluctuations can impact APN's level of drawn debt reported in Australian currency.

xviii. Key personnel

- The publishing, broadcasting, outdoor and digital advertising industries are highly dependent on the talent, creative abilities and technical skills of the personnel of the service providers and the relationships their personnel have with clients.
- APN has established a reputation in the industry that attracts talented personnel. However, APN competes with other companies in the media sector to recruit and retain key executives and professional staff.
- There is no assurance that APN will be able to recruit or retain skilled and experienced employees on acceptable terms.
- Ratings for APN's radio business are highly dependent on content and key talent. As a result, a loss of key personnel, or the inability to attract new qualified personnel, may detrimentally impact APN's operating and financial performance.

xix. Contract risk

- APN's outdoor business is dependent on long-term contracts. There is no assurance that APN will be able to renew these contracts, on appropriate terms or win new contracts in the future.

xx. Litigation and legal matters

- APN is exposed to the risk of potential legal action and other claims or disputes in the course of its business, including litigation from employees, regulators or other third parties.
- Furthermore, the media industry involves particular risks associated with defamation litigation and litigation to protect media and intellectual property rights.

KEY RISKS

- Some APN employees are engaged in labour that entails risk of workplace accidents and incidents. In the event that an APN employee is injured in the course of their employment, APN may be liable for penalties or damages. This has the potential to harm both the reputation and financial performance of APN.
- As with all litigation, there are risks involved. An adverse outcome in litigation or the cost of responding to potential or actual litigation may materially adversely affect the operating and financial performance of APN.

xxi. Taxation risk

- The Company operates in multiple tax jurisdictions and is subject to review by the relevant tax authorities.
- The Company is involved in a dispute with the New Zealand Inland Revenue Department (“IRD”) regarding certain financing transactions. The dispute involves tax of NZ\$56 million for the period up to 31 December 2013. The IRD is seeking to impose penalties of between 10% and 50% of the tax in dispute and interest in addition to the tax claimed. In the event the Company is unsuccessful in the dispute the Company has tax losses available to offset any amount of tax payable to the extent of NZ\$40 million. Any fines or penalties imposed by the IRD would be capable of being offset by such tax losses but interest is not.
- This dispute is currently expected to be litigated in the High Court of New Zealand commencing around mid-2014.
- In addition, the IRD has indicated it will audit an arrangement pertaining to withholding tax associated with a financing transaction. As at 19 February 2014 there is no indication as to the timing of the commencement of this audit, nor any likely outcome.
- The Company is satisfied that its treatment of the financing transactions is consistent with all relevant legislation and that no tax will become payable.

Risks associated with New Shares

i. Investment in equity capital

- There are general risks associated with investments in equity capital. The trading price of shares in APN may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include:
 - general movements in Australian and international stock markets;
 - investor sentiment;
 - Australian and international economic conditions and outlook;
 - changes in interest rates and the rate of inflation;
 - changes in government regulation and policies;
 - announcement of new technologies; and
 - geo-political instability, including international hostilities and acts of terrorism.
- No assurances can be given that the New Shares will trade at or above the Offer Price. None of APN, its Board or any other person guarantees the market performance of the New Shares.

ii. Risks associated with not taking up your rights under the Entitlement Offer

- If you do not take up all of your rights to acquire New Shares under the Entitlement Offer, your percentage shareholding in APN will be diluted and you will not receive any value for the rights to New Shares that you do not take up.

INTERNATIONAL OFFERING JURISDICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia and the Isle of Man except to the extent permitted below.

European Economic Area – Luxembourg

The information in this document has been prepared on the basis that all offers of New 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 produce a prospectus for offers of securities.

An offer to the public of New 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 that 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.

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 New 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 New 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 New 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.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), 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 New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

INTERNATIONAL OFFERING JURISDICTIONS

No advertisement, invitation or document relating to the New 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 New 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 New 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.

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 New 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.

Jersey (Channel Islands)

No offer or invitation to subscribe for shares may be made to the public in Jersey.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the Entitlement Offer are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

Other than in the Entitlement Offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

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 New 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).

INTERNATIONAL OFFERING JURISDICTIONS

Switzerland

The New 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 art. 27 ff. of 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 New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New 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 New 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 New 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.

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 New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New 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) 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 FSMA) received in connection with the issue or sale of the New 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 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.