



18 May 2016

Dear Shareholder,

ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Wednesday, 11 May 2016, APN News & Media Limited ACN 008 637 643 (**APN**) announced that it was conducting a pro-rata accelerated renounceable entitlement offer with retail entitlements trading (**Offer**) of approximately A\$180 million in new ordinary shares in APN (**New Shares**) on a 3 for 1 basis to eligible shareholders, at an offer price of A\$0.53 per New Share (**Offer Price**).

The Offer is being made without a prospectus or product disclosure document in accordance with section 708AA of the Corporations Act 2001 (Cth) (the **Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

The Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component with tradeable retail entitlements (**Retail Entitlement Offer**). The Offer is fully underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch (**Joint Lead Managers and Underwriters**).

The Institutional Entitlement Offer has already closed and the results announced to the ASX and NZX. An offer booklet in relation to the Retail Entitlement Offer will be lodged with the ASX and NZX and mailed to Eligible Retail Shareholders (as defined below) on or around Wednesday, 18 May 2016.

This letter is to inform you that you are not an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter. However, you may still receive some benefit from the Offer, as described below.

Eligibility Criteria

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as a holder of fully paid ordinary shares in APN as at 7.00pm (Sydney time) Friday, 13 May 2016 (**Record Date**);
- (b) have a registered address on APN's share register that is in Australia, New Zealand or Ireland;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States with respect to their shares in APN (to the extent such person holds APN shares for the account or benefit of such person in the United States);

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- (d) did not receive an offer to participate (other than as nominee) or were otherwise ineligible to participate under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

APN has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries outside Australia, New Zealand and Ireland in connection with the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia, New Zealand and Ireland and the potential costs to APN of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing APN ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, APN wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, APN may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders, subject to compliance with applicable laws.

Treatment of ineligible retail shareholders' entitlements

Shareholders who are not Eligible Retail Shareholders (**Ineligible Retail Shareholders**) are not entitled to participate in the Offer, or to trade or exercise their entitlement to be issued New Shares (**Entitlements**). As the Entitlement Offer is renounceable, APN has arranged for the Entitlements of Ineligible Retail Shareholders to be offered for sale by a nominee in a bookbuild process on Wednesday, 1 June 2016 (**Retail Shortfall Bookbuild**). Your Entitlements will be offered for sale on your behalf in the Retail Shortfall Bookbuild and any retail premium (being any amount paid in respect of those Entitlements) will be paid to you, net of any applicable withholding tax (**Retail Premium**).

It is expected that the Retail Premium (if any) will be paid to you on or around Wednesday, 8 June 2016. However, there is no guarantee that you will receive any amount as a result of the Retail Shortfall Bookbuild. The ability to obtain any Retail Premium under the Retail Shortfall Bookbuild, and the amount of that premium, is dependent on various factors, including market conditions and investor demand for New Shares.

To the maximum extent permitted by law, APN, the Joint Lead Managers and their respective related bodies corporate and affiliates, and the directors, officers, employees and advisers of any of them, will not be liable, including for negligence, for any failure to sell Entitlements at a price in excess of the Offer Price.

Entitlements under the Retail Entitlement Offer (**Retail Entitlements**) will also be tradeable on ASX. The assignment, transfer and exercise of Retail Entitlements trading on ASX will be restricted to persons meeting eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Retail Entitlements or to exercise Retail Entitlements they acquire. If you buy Retail Entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

If you have any questions in relation to any of the above matters, please contact the APN Shareholder Information Line on 1300 365 969 (within Australia) or 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of APN, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely,



Yvette Lamont
Company Secretary
APN News & Media Limited

IMPORTANT INFORMATION

This letter is issued by APN. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any entitlements or securities in APN in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or APN shares.

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the U.S. Securities Act.