



12 May 2016

Dear Shareholder,

## **RETAIL ENTITLEMENT OFFER – NOTIFICATION TO ELIGIBLE 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 (**Entitlement Offer**) of approximately \$180 million in new ordinary shares in APN (**New Shares**) on a 1 for 3 basis to eligible shareholders.

Amongst other things, APN has also announced a proposal to demerge 100% of its New Zealand business (**NZME**), which will have a primary listing on the New Zealand Stock Exchange (**NZX**), and a secondary listing on the Australian Securities Exchange (**ASX**) (the **Demerger**). Proceeds of the Entitlement Offer will be used to repay a portion of APN's corporate debt, and if the Demerger proceeds, to facilitate the establishment of appropriate capital structures for APN and NZME. Further details are set out in the Investor Presentation and ASX announcements published on ASX on Wednesday, 11 May 2016.

This letter is to inform you about the Entitlement Offer and to explain that if you are an eligible shareholder, you will be able to purchase 1 New Share for every 3 existing APN ordinary shares held on the record date of 7.00 pm (Sydney time) on Friday, 13 May 2016 (**Entitlement**). New Shares under the Entitlement Offer will be fully paid and rank equally in all respects with existing APN ordinary shares from issue. Fractional Entitlements will be rounded up to the nearest whole number of shares.

### **What is the Entitlement Offer?**

Under the Entitlement Offer, APN is offering entitlements pro rata to all eligible shareholders, which can be exercised to buy New Shares at an offer price of \$0.53 per New Share (**Offer Price**). This represents a 12.4% discount to the theoretical ex-rights price<sup>1</sup> of \$0.605.

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

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) will close today. An offer booklet in relation to the retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be made available on the Australian Securities Exchange (**ASX**) website

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<sup>1</sup> Theoretical Ex-Rights Price (TERP) is the theoretical price at which APN ordinary shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which APN ordinary shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to APN's closing price on Friday, 6 May 2016 (\$0.63)

www.asx.com.au and despatched to eligible retail shareholders on or around Wednesday, 18 May 2016.

The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch (**Joint Lead Managers and Underwriters**) subject to the terms of the underwriting agreement.

### **Eligible Retail Shareholders**

Eligible Retail Shareholders are 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);
- (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.

Shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders. In particular, shareholders that are in the United States or are acting for the account or benefit of a person in the United States (to the extent such person holds APN ordinary shares for the account or benefit of such person in the United States) are not eligible to purchase or trade Entitlements on ASX or participate in the Retail Entitlement Offer.

According to our records, you satisfy the eligibility criteria for an Eligible Retail Shareholder.

### **Retail Offer Booklet**

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Retail Entitlement Offer are set out in the offer booklet (**Retail Offer Booklet**), copies of which will be available on the ASX website [www.asx.com.au](http://www.asx.com.au) from Wednesday, 18 May 2016.

Eligible Retail Shareholders will be mailed a Retail Offer Booklet, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around Wednesday, 18 May 2016. You should read the Retail Offer Booklet carefully and in its entirety before deciding whether to participate in the Retail Entitlement Offer.

Entitlements may have value and it is important that you determine whether to take up in whole or part, sell or transfer, or do nothing, in respect of your Entitlement. If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX from Friday, 13 May 2016 to Friday, 20 May 2016, or transfer all or part of your Entitlement directly to another person. Entitlements will not be traded on NZX. If you choose to do nothing in respect of all or a part of your Entitlement, part or all (as applicable) of your Entitlement will be offered for sale on your behalf and any proceeds from the sale of those Entitlements will be paid to you, less any applicable withholding tax (**Retail Premium**).

You should confirm your Entitlements before trading them to avoid the risk of selling Entitlements you do not hold. Entitlements may only be exercised by eligible shareholders, being persons who have a registered address in Australia, New Zealand or Ireland, and certain categories of institutional investors in Hong Kong, Singapore, United Kingdom, Switzerland, Norway, France, Italy, Ireland and Germany. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on ASX, or take up or exercise Entitlements purchased on ASX or transferred from another person. It is the responsibility of purchasers of Retail Entitlements to inform themselves of the eligibility criteria for exercise, which will be set out in the Retail Offer Booklet. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to take up or exercise their Entitlements. In the event that holders are not able to exercise their Entitlements, those Entitlements will be sold on their behalf and they may receive no value for them.

### Key Dates for Eligible Retail Shareholders

Event	Date
Announcement of the Entitlement Offer	Wednesday, 11 May 2016
Record Date for eligibility for the Entitlement Offer	7.00pm, Friday, 13 May 2016
Retail Entitlements commence trading on ASX on a deferred settlement basis	Friday, 13 May 2016
Retail Offer Booklet despatched	Wednesday, 18 May 2016
Retail Entitlement Offer opens	Wednesday, 18 May 2016
Retail Entitlements allotted	Thursday, 19 May 2016
Retail Entitlements commence trading on ASX on a normal settlement basis	Friday, 20 May 2016
Retail Entitlements trading on ASX ends	Friday, 20 May 2016
New Shares commence trading on ASX on a deferred settlement basis	Monday, 23 May 2016
Retail Entitlement Offer closes (5.00pm Syd time)	Friday, 27 May 2016
Expected Retail Shortfall Bookbuild date	Wednesday, 1 June 2016
Settlement of the Retail Entitlement Offer	Monday, 6 June 2016
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 7 June 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	Wednesday, 8 June 2016
Despatch of holding statements for New Shares	Wednesday, 8 June 2016
Retail Premium (if any) despatched	Wednesday, 8 June 2016

The timetable above is indicative only and may be subject to change. APN reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, APN reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any

extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation of Entitlements and New Shares is subject to confirmation from ASX.

If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. For further information, you can also call the APN Shareholder Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) from 8.30am to 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.

We look forward to continuing our strong relationship with all of our Shareholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Yvette Lamont', with a large, sweeping flourish at the end.

Yvette Lamont  
Company Secretary

#### **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 securities in APN in any jurisdiction. This letter does not constitute financial product advice and does not take into account your investment objectives, financial situation or needs. This letter does not and will not form any part of any contract for the acquisition of 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 to be issued under the offer (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.