

APN News & Media Limited

Retail Offer Booklet

**1 for 3 pro rata accelerated renounceable entitlement offer of
APN ordinary shares at an offer price of A\$0.53 per New Share.**

This offer closes at 5.00pm (Sydney time) on Friday, 27 May 2016.

APN News & Media Limited
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Sydney NSW 2011

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the Corporations Act 2001 (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, accountant or other professional adviser or 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, if you have any questions.

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Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Retail Offer Booklet relates to the Retail Entitlement Offer which is part of the Entitlement Offer by APN of New Shares to raise approximately \$180 million. The Retail Entitlement Offer is being made in Australia pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), which allows entitlement offers to be made to retail investors without a prospectus). The Retail Entitlement Offer is also being made to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand), allowing this Retail Offer Booklet to be prepared in compliance with Australian law and not requiring an investment statement, prospectus or product disclosure statement under New Zealand law.

As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about APN and the Retail Entitlement Offer that is made publicly available. In particular, please refer to the materials in this Retail Offer Booklet (including the Investor Presentation and ASX and NZX Announcements in Section 5, APN's annual reports and other announcements made available at www.apn.com.au (including APN's 2015 Full Year Results Presentation which was released to the ASX and NZX on 25 February 2016 and APN's 2015 Annual Report which was released to the ASX and NZX on 24 March 2016) and announcements which may be made by APN after publication of this Retail Offer Booklet.

Future performance and forward looking statements

This Retail Offer Booklet contains certain "forward looking statements", including but

IMPORTANT NOTICE

not limited to projections and guidance on the future performance of APN and the outcome and effects of the Entitlement Offer and Demerger. Forward looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "potential", and other similar expressions within the meaning of securities laws of applicable jurisdictions.

The forward looking statements contained in this Retail Offer Booklet 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, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet for a summary of certain general and APN specific risk factors that may affect APN. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors included in the APN Investor Presentation included in Section 5 of this Retail Offer Booklet. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures. The forward looking statements are based on information available to APN as at the date of this Retail Offer Booklet.

Except as required by law or regulation (including the ASX and NZX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Past performance

Investors should note that past performance, including the past share price performance of APN and the pro forma historical information in the ASX and NZX Announcements included in Section 5 of this Retail Offer Booklet, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future APN performance including future share price performance. The pro forma historical information is not represented as being indicative of APN's views on its future financial condition and/or performance.

Jurisdictions

This Retail Offer Booklet, the ASX and NZX Announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase New Shares pursuant to the offer described in this Retail Offer Booklet nor the New Shares have been, or will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any

state or other jurisdiction of the United States. The Entitlements may not be issued to, purchased by, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares in the Retail Entitlement Offer will be sold only in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Withholding tax

This Retail Offer Booklet refers to the potential payment of a Retail Premium to certain investors. APN may be required to withhold Australian tax in relation to payments to certain investors under applicable laws. References to the payment of the Retail Premium in this Retail Offer Booklet should be read as payments net of any applicable withholding taxes.

References to "you" and "your Entitlement"

In this Retail Offer Booklet, references to "you" are references to Eligible Retail Shareholders (as defined in Section 6.1) and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Times and dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates" section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$ or AUD).

Trading Entitlements and New Shares

APN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by APN or the APN Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

APN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by APN or the APN Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 6 for details.

KEY DATES FOR THE RETAIL ENTITLEMENT OFFER

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 ¹	Monday, 23 May 2016
Retail Entitlement Offer closes (5.00pm Syd time) ²	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 and NZX 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. Entitlements will not be traded on the NZX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens to ensure their application is received by the APN Share Registry in time.

ENQUIRIES

If you have any questions, please contact 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. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

¹ Following the conclusion of Retail Entitlements trading, New Shares under the Retail Offer commence trading on a deferred settlement basis.

² Eligible Retail Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite accompanying payment (**Application Monies**) OR pay their Application Monies via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form, so that they are received by the APN Share Registry by no later than 5.00pm (Sydney time) on Friday, 27 May 2016. Eligible Retail Shareholders should refer to Section 2 for options available to them to deal with their Entitlement.

LETTER FROM CHAIRMAN

18 May 2016

Dear Shareholder,

On behalf of APN, I am pleased to invite you to participate in a fully underwritten 1 for 3 pro-rata accelerated renounceable entitlement offer of new ordinary shares in APN (**New Shares**) at an offer price of A\$0.53 per New Share (**Offer Price**) to raise gross proceeds of approximately \$180 million (**Entitlement Offer**). The Entitlement Offer was announced on Wednesday, 11 May 2016.

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**), with a secondary listing on the Australian Securities Exchange (**ASX**) (the **Demerger**). In addition, and independently of the Demerger, APN and Fairfax Media Limited (**Fairfax**) have separately announced entry into exclusive discussions regarding the potential merger of their respective New Zealand businesses. APN is also proposing to undertake a 1 for 7 share consolidation. Further details regarding these transactions are set out below.

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, as announced to ASX and NZX by APN on Wednesday, 11 May 2016.

DEMERGER OF NZME

Under the proposed Demerger, eligible APN shareholders will receive new shares in NZME in proportion to their existing APN shareholding, while retaining their existing APN shares. NZME will be listed on the NZX (primary listing) and also ASX (as a foreign exempt listing). APN will continue to be listed on the ASX and NZX.

The Demerger will create two independent companies:

- APN - a growth oriented media and entertainment company consisting of one of Australia's leading metropolitan radio network³, a 50% interest in Adshel, the #1 street furniture advertising network in Australia and New Zealand, as well as an outdoor advertising company in Hong Kong and a leading regional media business in Australia; and
- NZME - one of New Zealand's leading media and entertainment businesses which operates some of the country's most recognisable publishing, radio and digital brands.

APN (after the Demerger) will remain focused on pursuing growth opportunities in radio and outdoor and NZME will continue to develop its integrated media platform to drive further growth.

The Demerger is subject to shareholder approval by ordinary resolution at the General Meeting of APN anticipated to be held on 16 June 2016. Subject to the outcome of the shareholder vote and other regulatory approvals, the Demerger of NZME from APN and listing will occur in late June/early July 2016. The timing of the Demerger may vary subject to regulatory rulings, exemptions and approvals including from the Australian Taxation Office (**ATO**) for demerger tax relief and the Overseas Investment Office (New Zealand).

Section 5 of this Retail Offer Booklet contains more information about the proposed Demerger.

POTENTIAL MERGER OF NZME AND FAIRFAX NEW ZEALAND

Independently of the Demerger, APN and Fairfax have separately entered into exclusive discussions regarding the potential merger of their respective New Zealand businesses. If completed, the combined company will be a leading New Zealand media business, offering depth of news, sport and entertainment coverage across a diverse mix of channels including print, digital and radio.

Fairfax and APN/NZME have commenced preliminary discussions around a potential transaction structure. The transaction remains subject to agreement by the respective Boards of the businesses as well as all necessary regulatory consents, including New Zealand Commerce Commission, and any necessary shareholder approvals. The parties intend to work towards completion of the merger by the end of calendar 2016 subject to all approvals. The discussions are subject to exclusivity provisions with standard fiduciary and other carve-outs.

APN has entered into the discussions independently of the Demerger. If the Demerger is completed, NZME is expected to continue pursuing the proposed transaction with Fairfax.

Section 5 of this Retail Offer Booklet contains more information about the potential merger.

SHARE CONSOLIDATION

APN is also proposing to undertake a 1 for 7 share consolidation (**Share Consolidation**). There are approximately 1 billion APN shares currently on issue. Following the Entitlement Offer, there will be approximately 1.4 billion APN shares on issue. Given the large number of shares on issue, APN intends to consolidate every 7 APN shares into one APN share so that the number of APN shares on issue will be reduced to approximately 200 million. The Share Consolidation requires approval by APN shareholders by ordinary resolution at the General Meeting. If approved, the Share Consolidation will take effect prior to the Demerger.

Section 5 of this Retail Offer Booklet contains more information about the proposed Share Consolidation.

ENTITLEMENT OFFER

Under the Entitlement Offer, eligible shareholders are entitled to acquire 1 New Share for every 3 existing APN shares held on the Record Date at 7.00pm Sydney time on Friday, 13 May 2016 (**Record Date**)(**Entitlement**).

The Offer Price of A\$0.53 per New Share represents a 12.4% discount to the theoretical ex-rights price (TERP) of \$0.605.⁴ New Shares issued through the Entitlement Offer will rank equally with existing APN shares in all respects.

The fully underwritten Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer and associated bookbuild have raised gross proceeds of approximately \$160 million.

The Retail Entitlement Offer is expected to raise gross proceeds of approximately \$20 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**). This Retail Offer Booklet contains important information about the Retail Entitlement Offer and APN's business.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement 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 (see Section 3).

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Friday 27, May 2016.

To participate, you will need to complete and return your personalised Entitlement and Acceptance Form together with the requisite Application Monies, or alternatively pay your Application Monies using BPAY® so that they are received by the APN Share Registry by 5.00pm (Sydney time) on Friday, 27 May 2016.

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. The assignment, transfer and exercise of Retail Entitlements is restricted to persons meeting certain eligibility criteria, as described in Section 6.9. If holders of Retail Entitlements at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements and, as a result, they may receive no value for them. 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 for your benefit through a bookbuild process on Wednesday, 1 June 2016 (**Retail Shortfall Bookbuild**). In this case, you will receive the amount paid (if any) in respect of the Entitlements sold to investors in the Retail Shortfall Bookbuild (**Retail Premium**), less any applicable withholding tax as described in Section 3.7.

The Entitlements will not be traded on the NZX.

Please carefully read this Retail Offer Booklet in its entirety and consult your financial adviser before making your investment decision. In particular, you should read and consider the "Key Risks" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet which contains a summary of some of the key risks associated with an investment in APN.

If you have any questions in respect of the Entitlement Offer, please 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.

Yours faithfully,



Peter Cosgrove
Chairman
APN News & Media Limited

⁴ The theoretical ex-rights price (TERP) 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. TERP is calculated by reference to APN's closing price of \$0.63 per share on 6 May 2016, being the last trading day prior to the announcement of the Entitlement Offer.

1 IS THIS RETAIL OFFER BOOKLET RELEVANT TO YOU?

This Retail Offer Booklet is relevant to you if you are an Eligible Retail Shareholder (as defined below).

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders and references to “your Entitlement” or “your Retail Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of shares as at the Record Date, being 7.00pm (Sydney time) on Friday, 13 May 2016;
- have a registered address on the APN share register in Australia, New Zealand or Ireland;
- are not in the United States and are not 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);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Refer to Section 6.1 for further details.

2 SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder you may take any of the following actions:

1. Take up all or part of your Entitlement;
2. Sell all or part of your Entitlement to persons meeting certain eligibility criteria:
 - on ASX; or
 - by transferring it directly to another person; or
3. Do nothing and let all or part of your Entitlement be sold into the Retail Shortfall Bookbuild.

If you are a retail shareholder that is not an Eligible Retail Shareholder you are an **Ineligible Retail Shareholder**. Ineligible Retail Shareholders will receive the Retail Premium (if any), less any applicable withholding tax, for the sale of their Entitlements by a nominee for their benefit through the Retail Shortfall Bookbuild.

Options available to you	Key considerations
1. Take up all or part of your Entitlement	<p>You may elect to purchase New Shares at the Offer Price (see Section 3.5 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing shares.</p> <p>The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Friday, 27 May 2016.</p> <p>If you only take up part of your Entitlement, you may choose to sell or transfer the balance (see Option 2 below) or you may do nothing and let the balance be offered for sale in the Retail Shortfall Bookbuild for your benefit (see Option 3 below).</p> <p>Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlement as set out in their personalised Entitlement and Acceptance Form.</p>
2. Sell all or part of your Entitlement	<p>If you do not wish to take up all or part of your Entitlement, you may be able to sell all or part of your Entitlement on ASX through your broker (see Section 3.5) or transfer your Entitlement directly to another person (see Section 3.5).</p> <p>Retail Entitlements may be traded on ASX from Friday, 13 May 2016 to Friday, 20 May 2016 (ASX code: APNR). You may incur brokerage costs if you sell all or part of your Entitlement on ASX.</p> <p>Retail Entitlements will not be tradeable on NZX. However, Eligible Retail Shareholders from New Zealand should contact their broker if they wish to sell their Entitlements on ASX.</p> <p>If you hold your existing shares on capital account, the proceeds of any sale of the Retail Entitlement should be treated as capital gains for Australian income tax purposes (see Section 4.2).</p> <p>Prices obtained for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of APN existing shares relative to the Offer Price. If you sell your Entitlement in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild. You will also forgo any exposure to increases or decreases in the value of New Shares had you taken up that Entitlement. Your percentage shareholding in APN will also be diluted.</p> <p>If you only sell part of your Entitlement, you may choose to take up the remainder (see Option 1) or you may do nothing and let that part be offered for sale in the Retail Shortfall Bookbuild (see Option 3 below).</p>
3. Do nothing and let all or part of your Entitlement be offered for sale in the Retail Shortfall Bookbuild	<p>To the extent you do not take up all of your Entitlement (or do not sell all of Entitlement on the ASX or via direct transfer), your Entitlements will be offered for sale on your behalf in the Retail Shortfall Bookbuild on Wednesday, 1 June 2016 and you will receive the Retail Premium (if any), less any applicable withholding tax, in respect of these Entitlements (see Section 3.5). There is no guarantee that there will be any Retail Premium.</p> <p>The ATO has stated in Taxation Ruling TR 2012/1 that in certain circumstances retail premiums will be taxed either as unfranked dividends (which may be subject to dividend withholding tax if you are not an Australian resident shareholder) or as ordinary income (and not as capital gains). The ATO's ruling does not apply to the Entitlements because amongst other things, the Entitlements are tradeable on ASX.</p> <p>APN's tax advisor considers that any Retail Premium should be taxable in the hands of Eligible Retail Shareholders who hold their existing shares on capital account as a capital gain (see Section 4.2). However, it is possible the ATO could seek to apply the tax treatment specified in Taxation Ruling TR 2012/1 to Entitlements sold via the Retail Shortfall Bookbuild.</p> <p>You will not incur brokerage costs on any Retail Premium received from the Retail Shortfall Bookbuild.</p> <p>By letting your Entitlement be offered for sale in the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in APN will also be diluted.</p>

3 HOW TO APPLY

3.1 OVERVIEW OF THE ENTITLEMENT OFFER

Eligible shareholders are being offered the opportunity to purchase 1 New Share for every 3 existing APN shares held as at the Record Date of 7.00pm (Sydney time) on Friday, 13 May 2016, at the Offer Price of A\$0.53 per New Share.

The Entitlement Offer is comprised of four components.

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders (as defined in Section 6.2) were given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were renounceable and were not able to trade on ASX. Approximately 95% of Institutional Entitlements were taken up by Eligible Institutional Shareholders and this process was completed on Thursday, 12 May 2016;
- **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up and Entitlements of ineligible institutional shareholders were sold through a bookbuild process on Thursday, 12 May 2016 (**Institutional Shortfall Bookbuild**). The premium paid in respect of those Entitlements was \$0.12 above the Offer Price and a \$0.045 premium to the TERP, per Entitlement (**Institutional Premium**). Eligible Institutional Shareholders who elected not to take up all or part of their Institutional Entitlements, and ineligible institutional shareholders, will receive the Institutional Premium for each Entitlement that was not taken up and that was sold in the Institutional Shortfall Bookbuild;
- **Retail Entitlement Offer** – Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer (**Retail Entitlement**) which can be taken up in whole or in part, or traded on ASX (or transferred directly to another person) in whole or in part. This means that if you do not wish to take up all or part of your Retail Entitlement you may sell on ASX or transfer all or part of your Retail Entitlement in order to realise value from your Retail Entitlement. You may incur brokerage costs if you sell your Retail Entitlement on ASX; and
- **Retail Shortfall Bookbuild** – Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders will be offered for sale through the Retail Shortfall Bookbuild. Any Retail Premium, less any applicable withholding tax, will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium, if any, is expected to be paid on or about Wednesday, 8 June 2016.

You have a number of decisions to make in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch (the **Underwriters**) on the terms and conditions of the Underwriting Agreement (see Section 6.15 for more details). Further details on the Retail Entitlement Offer and the Retail Shortfall Bookbuild are set out in the following.

3.2 THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 3 existing APN shares held as at the Record Date at the Offer Price of A\$0.53 per New Share.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00am (Sydney time) Wednesday, 18 May 2016 and will close at 5.00pm (Sydney time) on Friday, 27 May 2016.

3.3 YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 3 existing shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing shares.

See Sections 6.1 and 6.14 for information on restrictions on participation.

3.4 CONSIDER THE RETAIL ENTITLEMENT OFFER CAREFULLY IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on APN and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement, sell or transfer all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements made available at www.apn.com.au (including announcements which may be made by APN after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the “Key Risks” section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet.

3.5 OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder, you may take any of the following actions:

- take up all or part of your Entitlement; or
- sell all or part of your Entitlement to persons meeting certain eligibility criteria:
 - on ASX; or
 - by transferring it directly to another person; or
- do nothing and let your Entitlement be offered for sale through the Retail Shortfall Bookbuild.

The Retail Offer is an offer to Eligible Retail Shareholders only.

Eligible Retail Shareholders who do not participate fully in the Retail Offer will have their percentage holding in APN reduced. Eligible Retail Shareholders who participate in the Retail Offer will not see their percentage holding in APN reduced if they take up all of their Entitlement.

If you wish to take up all or part of your Entitlement Offer

If you wish to take up all or part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

so that they are received by the APN Share Registry, by no later than 5.00pm (Sydney time) on Friday, 27 May 2016.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Tuesday, 7 June 2016. APN's decision on the number of New Shares to be issued to you will be final.

APN also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders, if APN believes their claimed entitlements to be overstated or if they or their nominees fail to provide information to substantiate their claims to APN's satisfaction (see Section 6.10).

Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlement.

If you wish to sell all or part of your Entitlement on ASX

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form or as accessed online at www.apn.com.au. Allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.

Entitlement trading on ASX starts on a deferred settlement basis at 10.00am (Sydney time) on Friday, 13 May 2016 (ASX code: APNR) and ceases at 4.00pm (Sydney time) on Friday, 20 May 2016.

There is no guarantee that there will be a liquid market for Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

Retail Entitlements will not be tradeable on NZX. However, Eligible Retail Shareholders from New Zealand should contact their broker if they wish to sell their Entitlements on ASX.

This Retail Offer Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Wednesday, 18 May 2016.

APN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before the Retail Entitlements are allotted, or before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by APN or the APN Share Registry or failure to maintain your updated details on the APN Share Registry or otherwise.

If you wish to sell part of your Entitlement on ASX and let the balance be offered for sale into the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX, and do nothing in respect of the balance. You will receive the Retail Premium (if any), less any applicable withholding tax, in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of APN existing shares relative to the Offer Price. If you sell your Entitlements in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlements at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you sell your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in APN will also be diluted.

If you wish to transfer all or part of your Entitlement other than on ASX

If you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Acceptance Form to the APN Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the APN Share Registry. The Entitlements will not be traded on the NZX.

You can obtain a Renunciation and Acceptance Form through the APN Shareholder Information Line on 1300 365 969 (within Australia), 0800 729 276 (within New Zealand) or +61 1300 365 969 (outside Australia or New Zealand) or from your stockbroker. The Renunciation and Acceptance Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the APN Share Registry at the mail or hand delivery address in Section 3.9 no later than 5.00pm (Sydney time) on Friday, 27 May 2016.

If the APN Share Registry receives from you both a completed Renunciation and Acceptance Form and an application for New Shares in respect of the same Entitlement, the transfer of your Entitlement (the subject of the Renunciation and Acceptance Form) will take priority over your application for New Shares.

If you wish to transfer part of your Entitlement and allow the balance to be offered for sale in the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any), less any applicable withholding tax, in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in APN will also be diluted.

You may only transfer your Entitlement in this way to a purchaser whose address is in Australia, New Zealand or Ireland, who is not in the United States and is not acting for the account or benefit of a person in the United States. Persons that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any transferee of these restrictions.

See Sections 6.1 and 6.14 for more information on restrictions on participation.

If you wish to let your Entitlement be sold through the Retail Shortfall Bookbuild

Any of your Entitlements which you do not take up, sell or transfer will be offered for sale in the Retail Shortfall Bookbuild on or about Wednesday, 1 June 2016 to Eligible Institutional Investors. You will receive the Retail Premium (if any), less any applicable withholding tax, in respect of those Entitlements sold through the Retail Shortfall Bookbuild (see Section 3.7).

By allowing your Entitlement to be offered for sale in the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement (or any value for your Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in APN will also be diluted.

3.6 INELIGIBLE RETAIL SHAREHOLDERS

Ineligible Retail Shareholders will receive the Retail Premium (if any), less any applicable withholding tax, for Entitlements that have been sold on their behalf into the Retail Shortfall Bookbuild.

3.7 RETAIL SHORTFALL BOOKBUILD

Retail Entitlements which are not taken up by close of the Retail Entitlement Offer, and Retail Entitlements of Ineligible Retail Shareholders, will be offered for sale in the Retail Shortfall Bookbuild. Any Retail Premium (being any amount paid in respect of those Entitlements sold into the Retail Shortfall Bookbuild) will be remitted proportionally to such shareholders on or about Wednesday, 8 June 2016, net of any applicable withholding tax.

Retail Premium amounts (if any), less any applicable withholding tax, will be paid in Australian dollars based on your nominated bank account. If you are an Eligible Retail Shareholder and you have an Australian or New Zealand bank account the details of which have been provided to the APN Share Registry for direct crediting of payment, then the Retail Premium (if any), less any applicable withholding tax, will be paid into that bank account. Payments into New Zealand bank accounts will be made at the prevailing foreign exchange rate.

In all other circumstances, the Retail Premium (if any), less any applicable withholding tax, will be paid by an Australian dollar cheque.

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements offered for sale in the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The Retail Premium may not be the highest price available, but will be determined having regard to a number of factors, including, but not limited to, general market conditions, expected share price performance and having binding and bona fide offers which, in the reasonable opinion of the Underwriters, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium or less than, more than or equal to any price or prices at which Entitlements may be able to be sold on ASX or otherwise transferred. To the maximum extent permitted by law, APN, the Underwriters and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild and for any difference between the Retail Premium and the Institutional Premium.

You should note that if you sell or transfer all or part of your Entitlement or allow all or part of your Entitlement to be offered for sale in the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise) and your percentage shareholding in APN will be diluted by your non-participation in the Retail Entitlement Offer.

3.8 PAYMENT

You can pay in the following ways:

- by BPAY®; or
- by cheque.

Cash payments will not be accepted. Receipts for payment will not be issued.

APN will treat you as applying for as many New Shares as your payment will pay for in full.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.10; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the APN Share Registry by no later than 5.00pm (Sydney time) on Friday, 27 May 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make your payment.

Payment by cheque

For payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to "APN News & Media Limited" and crossed "Not Negotiable".

Your cheque must be:

- for an amount equal to \$A0.53 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars or Euros. New Zealand and Irish resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

3.9 MAIL OR HAND DELIVERY

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Sydney time) on Friday, 27 May 2016. If you make payment via cheque you should mail or hand deliver your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing Address

APN Retail Entitlement Offer
c/- Link Market Services Limited
GPO Box 3560
Sydney South NSW 2001

Hand Delivery Address

APN Retail Entitlement Offer
c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at APN's registered or corporate offices or other offices of the APN Share Registry.

3.10 REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to APN that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and APN's constitution;
- authorise APN to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;

- acknowledge that once APN receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided, except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise APN, each Underwriter, the APN Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the APN Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that:
 - determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of APN and/or the Underwriters;
 - each of APN and the Underwriters, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- represent and warrant (for the benefit of APN, the Underwriters and each of their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an ineligible institutional shareholder under the Institutional Entitlement Offer and are otherwise eligible to participate in the Retail Entitlement Offer;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in APN and is given in the context of APN's past and ongoing continuous disclosure announcements to ASX and NZX;
- acknowledge the statement of risks in the "Key Risks" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet and that investments in APN are subject to risk;
- acknowledge that none of APN, each Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of APN, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise APN to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not 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);
- you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
- you are subscribing for or purchasing Entitlements or New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia, New Zealand and Ireland; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia, New Zealand or Ireland and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

3.11 REPRESENTATIONS BY ACQUIRERS OF RETAIL ENTITLEMENTS

Investors who acquire Retail Entitlements on ASX or otherwise will, by acquiring those Retail Entitlements, and by applying to take up all or part of those Retail Entitlements, be deemed to agree to make and be subject to the representations, declarations, warranties and agreements in Section 3.10 above (with references to the personalised Entitlement and Acceptance Form to be read as including any other form provided or required to be provided to APN, the APN Share Registry or the person's stockbroker).

The Retail Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Retail Entitlements in a transaction on ASX or otherwise, in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder, a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'⁵; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

3.12 ENQUIRIES

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the APN Shareholder Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside 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. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

⁵ Certain investors in a limited number of foreign jurisdictions (other than the United States) may be Eligible Persons if they satisfy the requirements of that expression as set out in the 'Entitlement and Acceptance Form' in respect of the Entitlement Offer which is available at www.apn.com.au.

4 AUSTRALIAN TAX CONSIDERATIONS

4.1 INTRODUCTION

This is a summary of the Australian tax consequences of the Retail Entitlement Offer for shareholders that hold their Shares on capital account for Australian income tax purposes. This summary does not consider the consequences for shareholders who:

- acquire Entitlements otherwise than under the Retail Entitlement Offer (eg. their Entitlements are acquired on ASX);
- hold existing shares, New Shares or Entitlements in a business of share trading, dealing in securities or otherwise hold their existing shares, New Shares or Entitlements on revenue account or as trading stock;
- acquired existing shares in respect of which the Entitlements are issued under an employee share scheme;
- are subject to the 'taxation of financial arrangements' provisions in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to their holding of Shares, New Shares or Entitlements; or
- in relation to a non-Australian resident, hold their Shares, New Shares or Entitlements through a permanent establishment in Australia.

This summary is necessarily general in nature and is based on Australian income tax legislation and administrative practice in force as at the date of this Retail Entitlement Offer Booklet. It does not take into account any financial objectives, tax positions or investments needs of any Shareholders and should not be construed as being investment, legal or tax advice to any particular Shareholder.

As the taxation implications of the Retail Entitlement Offer will depend upon a shareholder's particular circumstances. Shareholders should seek and rely upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them.

Shareholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction in respect of the Retail Entitlement Offer that are not covered by this summary. Such shareholders should seek and rely upon their own professional taxation advice in relation to the taxation implications of the Retail Entitlement Offer in any jurisdictions that are relevant to them.

Neither APN nor any of its officers or employees, nor its taxation or other advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences of the Retail Entitlement Offer.

4.2 INCOME TAX CONSEQUENCES OF ENTITLEMENTS

Australian resident shareholders

a) Issue of Entitlements

The issue of Entitlements to Australian resident shareholders should not, of itself, give rise to any amount of assessable income or capital gain for shareholders.

b) Exercise of Entitlements

The exercise of Entitlements should not, of itself, result in any amount being included in a shareholder's assessable income and should not give rise to any capital gain under the capital gains tax (CGT) provisions.

Eligible Retail Shareholders that exercise their Entitlements will receive New Shares. The amount paid to exercise Entitlements (ie. the Offer Price) and any non-deductible incidental costs will form the cost base of the New Shares acquired through exercise for CGT purposes.

c) Sale on ASX or transfer of Entitlements

The Entitlements are classified as assets for CGT purposes. Entitlements may be sold on the ASX or through a sale or transfer to a third person.

Shareholders will have no cost base for their Entitlements under the CGT rules. Shareholders will realise a capital gain equal to the sale price (or deemed market value sale price if Entitlements are sold or transferred for no consideration or on non-arm's length terms) less any incidental costs of disposal. This capital gain will be included in assessable income after the application of current year or carry forward capital losses.

Shareholders will be treated as having acquired their Entitlements on the same date they acquired the Shares which gave rise to the Entitlements. This means that if a qualifying shareholder (an individual, trust or complying superannuation fund) has held their Shares for at least 12 months prior to the date of sale or transfer of their Entitlements, they should be entitled to discount the amount of any capital gain resulting from the sale of the Entitlements (after the application of any current year or carry forward capital losses). The amount of this discount is 50% for individuals and trustees and 33 1/3% for complying superannuation entities. This is referred to as the 'CGT discount'. The CGT discount is not available for companies that are not trustees. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of discount capital gains.

d) Sale of Entitlements through Retail Shortfall Bookbuild

Retail shareholders who do not or cannot exercise, sell or transfer their Entitlements will have their Entitlements offered for sale on their behalf in the Retail Shortfall Bookbuild on Wednesday, 1 June 2016 and any amount paid for the Entitlement will be remitted to them as a Retail Premium.

There is some uncertainty in relation to the taxation treatment of amounts received under a 'retail bookbuild'. In January 2012, the Commissioner of Taxation (the Commissioner) issued taxation ruling TR 2012/1 in which he ruled that in certain situations, such amounts are assessable either as an unfranked dividend or ordinary income (rather than as a capital gain under the CGT rules). Importantly, TR 2012/1 states that the ruling does not apply to entitlements which are assignable or tradable or given to a nominee for disposal on behalf of shareholders entitled to them.

Having regard to the manner in which the Retail Shortfall Bookbuild is to be conducted (the Entitlements are tradeable on ASX and Entitlements which are not exercised by Eligible Retail Shareholders will be offered for sale on their behalf in the Retail Shortfall Bookbuild), APN's taxation advisor considers that:

- TR 2012/1 should not apply to Entitlements; and
- any Retail Premium received by Eligible Retail Shareholders should be treated as capital proceeds for the Entitlements sold on their behalf through the Retail Shortfall Bookbuild. Eligible Retail Shareholders whose Entitlements are sold in the Retail Shortfall Bookbuild should derive a capital gain that should be taxable under the CGT provisions in the manner set out in the section above.

It is possible that the Commissioner may seek to treat an amount received through the Retail Shortfall Bookbuild as assessable (ie. to apply the tax treatment set out in TR 2012/1 to Entitlements sold in the Retail Shortfall Bookbuild). While APN does not consider this view to be correct, in light of this uncertainty, shareholders should seek advice from their own financial advisor or other professional advisor about the tax consequences of participating in the Retail Shortfall Bookbuild.

In the event that the Commissioner provides guidance or advice that is considered by APN to indicate that the Retail Premium should be treated otherwise than outlined above, APN may take steps to follow such advice, including making withholding from the Retail Premium.

Non-Australian resident shareholders

a) Issue of Entitlements

No income tax or CGT liability should arise to non-Australian resident shareholders as a result of being issued of Entitlements.

b) Exercise of Entitlements

No income tax or CGT liability should arise to non-Australian resident shareholders, who exercise their Entitlements by accepting the Retail Entitlement Offer.

c) Sale on ASX or transfer, of Entitlements

No Australian income tax or CGT should be payable on any gain realised upon the disposal of Entitlements held by non-Australian Resident shareholders, on the basis that no single non-Australian Resident shareholder holds more than 10% of the total existing shares.

d) Sale through Retail Shortfall Bookbuild

As noted above, the Commissioner ruled in TR 2012/1 that in certain situations amounts received by shareholders under a 'retail bookbuild' should be treated either as an unfranked dividend or ordinary income (rather than as a capital gain under the CGT rules). If the Commissioner were to treat the amounts received by shareholders through the Retail Shortfall Bookbuild as a dividend (ie. by applying the reasoning in TR 2012/1), then dividend withholding tax would be payable at the rate of 30% (unless reduced under a relevant double tax treaty). For the reasons discussed above, APN's taxation advisor considers that TR 2012/1 should not apply to the disposal of Entitlements and the Retail Premium should be treated as a non-taxable capital gain (rather than a dividend) for non-Australian resident shareholders.

4.3 INCOME TAX CONSEQUENCES OF NEW SHARES

The New Shares are ordinary shares and the income tax consequences of holding New Shares (ie the receipt of dividends on New Shares and the consequences on disposal of New Shares) will reflect those which arise for holders of existing shares.

Australian resident shareholders

Dividends paid on the New Shares should be frankable for imputation purposes. Generally, provided that a shareholder is a 'qualified person' and the Commissioner does not make a determination under the dividend streaming rules to deny the benefit of the franking credits to the shareholder, the shareholder:

- should include the amount of the dividend as well as an amount equal to the franking credits attached to the dividend in their assessable income in the income year in which they receive the dividend; and
- should qualify for a tax offset equal to the franking credits attached to the dividend, which can be applied against their income tax liability for the relevant income year.

A shareholder should be a 'qualified person' if the 'holding period rule' and the 'related payments rule' are satisfied. Generally:

- to satisfy the 'holding period rule', a shareholder must have held their New Shares 'at risk' for a continuous period of at least 45 days (excluding the day of disposal) within a period beginning on the day after the day on which they acquired and ending on the 45th day after they become ex-dividend. To be held 'at risk', a shareholder must retain 30% or more of the risks and benefits associated with holding their New Shares. Where a shareholder undertakes risk management strategies in relation to their New Shares (eg. by the use of limited recourse loans, options or other derivatives), the shareholder's ability to satisfy the 'at risk' requirement of the 'holding period rule' may be affected; and
- under the 'related payments rule', a shareholder who is obliged to make a 'related payment' (essentially a payment passing on the benefit of the dividend to another person), in respect of a dividend must hold the New Shares 'at risk' for at least 45 days (not including the days of acquisition and disposal) within each period beginning 45 days before and ending 45 days after they become ex-dividend.

A shareholder who is an individual is automatically treated as a 'qualified person' for these purposes if the total amount of the tax offsets in respect of all franked amounts to which the shareholder is entitled in an income year does not exceed \$5,000. This is referred to as the 'small shareholder rule'. However, a shareholder will not be a 'qualified person' under the small shareholder rule if 'related payments' have been made, or will be made, in respect of such amounts.

In relation to the tax consequences on disposal of New Shares, any gain or loss realised on disposal should be taxable under the CGT provisions. The cost base for New Shares will be the amount paid for them (ie. the Offer Price) together with certain incidental costs of acquisition and disposal. The New Shares will be treated as having been acquired on the date the relevant shareholder exercised their Entitlements to buy the New Shares (ie. the date the shareholder returned their completed Entitlement and Acceptance Form). This means that the New Shares would need to be held for at least 12 months after this date in order for qualifying shareholders (individuals, trusts and complying superannuation funds) to be eligible for the CGT discount concession on disposal of the New Shares.

Non-Australian resident shareholders

Dividends paid on New Shares should not be subject to Australian non-resident withholding tax to the extent the dividends are franked.

To the extent an unfranked dividend is paid to non-Australian resident shareholders, withholding tax will be payable. The rate of withholding tax is 30%. However, non-Australian resident shareholders may be entitled to a reduction in the rate of withholding tax if they are resident in a country which has a double taxation agreement with Australia.

In relation to the tax consequences on disposal of New Shares, non-Australian resident shareholders should generally not be taxable on any gain realised on disposal of their New Shares.

4.4 PROVISION OF TFN OR ABN

Australian tax legislation imposes withholding tax (currently at a rate of 49%) on the payment of distributions on certain types of investments, such as the unfranked part of any dividend, where no TFN or ABN (if applicable) has been provided. Shareholders that have not previously provided their TFN or ABN (if applicable) to APN may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium payable to them.

A shareholder is not required to provide their TFN or ABN to APN.

4.5 OTHER AUSTRALIAN TAXES

GST and stamp duty are not payable on the issue, receipt, exercise, sale, transfer or disposal of New Shares or Entitlements. GST is not payable in relation to the payment of dividends by APN.

5 ASX AND NZX ANNOUNCEMENTS



IMPORTANT NOTICE & DISCLAIMER



This investor presentation ("Presentation") has been prepared by APN News & Media Limited (ABN 95 008 637 643) ("APN" and "Company"). This Presentation has been prepared in connection with the proposed Demerger of NZME, the New Zealand business of APN ("Demerger") and in relation to a pro rata renounceable entitlement offer of new APN ordinary shares ("New Shares") to be made to: eligible institutional shareholders of APN ("Institutional Entitlement Offer") and eligible retail shareholders of APN ("Retail Entitlement Offer"), under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and any other relief obtained in relation to the entitlement offer (together, the "Entitlement Offer").

Summary information

This Presentation contains summary information about the current activities of APN and its subsidiaries ("APN Group") as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with APN's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au. To the maximum extent permitted by law, APN, the underwriters, their, and their respective affiliates' and related bodies corporates', officers, employees, partners, agents and advisers make no representation or warranty (express or implied) as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability for the information (including without limitation, liability for negligence).

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IMPORTANT NOTICE & DISCLAIMER



Financial data

All dollar values are in Australian dollars ("A\$") and financial data is presented as at year ending 31 December 2015 unless otherwise stated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of APN's (or anyone else's) views on its or NZME's future financial condition and/ or performance.

The pro forma financial information has been prepared by APN in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia.

Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance

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.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures and not place reliance on such statements. The forward looking statements are based on information available to APN as at the date of this Presentation. To the maximum extent permitted by law, APN and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Except as required by law or regulation (including the ASX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

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.

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IMPORTANT NOTICE & DISCLAIMER



Investment Risk (continued)

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4

AGENDA



- 1 Executive Summary
- 2 Demerger of NZME
- 3 Profile of APN (after Demerger)
- 4 Profile of NZME
- 5 Entitlement Offer

Appendix 1 – Financial Information
 Appendix 2 – Share Consolidation
 Appendix 3 – Conditions Precedent to Demerger
 Appendix 4 – Key Risks
 Appendix 5 – International Offering Jurisdictions

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1. EXECUTIVE SUMMARY



Unlocking value and positioning APN and NZME for future growth

- 1 Demerger of NZME
 - Demerger of 100% of NZME to APN shareholders ("Demerger")
 - NZME to be listed on NZX and ASX¹
 - Enables APN to focus on its Australian growth media assets of radio and outdoor
 - NZME will be a leading listed media business in New Zealand connecting with over 3 million people²
 - Independent Board and management team for each business. Sir John Anderson to be appointed Chairman of NZME with Michael Boggs continuing as CEO
 - Demerger to be effected by way of an equal capital reduction (subject to shareholder approval) with an in-specie distribution of shares in NZME as consideration
 - Expected to facilitate greater market recognition of the value of each company over time
 - APN Directors consider that the Demerger is in the best interests of APN shareholders and recommend that shareholders vote in favour of the Demerger
 - Independent expert has concluded that the Demerger is in the best interests of APN shareholders
 - Shareholder meeting to vote on the Demerger on 16 June 2016

(1) NZME will be listed on the NZX Main Board with a Foreign Exempt Listing on the ASX
 (2) Source: Nielsen CM, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, magazines, radio stations, and monthly domestic unique audience of NZME's digital channels

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1. EXECUTIVE SUMMARY (CONT'D)



2 Entitlement Offer

- ~\$180 million fully underwritten accelerated renounceable entitlement offer with retail rights trading ("Entitlement Offer")
- Proceeds will be used to repay a portion of APN's corporate debt and if the Demerger proceeds to facilitate establishment of an appropriate capital structure for APN and NZME
 - Following the Entitlement Offer and Demerger, pro forma leverage of 2.0x for APN and 1.5x for NZME (pro forma net debt / pro forma FY15 EBITDA)¹
- Entitlement Offer and Demerger are not inter-conditional

3 Share Consolidation

- Proposed 1 for 7 share consolidation by APN ("Share Consolidation")²

(1) EBITDA is earnings before interest, tax, depreciation and amortisation. Refer to Appendix 1 for details of the pro forma financial information

(2) Refer to Appendix 2 for details on the Share Consolidation

1. EXECUTIVE SUMMARY (CONT'D)



4 Potential merger of NZME and Fairfax New Zealand

- APN and Fairfax Media Limited in exclusive discussions to explore a merger of NZME and Fairfax New Zealand
- The New Zealand businesses of NZME and Fairfax are, to a large extent, complementary
- If completed, the combined company will be a leading New Zealand media business, offering depth of news, sport and entertainment coverage across a diverse mix of channels including print, digital and radio
- Preliminary discussions commenced around a potential transaction structure
- Transaction remains subject to agreement by the respective Boards of the businesses
- Discussions are subject to exclusivity provisions with standard fiduciary and other carve-outs
- Transaction is subject to all necessary regulatory consents, including New Zealand Commerce Commission
- Parties working towards completion of the merger by the end of calendar 2016 subject to all approvals
- In addition to regulatory approvals, any necessary shareholder approvals will be sought at the appropriate time
- APN has entered into the exclusive discussions independently of the Demerger. If the Demerger is completed, NZME is expected to continue pursuing the proposed transaction with Fairfax and if the Demerger does not proceed, APN intends to continue discussions

2. Demerger of NZME




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2. STRATEGIC CONTEXT



 <p>ARN / Adshel</p>	<ul style="list-style-type: none"> • High growth media sectors • Strong performing assets • Leading brands, national presence • Positive outlook 	<ul style="list-style-type: none"> • Investments being made <ul style="list-style-type: none"> • Content and talent • Attract younger audiences • AU and NZ digitisation • Integration opportunities to drive revenue
 <p>NZME</p>	<ul style="list-style-type: none"> • Transformation progressing to plan • Financial/operating targets delivered to date • Repositioned in NZ media landscape 	<ul style="list-style-type: none"> • After thorough review, decision made to demerge NZME from APN • Demerger allows more flexibility and a capital structure to realise business potential • Potential merger with Fairfax's largely complementary New Zealand business to further strengthen offering to advertisers and audiences
 <p>ARM</p>	<ul style="list-style-type: none"> • Stable audience • Challenging environment • Transition to digital content • New revenue streams 	<ul style="list-style-type: none"> • Investment required to stabilise business • APN investment decisions focused on growth opportunities • Process to divest ARM progressing

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2. DEMERGER RATIONALE



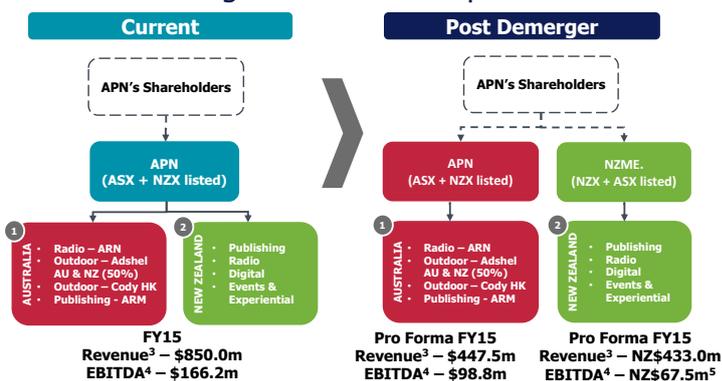
- Demerger will create two independent and focused companies
 - APN – a growth oriented media and entertainment company consisting of ARN, Australia’s leading metropolitan radio network¹, Adshel, #1 street furniture advertising network in Australia and New Zealand², Cody Outdoor, an outdoor advertising business in Hong Kong and ARM, a leading regional media business in Australia
 - NZME – a leading integrated media and entertainment business in New Zealand, operating some of the country’s most recognisable publishing, radio and digital brands
 - Both are discrete businesses with limited operational connectivity
- Separate management and Board for each entity allows independent focus on strategic direction and growth opportunities
 - APN will remain focused on radio and outdoor (84% of pro forma FY15 EBITDA after Demerger)³
 - NZME will continue to focus on developing its integrated media platform to drive growth
- Independent capital structures for each business based on strategic objectives and operational requirements
- Provides shareholders with greater investment flexibility
- Demerger is the most effective method of separation following consideration of strategic options for NZME
 - High execution certainty and shareholders can retain direct exposure to NZME’s future performance
- Demerger expected to facilitate greater market recognition of value of the independent businesses over time

(1) GfK Metro Surveys 1-8 2015 average, people 10 years + Mon-Sun 5.30am-12am, Sydney/Brisbane/Melbourne/Perth/Adelaide
 (2) Through Adshel 50:50 joint venture with Clear Channel Communication Inc.
 (3) Refer page 20 and Appendix 1 for further detail

2. DEMERGER OF NZME



A Demerger of 100% of NZME from APN will create two geographically focused integrated media companies



- Shares in NZME to be distributed to eligible shareholders on the basis of 1 NZME share for 1 APN share¹
- APN shareholders to retain existing shares in APN
- To be effected by an equal capital reduction
- Demerger distribution expected to qualify for Australian demerger tax relief²
- Share sale facility will be available for shareholders with small holdings and ineligible shareholders

(1) NZME will be listed on the NZX Main Board with a Foreign Exempt Listing on the ASX. Demerger ratio of 1 for 1 not dependent on proposed Share Consolidation by APN
 (2) For Australian resident shareholders who hold their APN shares on capital account on the record date for the Demerger
 (3) Revenue is from continuing operations. Refer to Appendix 1 for further details
 (4) EBITDA is before exceptional items. EBITDA for Australia includes APN’s share of profits from associates. Refer to Appendix 1 for further details
 (5) NZME FY15 EBITDA includes incremental ongoing costs of approximately NZ\$5.1 million per annum which NZME is expected to incur due to being a stand-alone listed company. Refer to Appendix 1 for further details

2. CAPITAL STRUCTURE & DIVIDEND POLICY



Capital structures and dividend policies to reflect each independent business profile and strategic direction

APN (after Entitlement Offer and Demerger)

Total debt facility	\$360m
Pro forma net debt ⁽¹⁾	\$193m
Pro forma drawn debt ⁽¹⁾	\$208m
Undrawn debt capacity	\$152m
Pro forma FY15 leverage	2.0x EBITDA

- Prudent and sustainable capital structure post Entitlement Offer and Demerger
- Significant decrease in APN leverage from current leverage of 2.74x⁽²⁾
- Proposed dividend payout ratio of 40% - 60% of underlying NPAT subject to leverage <2.0x and strategic priorities^(3,7)
- Potential for future dividends to be fully franked

NZME

Total debt facility	NZ\$160m
Pro forma net debt ⁽¹⁾	NZ\$102m
Pro forma drawn debt ⁽¹⁾	NZ\$109m
Undrawn debt capacity	NZ\$51m
Pro forma FY15 leverage	1.5x EBITDA

- Signed credit approved commitments from banks
- Facility headroom provides capacity to fund growth initiatives and other potential commitments
- Proposed dividend payout ratio of 60% - 80% of underlying NPAT subject to appropriate leverage and strategic priorities^(4,7)
- First dividend likely for half year to 30 June 2016⁽⁴⁾
- Dividends intended to be imputed to the extent imputation credits available⁽⁵⁾

- One-off cash transaction costs associated with the Demerger are expected to be approximately \$8.3 million on a pre tax basis⁽⁶⁾

(1) As at 31 December 2015. Before capitalised borrowing costs of \$2.6 million for APN and NZ\$0.4 million for NZME
 (2) Actual leverage of APN at 31 December 2015
 (3) Subject to review by APN board. The payment of dividends will be determined by the APN Board from time to time at its discretion, dependent on profitability, costs and leverage of APN business and its financial position at the time
 (4) Subject to review by NZME board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position at the time
 (5) Dividends intended to be imputed under the New Zealand imputation regime, to the extent sufficient imputation credits are available
 (6) APN will incur approximately \$7.9 million of these costs and NZME will incur approximately \$0.4 million related to debt establishment costs. The costs do not include non-cash accounting adjustments that will arise on Demerger
 (7) Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact

2. BOARD & SENIOR MANAGEMENT STRUCTURE



Experienced boards and management teams for APN and NZME

- Existing senior executive teams will remain in place for NZME and APN
- NZME Board to comprise at least four non-executive directors
- APN may appoint additional non-executive directors to its board

APN (after Demerger)

Non – Executive Directors

- Peter Cosgrove, Chairman
- Anne Templeman-Jones
- Paul Connolly
- Peter Cullinane
- Christine Holman

Key executives

- Ciaran Davis (CEO)
- Jeff Howard (CFO)

NZME

Non – Executive Directors

- Sir John Anderson, Chairman
- Peter Cullinane
- Carol Campbell⁽¹⁾
- At least one further non-executive director to be appointed

Key executives

- Michael Boggs (CEO)
- Search process underway for CFO⁽²⁾

(1) It is proposed that Carol Campbell will join the NZME Board prior to implementation of the Demerger
 (2) CFO role will be filled on a contract basis until a permanent appointment is made

2. TRANSITIONAL & SEPARATION ARRANGEMENTS



Demerger arrangements to facilitate clean separation

- APN and NZME operate independently with some shared back office functions
- APN and NZME to provide support services to each other under a shared services agreement for a period of up to 3 years, with an option to extend, to facilitate separation
- Centralised group financial services function based in New Zealand to be retained by NZME with these services provided to APN under a shared services agreement
- Separation along business lines with certain tax and litigation matters allocated between APN and NZME including
 - Allocation to NZME of an ongoing dispute with the New Zealand Inland Revenue Department regarding a financing transaction involving a subsidiary of NZME ¹
 - Conduct arrangement between APN and NZME for management of tax matters
- Benefit of iHeartRadio platform for NZME via a sub-license from APN

(1) Refer to Section xxiii in Appendix 4

2. INDICATIVE DEMERGER TIMETABLE



Demerger expected to complete by late June/early July 2016

Event	Date (2016)
Demerger announcement	11 May
Dispatch of Demerger-related documentation to shareholders	17 May
APN shareholder meeting on Demerger	16 June
Commencement of trading of NZME on NZX and ASX	late June/early July

- Demerger to be implemented by way of an equal capital reduction by in specie distribution of NZME shares
- Ordinary resolution of APN shareholders to approve capital reduction
- Dates are indicative only and are subject to change
- The timing of the Demerger may vary subject to receipt of regulatory approvals and rulings including from the ATO for Demerger tax relief, Overseas Investment Office (New Zealand) and Financial Markets Authority (New Zealand)
- The Entitlement Offer is not conditional upon the Demerger proceeding
- Refer to Appendix 3 for conditions precedent to the Demerger

3. Profile of APN (after Demerger)



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3. INVESTMENT HIGHLIGHTS



Australian-focused media and entertainment company

- 1 Focused on growth sectors of radio and outdoor – 84% pro forma FY15 EBITDA from radio and outdoor¹
- 2 Expansion of digital and data capabilities diversifying revenue growth
- 3 Cross platform opportunities to deliver integrated advertising solutions
- 4 Efficient capital structure – pro forma FY15 EBITDA leverage 2x after Demerger and Entitlement Offer
- 5 Proposed dividend payout ratio of 40% – 60% of underlying NPAT²

(1) Refer to page 20 and Appendix 1 for further details

(2) Subject to leverage < 2x and other strategic priorities. Dividend policy subject to review by APN Board. The payment of dividends will be determined by the APN Board from time to time at its discretion, dependent on profitability, costs from and leverage of APN business and its financial position at the time. Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact

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3. BRANDS AND POSITIONING



Leading brands and positions

Radio		<ul style="list-style-type: none"> #1 metropolitan FM radio network in Australia in 2015 by audience¹ KIIS #1 radio network in Australia² 527,000 registered users in Australia 803,000 mobile downloads Award winning content marketing agency
Outdoor		<ul style="list-style-type: none"> #1 street furniture advertising network in Australia and New Zealand 20,000 advertising panels Expanding digital network across Australia and New Zealand Data insights via network of beacons and Helix Personas 600 billboards 1,200 bus multimedia installations
Publishing		<ul style="list-style-type: none"> 1.6 million unique readers each week³ 12 daily newspapers More than 60 community and non-daily publications

(1) GfK Metro Surveys 1-8 2015 average, people 10 years + Mon-Sun 5.30am-12am, Sydney/Brisbane/Melbourne/Perth/Adelaide
 (2) GfK Metro Survey 2 2016, people 10 years + Mon-Sun 5.30am-12am, Sydney/Brisbane/Melbourne/Perth/Adelaide
 (3) Omniture SiteCatalyst average weekly unique visitors from 5 January 2015 to @7 December 2015; emmaTM conducted by Ipsos MediaCT, People 14+ for the 12 months ending December 2015; Net readership of all surveyed titles

3. FINANCIAL PROFILE



APN's earnings after Demerger driven by radio and outdoor

Financial Profile – Pro forma (A\$m)¹

	FY13	FY14	FY15
Revenue	414.2	432.9	447.5
Growth (%)		4.5%	3.4%
EBITDA	87.7	91.6	98.8
EBITDA margin (%)	21.2%	21.2%	22.1%
Depreciation and Amortisation			(13.3)
EBIT			85.5
Net Profit (after minorities)			49.8
Capital expenditure	6.9	7.0	13.6

(1) APN after Demerger, before exceptional items. Refer to Appendix 1 for further detail

Key Highlights

- ARN revenue growth ahead of radio industry market growth in 2015
- Digital investment driving Adshel growth
- Digital subscriptions contributing to audience revenues at ARM
- 84% of FY15 pro forma EBITDA from radio and outdoor¹

Segment Revenue – Pro forma FY15



Segment EBITDA¹ – Pro forma FY15



(1) Before pro forma unallocated corporate costs of \$12.3 million and exceptional items. EBITDA includes APN's share of profits from associates
 (2) Incorporates share of Adshel's EBITDA, after deduction for share of Adshel's NPAT from reported EBITDA. Adshel is accounted for as an associate on a reported basis.

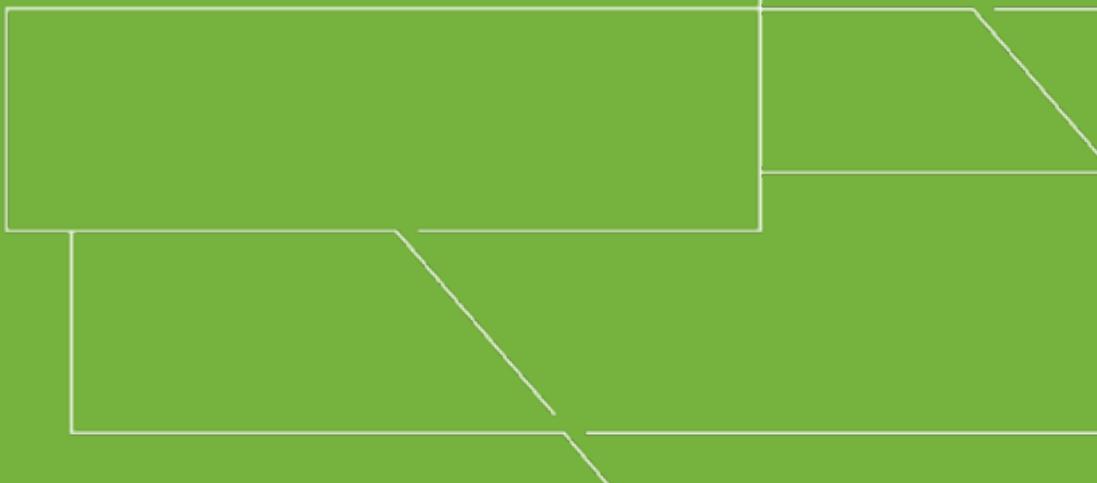
3. STRATEGY AND KEY INITIATIVES



Continuing to deliver on strategic priorities

<p>Grow audience base</p>	<ul style="list-style-type: none"> Investing in content and talent to maintain and enhance network positions in key markets Enhance the iHeartRadio, Emotive and The Edge assets, utilising their strong digital, mobile and social reach to expand into a younger audience demographic Investment in Perth and Melbourne radio stations to build leadership positions in these markets
<p>Expansion of digital and data capabilities</p>	<ul style="list-style-type: none"> Digitisation of outdoor panel network across Australia and New Zealand Further develop audience knowledge capability through investment in data platforms and resources to support more insight led multi-platform marketing campaigns Focus on creating additional revenue opportunities from digital products
<p>Diversifying revenues</p>	<ul style="list-style-type: none"> Focus on content marketing offering through Emotive Acceleration of iHeartRadio commercialisation strategies Rebuild Cody business in Hong Kong to diversify revenues and offering
<p>Optimising integration</p>	<ul style="list-style-type: none"> Increase collaboration across radio and outdoor assets to provide advertisers with multiplatform solutions and reach to drive revenue Continued integration of 96FM into the KIIS network to further strengthen ARN's national proposition

4. Profile of NZME



4. INVESTMENT HIGHLIGHTS



NZME will be a leading listed integrated media company in New Zealand

- 1 Audience of over 3 million New Zealanders¹
- 2 Successful integration of some of the leading media brands in New Zealand into one central news room - delivering News, Sport and Entertainment across a multi-platform model
- 3 Transformational plan delivering on financial and operational targets
- 4 Delivering revenue growth from digital and new initiatives
- 5 Proposed dividend payout ratio of 60-80% of underlying NPAT²

(1) Source: Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, magazines, radio stations, and monthly domestic unique audience of NZME's digital channels
 (2) Subject to appropriate leverage and other strategic priorities. Dividend policy subject to review by NZME Board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position at the time. Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact

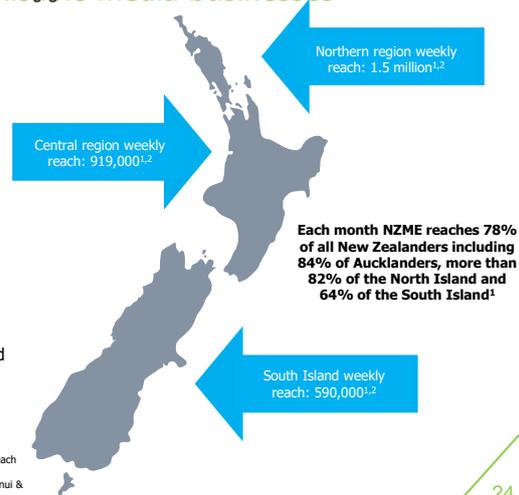
4. A LEADING MEDIA BUSINESS



NZME is one of New Zealand's most recognizable media businesses

By 9am more than 70% of Aucklanders are likely to have read, watched, listened or otherwise engaged with NZME

- NZME is in the business of **selling audiences** across **multiple platforms**
- NZME benefits from strong **cross-platform reach**
- NZME connects with over 3 million New Zealanders¹
- By 9am more than 72% of Aucklanders are likely to have read, watched, listened to or otherwise engaged with NZME¹
- NZME has a broad portfolio of recognised media brands that connect across New Zealand
- Key focus on creating content that audiences want, driving higher engagement
- NZME's offering sees traditional capabilities such as **radio, digital and print**, now complemented by **events, experiential and e-commerce channels**



(1) Source: Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, magazines, radio stations, and monthly domestic unique audience of NZME's digital channels
 (2) Note: Northern region (Northland, Auckland & Waikato); Central region (BOP, Gisborne, HB, Taranaki, Manawatu-Wanganui & Wellington)

4. BRANDS AND CONTENT

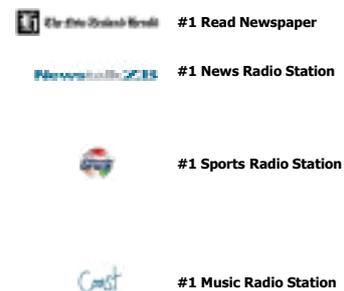


Strong brands across content verticals – News, Sport and Entertainment

Wide Audience Engagement¹



Recognised brands²



(1) Source: Nielsen CMI, February 2016 fused database. Print and Radio based on weekly cumed, digital based on monthly domestic unique audience
 (2) Publishing: CMI readership Q1 - Q4 2015, Radio: GfK New Zealand Commercial Market Survey 1 2016 Station Share (%). All 10+, Mon-Sun 12mn-12mn, unless specified

4. FINANCIAL PROFILE



NZME is growing digital revenues and delivering transformation benefits

Financial Profile – Pro forma (NZ\$m)¹

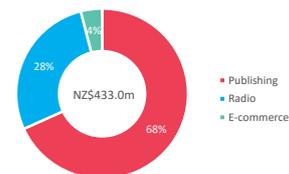
	FY13	FY14	FY15
Revenue	449.1	445.9	433.0
Growth (%)		(0.7)%	(2.9)%
EBITDA ²	80.8	73.8	67.5
EBITDA margin (%)	18.0%	16.5%	15.6%
Depreciation and Amortisation			(23.7)
EBIT			43.8
Net Profit			27.5
Capital expenditure	10.8	14.6	18.5

(1) NZME after Demerger, before exceptional items. Refer to Appendix 1 for further details.
 (2) Includes allocation of certain income and expenses that have historically been recorded by APN that are attributable to NZME of NZ\$2.4 million (net), incremental stand-alone costs of NZ\$5.1 million per annum for NZME including additional costs of the board, senior management, professional fees, share registries and other corporate functions

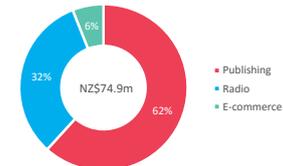
Key Highlights

- FY15 pro forma EBITDA performance in line with guidance despite a soft New Zealand advertising market
- Investment driving digital publishing revenue growth – up 33% YoY
- Delivered on transformation goals and exceeded cost saving target

Segment Revenue – Pro forma FY15



Segment EBITDA¹ – Pro forma FY15



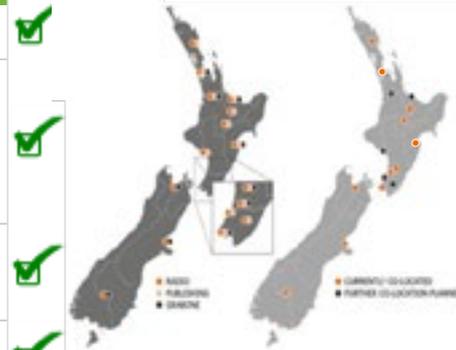
(1) Before allocation of certain income and expenses that have historically been recorded by APN that are attributable to NZME of NZ\$2.4 million (net), incremental stand-alone costs of NZ\$5.1 million and exceptional items

4. TRANSFORMATION



NZME's transformation is on track

Target	Achieved
<ul style="list-style-type: none"> Deliver FY15 EBITDA of NZ\$70.8 million¹ 	<ul style="list-style-type: none"> NZ\$74.9 million delivered²
<ul style="list-style-type: none"> Merge three businesses into one 	<ul style="list-style-type: none"> Merged business – one newsroom, merged commercial teams Relocated all Auckland businesses into new purpose built facility Eleven regions co-located Achieved on-time and on-budget
<ul style="list-style-type: none"> Generate over NZ\$55 million of annual revenue from digital and other growth channels in FY15 	<ul style="list-style-type: none"> Over NZ\$59 million generated 33% growth in digital publishing revenue
<ul style="list-style-type: none"> Deliver cost savings of NZ\$18 million 	<ul style="list-style-type: none"> Over NZ\$20 million secured Additional NZ\$10 million cost savings target in 2016



(1) NZ\$4 million of listed costs were included in the November 2014 market forecast of NZ\$70.8 million, like for like comparison therefore NZ\$74.8 million
 (2) Before allocation of certain income and expenses that have historically been recorded by APN that are attributable to NZME of NZ\$2.4 million (net), incremental stand-alone costs of NZ\$5.1 million and exceptional items

4. STRATEGY AND KEY INITIATIVES



Enhanced ability to execute on strategic plan as standalone company

Growing audience engagement	<ul style="list-style-type: none"> Improve content via audience targeting and measurement Leverage talent to grow new revenue areas and multi platform content Develop content to grow 18-54 audience
Optimising integration opportunities	<ul style="list-style-type: none"> Leverage the 'one newsroom' to improve content and efficiencies Maximise the integrated, multi-platform sales proposition Explore further partnership opportunities with other media organisations and distribution platforms (e.g. KPEX)
Diversifying revenues	<ul style="list-style-type: none"> Diversify content delivery across digital, video, activations and transactions Continued focus on growing digital audiences and revenues Explore ways to monetise and expand data collection following launch of digital registrations Extend digital verticals portfolio (eg. Driven, Spy and Viva) Investment in broader capabilities and new revenue streams such as NZME Vision, Driven, CreateMe and WatchMe

5. Entitlement Offer



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5. ENTITLEMENT OFFER SUMMARY



Offer structure and size	<ul style="list-style-type: none"> Fully underwritten accelerated renounceable entitlement offer with retail entitlements trading to raise approximately \$180 million ("Entitlement Offer") Eligible shareholders entitled to 1 New Share for every 3 existing ordinary shares held on the record date Approximately 343 million New Shares to be issued (~33% of pre-Entitlement Offer issued capital)
Offer price	<ul style="list-style-type: none"> \$0.53 per New Share ("Offer Price") 12.4% discount to theoretical ex-rights price (TERP)¹ of \$0.605
Institutional Entitlement Offer	<ul style="list-style-type: none"> Institutional Entitlement Offer opens 11 May and closes 12 May Entitlements not taken up and entitlements of ineligible shareholders will be sold in the institutional shortfall bookbuild to be conducted on 12 May²
Retail Entitlement Offer	<ul style="list-style-type: none"> Retail Entitlement Offer opens 18 May and closes on 27 May Retail entitlements trading available on ASX from 13 – 20 May Entitlements not taken up and entitlements of ineligible shareholders will be sold in the retail shortfall bookbuild to be conducted on 1 June²
Ranking	<ul style="list-style-type: none"> New shares will rank equally with existing ordinary shares from their time of issue. New Shares will be issued prior to the record date to determine eligibility to vote on the Demerger
Record date	<ul style="list-style-type: none"> 7.00pm (Sydney time) on 13 May 2016
Use of funds	<ul style="list-style-type: none"> The proceeds of the Entitlement Offer will be used to repay a portion of APN's corporate debt, and if the Demerger proceeds, to establish an appropriate post Demerger capital structure for APN and NZME. The Entitlement Offer is not conditional upon the Demerger proceeding

(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. TERP is calculated by reference to APN's closing price of \$0.63 per share on 6 May 2016, being the last trading day prior to the announcement of the Entitlement Offer

(2) These entitlements will be offered for sale in the relevant shortfall bookbuild and any premium (being any amount paid in respect of the sale of the entitlements) will be paid to non-participating and ineligible shareholders, net of any applicable withholding tax

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5. BALANCE SHEET



Pro forma APN balance sheet after Entitlement Offer and Demerger

A\$m	APN 31 Dec 15	Entitlement Offer ¹	APN pro forma after Entitlement Offer	Less NZME ^{2,3}	Demerger adjustments ³	Transaction costs ³	APN pro forma after Demerger
Cash	21.7	-	21.7	(3.1)	(4.1)	-	14.5
Receivables	127.2	-	127.2	(53.8)	(1.0)	-	72.4
Inventories	6.3	-	6.3	(2.5)	-	-	3.8
PP&E	136.8	-	136.8	(75.9)	(0.4)	-	60.5
Investments	53.8	-	53.8	-	-	-	53.8
Intangibles	712.1	-	712.1	(311.7)	(0.2)	-	400.1
Deferred tax assets	37.4	-	37.4	-	(16.6)	-	20.7
Other assets	38.9	-	38.9	(2.8)	(0.4)	-	35.8
Total assets	1,134.1	-	1,134.1	(449.8)	(22.6)	-	661.7
Payables	135.7	-	135.7	(66.0)	(4.9)	-	64.8
Borrowing costs	(5.8)	-	(5.8)	-	3.3	-	(2.6)
Interest bearing liabilities	477.2	(175.0)	302.3	(1.2)	(101.2)	7.9	207.7
Deferred tax liabilities	30.2	-	30.2	-	9.4	-	39.7
Other liabilities	35.2	-	35.2	(6.7)	-	-	28.6
Total liabilities	672.6	(175.0)	497.7	(73.8)	(93.5)	7.9	338.3
Net assets	461.5	175.0	636.5	(375.9)	70.8	(7.9)	323.5
Gross debt⁴	477.2		302.3				207.7
Net debt⁴	455.5		280.6				193.2
EBITDA (pre exceptional items)	166.2		166.2				98.8
Net debt / EBITDA	2.7x		1.7x				2.0x
Net debt / EBITDA – proportional basis⁵	2.6x		1.6x				1.8x

Refer to Appendix 1 for further details regarding the basis of preparation of the pro forma financial information

- (1) Assumes proceeds from the entitlement offer of approximately \$180 million based on the Offer Price less assumed transaction costs of approximately \$5.1 million
(2) Before pro forma adjustments
(3) Refer to Appendix 1 for further detail on the pro forma financial information and a discussion of Demerger adjustments
(4) Gross debt and net debt are before capitalised borrowing costs of \$2.6 million
(5) Based on APN's proportional share of net debt and EBITDA of its associate investment in Adshel

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5. ENTITLEMENT OFFER TIMETABLE



Event	Date (2016)
Trading halt, Institutional Entitlement Offer opens	Wednesday, 11 May
Institutional Entitlement Offer closes	Thursday, 12 May
Institutional shortfall bookbuild	Thursday, 12 May
Trading halt lifted, record date (7.00pm Sydney time), entitlements trading begins on ASX	Friday, 13 May
Retail Entitlement Offer opens	Wednesday, 18 May
Institutional Entitlement Offer settlement	Thursday, 19 May
Issue and quotation of New Shares under Institutional Entitlement Offer, entitlements trading ends	Friday, 20 May
Retail Entitlement Offer closes (5.00pm Sydney time)	Friday, 27 May
Retail shortfall bookbuild	Wednesday, 1 June
Retail Entitlement Offer settlement	Monday, 6 June
New Shares under Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	Wednesday, 8 June
Dispatch of holding statements	Wednesday, 8 June

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

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5. TRADING UPDATE



- In Australia, the Radio and Outdoor sectors continue to outperform a relatively weak advertising market. ARN revenues were up in line with the strong market growth of 9% in Q1. In Outdoor, the strong performance of the Adshel LIVE digital panels has delivered overall revenue growth in line with the market at 17% year to date
- In ARM the revenue trend has been consistent with 2015, with local revenues in line with prior year and National revenues remaining weak. Digital subscriptions have helped to deliver total audience revenues in line with prior year. Cost savings have offset more than half the revenue decline
- In New Zealand, market conditions have been challenging and revenues were down 10% to the end of Q1. We have seen some improvement in April and bookings data suggests this will continue into May. The significant cost savings delivered as a result of the integration have offset most of the revenue shortfalls
- At the end of April, Group revenues are down 4% on prior year while cost savings have delivered a flat EBITDA

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Appendix 1 – Financial Information



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Appendix 1

FINANCIAL INFORMATION

**Basis of Preparation**

The basis of preparation applied in compiling the pro forma APN (after the Demerger) and the pro forma NZME historical financial information is set out below:

- Unless otherwise noted, the pro forma historical financial information has been prepared in accordance with the recognition and measurement principles described in Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board, which comply with the recognition and measurement principles of the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The accounting policies used in preparation of the pro forma historical financial information are consistent with those set out in the APN annual report for the year ended 31 December 2015;
- The results and cash flows of APN (after the Demerger) are translated into Australian dollars using the average exchange rates for the period. Assets and liabilities of APN (after the Demerger) are translated into Australian dollars at the exchange rate ruling at the balance sheet date. A similar method was used to translate the NZME information into New Zealand dollars;
- The pro forma APN (after the Demerger) and the pro forma NZME historical financial information is presented in an abbreviated form and does not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act; and
- The pro forma APN (after the Demerger) and the pro forma NZME historical financial information has been derived from APN's financial reports for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 along with APN's management information. APN's financial reports for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 have been audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. The audit opinions issued to APN in relation to those financial reports were unqualified.

Complete versions of APN's financial reports for these periods are available from APN's website, www.apn.com.au, or ASX's website, www.asx.com.au.

The pro forma APN (after the Demerger) and the pro forma NZME historical financial information illustrates the financial performance and net operating cash flows of APN (after the Demerger) and NZME as if the Demerger was effective from 1 January 2013 (i.e. after deducting NZME's historical financial performance and cash flows as it operated in the context of APN).

NZME operated as part of APN during the periods for which financial information is presented and therefore the pro forma historical financial information does not purport to represent the actual financial performance and net operating cash flows that would have occurred had NZME been a separate group during the periods presented, principally because:

- NZME did not operate independently of APN during the periods for which financial information is presented;
- NZME financial information includes allocations to NZME of certain corporate expenses incurred by APN that are attributable to NZME;

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Appendix 1

FINANCIAL INFORMATION

**Basis of Preparation (continued)**

- Pro forma APN (after the Demerger) and the pro forma NZME historical financial information may not reflect the strategies or operations that APN or NZME may have followed or undertaken had NZME operated as a separate group rather than as part of APN; and
- APN (after the Demerger) and NZME may have been exposed to different financial and business risks had NZME operated as a separate group rather than as part of APN.

APN (after the Demerger)

Pro forma adjustments have been made in the preparation of the pro forma APN (after the Demerger) historical Income Statements and the pro forma APN (after the Demerger) historical net operating Cash Flow Statements to reflect:

- The alignment of earnings and cash flows for the relevant periods to entities remaining with APN (after the Demerger);
- Adjustments to remove the impact of exceptional items as disclosed in APN's annual financial reports;
- Financing costs of APN (after the Demerger) which have been calculated based on the effective interest rate of APN (after the Demerger).
- Tax adjustments and the tax effect of the above pro forma adjustments.

The financial information reflects the impact of the acquisition of Radio 96FM in Perth, acquired in January 2015. Adjustments to normalise pre acquisition results and cash flows for this acquisition have not been made as no reliable information exists on which to calculate any such adjustments.

The pro forma APN (after the Demerger) historical Balance Sheet has been prepared on the basis that the Demerger was completed on 31 December 2015 and that assets and liabilities of NZME were transferred from APN at their historical book value on a consolidated basis. Pro forma adjustments have been made to reflect:

- The separation of assets and liabilities to entities remaining with APN (after the Demerger) and to NZME;
- Demerger transaction costs to be incurred by APN; and
- External financial indebtedness that relates to the APN (after the Demerger) entities upon Demerger.

The pro forma APN (after the Demerger) historical Balance Sheet does not represent the actual financial position of APN at the time of the Demerger, but represents an indication of the pro forma APN (after the Demerger) historical Balance Sheet as at 31 December 2015 in the circumstances set out in this basis of preparation.

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FINANCIAL INFORMATION

**Basis of Preparation (continued)****NZME**

The pro forma NZME historical financial information illustrates the financial performance and net operating cash flows of NZME as if the Demerger was effective from 1 January 2013. Pro forma adjustments have been made in the preparation of the pro forma NZME historical Income Statements and the pro forma NZME historical Cash Flow Statements to reflect:

- The alignment of earnings and cash flows for the relevant periods to entities remaining with APN (after the Demerger) or to the entities forming NZME;
- Adjustments to reflect the impact of exceptional items as disclosed in APN's annual financial reports;
- The anticipated corporate and operating costs of NZME operating as a separately listed legal entity;
- Financing costs of NZME which have been calculated based on the effective interest rate of NZME; and
- Tax adjustments and the tax effect of the above pro forma adjustments.

The pro forma NZME historical Balance Sheet has been prepared on the basis that the Demerger was completed on 31 December 2015 and that assets and liabilities of NZME were transferred from APN at their book value on a consolidated basis. Pro forma adjustments have been made to reflect:

- The separation of assets and liabilities to entities remaining with APN (after the Demerger) and to NZME;
- Demerger transaction costs to be incurred by NZME; and
- External financial indebtedness that relates to the NZME entities upon Demerger.

The pro forma NZME historical Balance Sheet does not represent the actual financial position of NZME at the time of the Demerger, but represents an indication of the pro forma NZME historical Balance Sheet as at 31 December 2015 in the circumstances set out in this basis of preparation.

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FINANCIAL INFORMATION



APN after Demerger Pro Forma Historical Income Statements

A\$million	FY13	FY14	FY15
Pro forma revenue from continuing operations	414.2	432.9	447.5
Pro forma other revenue and income	6.3	3.7	7.8
Pro forma total revenue and other income	420.5	436.6	455.4
Pro forma expenses from continuing operations	(343.4)	(356.3)	(368.5)
Pro forma share of profit of associates	10.6	11.3	11.9
Pro forma EBITDA	87.7	91.6	98.8
Pro forma depreciation & amortisation			(13.3)
Pro forma finance costs ¹			(11.2)
Pro forma income tax expense ²			(18.7)
Pro forma profit/(loss) for the year³			55.6
Pro forma profit/(loss) for the year is attributable to:			
Pro forma owners of the parent entity			49.8
Pro forma non-controlling interest			5.8
Pro forma profit/(loss) for the year			55.6

(1) Pro forma finance costs are calculated based on the effective interest rate of the APN (after the Demerger) debt facility and the net debt per the pro forma balance sheet

(2) Pro forma income tax expense is calculated as 30% of the pro forma EBITDA (adjusted for the share of profits from associates), including depreciation, amortisation and finance costs

(3) No adjustment has been made for pre-acquisition earnings of Radio 96FM Perth (acquired in January 2015) on the basis that it cannot be reliably measured on a like-for-like basis. The FY15 EBITDA contribution from 96FM was \$9 million with revenues of \$18.7 million

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FINANCIAL INFORMATION



Reconciliation: APN FY15 Pro Forma Profit to Reported Income Statement

FY15 (A\$million)	APN Statutory	Less Exceptional Items	APN Reported	Less NZME (before pro forma adj.) ¹	APN (after the Demerger)	Pro forma adj. ²	Pro forma APN (after the Demerger)
Revenue from continuing operations	850.0	-	850.0	(402.4)	447.6	-	447.5
Other revenue and income	13.7	(5.7)	8.0	-	8.0	(0.2)	7.8
Total revenue and other income	863.6	(5.7)	858.0	(402.4)	455.5	(0.2)	455.4
Expenses from continuing operations	(789.8)	86.1	(703.7)	332.8	(370.9)	2.4	(368.5)
Share of profit of associates	11.9	-	11.9	-	11.9	-	11.9
EBITDA	85.8	80.4	166.2	(69.6)	96.6	2.2	98.8
Depreciation & amortisation	(35.3)	-	(35.3)	21.9	(13.4)	0.2	(13.3)
Financing costs	(35.1)	3.3	(31.7)	(0.1)	(31.8)	20.6	(11.2)
Income tax expense	(19.8)	(3.4)	(23.2)	11.2	(12.0)	(6.8)	(18.7)
Profit/(loss) for the year	(4.4)	80.4	76.0	(36.6)	39.4	16.2	55.6
Profit/(loss) for the year is attributable to:							
Owners of the parent entity	(10.2)	80.4	70.2	(36.6)	33.5	16.2	49.8
Non-controlling interest	5.8	-	5.8	-	5.8	-	5.8
Profit/(loss) for the year	(4.4)	80.4	76.0	(36.6)	39.4	16.2	55.6

(1) The NZME (before pro forma adjustments) adjustment reflects the removal of earnings for the relevant periods related to entities that comprise the NZME business per the segment note in APN's annual reports
(2) The additional pro forma adjustments include: (i) adjustments to allocate certain corporate income and expenses that have historically been recorded by APN that are attributable to NZME, (ii) adjustments to reflect the impact of the expected capital structure of APN (after the Demerger), (iii) tax adjustments and the tax effect of the above pro forma adjustments

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Reconciliation: APN FY13 & FY14 Pro Forma EBITDA to Reported Income Statements

FY14 (A\$million)	APN Statutory	Less Exceptional Items	APN Reported	Less NZME (before pro forma adj.) ¹	APN (after the Demerger)	Pro forma adj. ²	Pro forma APN (after the Demerger)
Revenue from continuing operations	843.2	-	843.2	(410.2)	433.0	(0.1)	432.9
Other revenue and income	14.6	(7.9)	6.7	-	6.7	(3.1)	3.7
Total revenue and other income	857.8	(7.9)	849.9	(410.2)	439.7	(3.1)	436.6
Expenses from continuing operations	(772.2)	75.2	(697.0)	335.1	(362.0)	5.7	(356.3)
Share of profit of associates	11.3	-	11.3	-	11.3	-	11.3
EBITDA	96.9	67.2	164.1	(75.1)	89.0	2.6	91.6

FY13 (A\$million)	APN Statutory	Less Exceptional Items	APN Reported	Less NZME (before pro forma adj.) ¹	APN (after the Demerger)	Pro forma adj. ²	Pro forma APN (after the Demerger)
Revenue from continuing operations	817.2	-	817.2	(403.0)	414.2	-	414.2
Other revenue and income	15.6	(9.0)	6.6	-	6.6	(0.2)	6.3
Total revenue and other income	832.8	(9.0)	823.8	(403.0)	420.7	(0.2)	420.5
Expenses from continuing operations	(696.7)	25.2	(671.5)	325.3	(346.2)	2.8	(343.4)
Share of profit of associates	10.6	-	10.6	-	10.6	-	10.6
EBITDA	146.7	16.1	162.8	(77.7)	85.1	2.6	87.7

(1) The NZME (before pro forma adjustments) adjustment reflects the removal of earnings for the relevant periods related to entities that comprise the NZME business per the segment note in APN's annual reports
(2) The additional pro forma adjustments include: (i) adjustments to allocate certain corporate income and expenses that have historically been recorded by APN that are attributable to NZME, (ii) adjustments to reflect the impact of the expected capital structure of APN (after the Demerger), (iii) tax adjustments and the tax effect of the above pro forma adjustments

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FINANCIAL INFORMATION

APN after Demerger Pro Forma Historical Balance Sheet



A\$million	APN statutory	Equity raise adj. ¹	APN (after Entitlement Offer)	Less NZME (before PF adj.)	APN (after the Demerger)	Pre-Demerger restructure ²	External debt (net of trans. costs) ³	Deferred taxes ⁴	Pro forma APN (after the Demerger)
Cash and cash equivalents	21.7	-	21.7	(3.1)	18.6	(4.1)	-	-	14.5
Receivables	127.2	-	127.2	(53.8)	73.4	(1.0)	-	-	72.4
Inventories	6.3	-	6.3	(2.5)	3.8	-	-	-	3.8
Other assets	6.8	-	6.8	(2.4)	4.4	(0.4)	-	-	4.1
Total current assets	162.1	-	162.1	(61.8)	100.3	(5.5)	-	-	94.8
Other financial assets	32.1	-	32.1	(0.4)	31.7	-	-	-	31.7
Investments ⁵	53.8	-	53.8	-	53.8	-	-	-	53.8
Property, plant and equipment	136.8	-	136.8	(75.9)	60.9	(0.4)	-	-	60.6
Intangible assets	712.1	-	712.1	(311.7)	400.3	(0.2)	-	-	400.1
Deferred tax assets	37.4	-	37.4	-	37.4	-	-	(16.6)	20.7
Total non-current assets	972.1	-	972.1	(388.0)	584.1	(0.5)	-	(16.6)	566.9
Total assets	1,134.1	-	1,134.1	(449.8)	684.4	(6.0)	-	(16.6)	661.7
Payables	(115.9)	-	(115.9)	54.0	(61.9)	4.9	-	-	(57.0)
Interest bearing liabilities	(1.2)	-	(1.2)	1.2	-	-	-	-	-
Current tax liabilities	(1.5)	-	(1.5)	-	(1.5)	-	-	-	(1.5)
Provisions	(25.6)	-	(25.6)	6.7	(19.0)	-	-	-	(19.0)
Total current liabilities	(144.2)	-	(144.2)	61.8	(82.4)	4.9	-	-	(77.5)
Payables	(19.9)	-	(19.9)	12.0	(7.8)	-	-	-	(7.8)
Borrowing costs	5.8	-	5.8	-	5.8	-	(3.3)	-	2.6
Interest bearing liabilities	(476.1)	175.0	(301.1)	-	(301.1)	-	93.4	-	(207.7)
Provisions	(6.4)	-	(6.4)	-	(6.4)	-	-	-	(6.4)
Deferred tax liabilities	(30.2)	-	(30.2)	-	(30.2)	-	-	(9.4)	(39.7)
Other liabilities	(1.7)	-	(1.7)	-	(1.7)	-	-	-	(1.7)
Total non-current liabilities	(528.4)	175.0	(353.5)	12.0	(341.5)	-	90.1	(9.4)	(260.8)
Total liabilities	(672.6)	175.0	(497.7)	73.8	(423.8)	4.9	90.1	(9.4)	(338.3)
Net assets	461.5	175.0	636.5	(375.9)	260.5	(1.1)	90.1	(26.1)	323.5

- (1) Relates to the proposed equity raise of approximately \$180 million net of \$5.1 million of transaction costs
(2) Relates to the impact of restructuring the existing APN Group for the Demerger, including (i) allocation of previously unallocated assets and liabilities between APN (after the Demerger) and NZME, and (ii) the settlement of existing intercompany balances
(3) Relates to the post Demerger capital structure, reflecting a 2.0x target net debt to EBITDA ratio and the pay down of debt by \$101.2 million (funded as part of restructure process), offset by Demerger transaction costs of \$7.9 million, and the write off of \$3.3 million of historical borrowing costs
(4) Relates to the impact of the Demerger on deferred taxes in respect of APN (after the Demerger) and NZME including the write-off of historical tax losses in respect of New Zealand totalling approximately NZ\$56 million and the write back of temporary FX differences
(5) Accounted for using the equity method

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Appendix 1

FINANCIAL INFORMATION

APN after Demerger Pro Forma Net Indebtedness and Leverage



A\$million	FY15 Reported Basis	FY15 Proportional Basis ¹
Cash and cash equivalents	14.5	17.5
Bank facilities A\$360 million facility limit, drawn to A\$201.9 million HK\$50 million, drawn to HK\$35.3 million	207.7	214.4
Total financial indebtedness	207.7	214.4
Net financial indebtedness	193.2	196.9
Pro forma FY15 EBITDA	98.8	108.7
Pro forma leverage (x Pro forma FY15 EBITDA)	2.0x	1.8x

- (1) Incorporates share of Adshel's net financial indebtedness and EBITDA, after deduction for share of Adshel's NPAT from reported EBITDA. Adshel is accounted for as an associate on a reported basis.

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APN after Demerger Pro Forma Historical Cash Flow Statements

A\$million	FY13	FY14	FY15
Pro forma EBITDA	87.7	91.6	98.8
Pro forma change in working capital	4.7	(12.1)	1.4
Pro forma deduct share of associates	(10.6)	(11.3)	(11.9)
Pro forma dividends received from associates	13.5	9.5	10.0
Pro forma dividends paid to minorities	(4.3)	(5.1)	(6.0)
Net operating cash flows, before capital expenditure, financing costs and tax	91.0	72.6	92.3
Pro forma capital expenditure	(6.9)	(7.0)	(13.6)
Net operating cash flows, before financing costs and tax	84.1	65.6	78.7

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Reconciliation: APN FY15 Pro Forma Cash Flows to Reported Cash Flows

A\$million	APN Reported	Less NZME (before PF adj.) ⁽¹⁾	APN (after the Demerger)	Pro forma adjustments ⁽²⁾	Pro forma APN (after the Demerger)
EBITDA	166.2	(69.6)	96.6	2.2	98.8
Change in working capital	7.3	(7.1)	0.2	1.2	1.4
Deduct share of associates	(11.9)	-	(11.9)	-	(11.9)
Dividends received from associates	10.0	-	10.0	-	10.0
Dividends paid to minorities	(6.0)	-	(6.0)	-	(6.0)
Net operating cash flows, before capital expenditure, financing costs and tax	165.6	(76.7)	88.9	3.4	92.3
Capital expenditure	(30.8)	17.1	(13.7)	0.1	(13.6)
Net operating cash flows, before financing costs and tax	134.8	(59.6)	75.2	3.5	78.7

(1) The NZME (before pro forma adjustments) column reflects the removal of cash flows for the relevant periods related to entities that comprise the NZME business per the segment note in APN's annual reports

(2) The additional pro forma adjustments include (i) adjustments to allocate certain corporate cash flows that have historically been recorded by APN that are attributable to NZME; and (ii) adjustments to dividends paid to minorities in FY13 to show the impact had ARN been owned 100% in that year

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Reconciliation: APN FY14 Pro Forma Cash Flows to Reported Cash Flows

A\$million	APN Reported	Less NZME (before PF adj.) ¹	APN (after the Demerger)	Pro forma adjustments ²	Pro forma APN (after the Demerger)
EBITDA	164.1	(75.1)	89.0	2.6	91.6
Change in working capital	(11.7)	(6.2)	(17.8)	5.7	(12.1)
Deduct share of associates	(11.3)	-	(11.3)	-	(11.3)
Dividends received from associates	9.5	-	9.5	-	9.5
Dividends paid to minorities	(5.1)	-	(5.1)	-	(5.1)
Net operating cash flows, before capital expenditure, financing costs and tax	145.6	(81.2)	64.3	8.3	72.6
Capital expenditure	(20.4)	13.4	(7.0)	-	(7.0)
Net operating cash flows, before financing costs and tax	125.2	(67.9)	57.3	8.3	65.6

- (1) The NZME (before pro forma adjustments) column reflects the removal of cash flows for the relevant periods related to entities that comprise the NZME business per the segment note in APN's annual reports
(2) The additional pro forma adjustments include (i) adjustments to allocate certain corporate cash flows that have historically been recorded by APN that are attributable to NZME; and (ii) adjustments to dividends paid to minorities in FY13 to show the impact had ARN been owned 100% in that year

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Reconciliation: APN FY13 Pro Forma Cash Flows to Reported Cash Flows

A\$million	APN Reported	Less NZME (before PF adj.) ¹	APN (after the Demerger)	Pro forma adjustments ²	Pro forma APN (after the Demerger)
EBITDA	162.8	(77.7)	85.1	2.6	87.7
Change in working capital	2.4	5.5	7.9	(3.2)	4.7
Deduct share of associates	(10.6)	-	(10.6)	-	(10.6)
Dividends received from associates	13.5	-	13.5	-	13.5
Dividends paid to minorities	(25.3)	-	(25.3)	21.1	(4.3)
Net operating cash flows, before capital expenditure, financing costs and tax	142.8	(72.2)	70.6	20.4	91.0
Capital expenditure	(16.1)	8.9	(7.2)	0.2	(6.9)
Net operating cash flows, before financing costs and tax	126.7	(63.3)	63.4	20.6	84.1

- (1) The NZME (before pro forma adjustments) column reflects the removal of cash flows for the relevant periods related to entities that comprise the NZME business per the segment note in APN's annual reports
(2) The additional pro forma adjustments include (i) adjustments to allocate certain corporate cash flows that have historically been recorded by APN that are attributable to NZME; and (ii) adjustments to dividends paid to minorities in FY13 to show the impact had ARN been owned 100% in that year

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NZME Pro Forma Historical Income Statements

NZ\$million	FY13	FY14	FY15
Pro forma revenue from continuing operations	449.1	445.9	433.0
Pro forma other revenue and income	0.3	3.3	0.2
Pro forma total revenue and other income	449.3	449.2	433.2
Pro forma expenses from continuing operations	(368.5)	(375.5)	(365.7)
Pro forma share of profit of associates	-	-	-
Pro forma EBITDA	80.8	73.8	67.5
Pro forma depreciation & amortisation			(23.7)
Pro forma financing costs ¹			(5.5)
Pro forma income tax expense ²			(10.7)
Pro forma profit for the year			27.5

(1) Pro forma finance costs are calculated based on the effective interest rate of the NZME debt facility and the net debt per the pro forma balance sheet

(2) Pro forma income tax expense is calculated as 28% of the pro forma EBITDA including depreciation, amortisation and finance costs

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Reconciliation: NZME Pro Forma Historical Financial Information to Reported Income Statements

NZ\$million	FY13	FY14	FY15
Reported revenue from continuing operations (excludes exceptional adjustments)	475.2	445.8	433.0
Pro forma adjustment to assign previously unallocated revenue to NZME ¹	-	0.1	-
Pro forma adjustment to reflect South Island divestiture ²	(4.7)	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	(21.5)	-	-
Pro forma revenue from continuing operations	449.1	445.9	433.0
Reported other revenue and income (excludes exceptional adjustments)	-	-	-
Pro forma adjustment to assign previously unallocated revenue to NZME ¹	0.3	3.3	0.2
Pro forma adjustment to reflect South Island divestiture ²	-	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	-	-	-
Pro forma other revenue and income	0.3	3.3	0.2
Reported expenses from continuing operations (excludes exceptional adjustments)	(383.5)	(364.2)	(358.1)
Pro forma adjustment to assign previously unallocated expenses to NZME ¹	(3.3)	(6.2)	(2.6)
Pro forma adjustment to reflect South Island divestiture ²	4.5	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	18.9	-	-
Incremental stand-alone costs ⁴	(5.1)	(5.1)	(5.1)
Pro forma expenses from continuing operations	(368.5)	(375.5)	(365.8)
Reported EBITDA (excludes exceptional adjustments)	91.6	81.6	74.9
Pro forma adjustment to assign previously unallocated EBITDA to NZME ¹	(3.0)	(2.8)	(2.4)
Pro forma adjustment to reflect South Island divestiture ²	(0.1)	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	(2.6)	-	-
Incremental stand-alone costs ⁴	(5.1)	(5.1)	(5.1)
Pro forma EBITDA	80.8	73.8	67.5

(1) Adjustments to allocate certain corporate income and expenses that have historically been recorded by APN that are attributable to NZME

(2) Adjustment to reflect the removal of earnings and cash flows for the relevant periods for the divestitures of South Island in 2013

(3) Adjustment to reflect the removal of earnings and cash flows for the relevant periods for the divestitures of NZ Magazines early 2014

(4) Adjustment to reflect the impact of expected incremental stand-alone costs for the NZME business post Demerger, reflecting costs NZME is expected to incur as a separately listed and stand-alone business

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NZME Pro Forma Historical Balance Sheet

NZ\$million	NZME (as part of APN Group)	Pre-Demerger restructure ¹	External debt (net of transaction costs) ²	Deferred taxes ³	Pro forma NZME
Cash and cash equivalents	3.3	4.4	-	-	7.7
Receivables	57.4	1.1	-	-	58.5
Inventories	2.7	-	-	-	2.7
Other assets	2.6	0.4	-	-	2.9
Total current assets	66.0	5.8	-	-	71.8
Other financial assets	0.4	-	-	-	0.4
Investments	-	-	-	-	-
Property, plant and equipment	81.0	0.4	-	-	81.4
Intangible assets	332.9	0.2	-	-	333.1
Deferred tax assets	-	-	-	-	-
Total non-current assets	414.4	0.6	-	-	414.9
Total assets	480.3	6.4	-	-	486.8
Payables	(57.6)	(5.2)	-	-	(62.9)
Interest bearing liabilities	(1.3)	-	-	-	(1.3)
Current tax liabilities	-	-	-	-	-
Provisions	(7.1)	-	-	-	(7.1)
Total current liabilities	(66.0)	(5.2)	-	-	(71.2)
Payables	(12.9)	-	-	-	(12.9)
Borrowing costs	-	-	0.4	-	0.4
Interest bearing liabilities	-	-	(108.6)	-	(108.6)
Provisions	-	-	-	-	-
Deferred tax liabilities	-	-	-	(13.9)	(13.9)
Total non-current liabilities	(12.9)	-	(108.2)	(13.9)	(135.0)
Total liabilities	(78.9)	(5.2)	(108.2)	(13.9)	(206.2)
Net assets	401.5	1.2	(108.2)	(13.9)	280.6

- (1) Relates to the impact of restructuring the existing APN Group for the Demerger, including (i) allocation of previously unallocated assets and liabilities between APN (after the Demerger) and NZME, and (ii) the settlement of existing intercompany balances
- (2) Relates to the impact of the post Demerger debt structure, reflecting a 1.5x target net debt to EBITDA ratio and the creation of bank debt (proceeds used as part of the restructure process), and the impact of one-off Demerger transaction costs
- (3) Relates to the impact of the Demerger on deferred taxes and the allocation of deferred taxes to NZME

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NZME Pro Forma Net Indebtedness and Leverage

NZ\$million	FY15
Cash and cash equivalents	7.7
Interest bearing liability	1.3
Bank facilities	108.6
Total financial indebtedness	109.9
Net financial indebtedness	102.2
Pro forma FY15 EBITDA	67.5
Pro forma leverage (x Pro forma FY15 EBITDA)	1.5x

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NZME Pro Forma Historical Cash Flow Statements

NZ\$million	FY13	FY14	FY15
Pro forma EBITDA	80.8	73.8	67.5
Pro forma change in working capital	(2.6)	0.5	6.4
Pro forma net operating cash flows, before capital expenditure, financing costs and tax	78.2	74.3	73.8
Pro forma capital expenditure ¹	(10.8)	(14.6)	(18.5)
Pro forma net operating cash flows, before financing costs and tax	67.4	59.7	55.3

(1) FY15 shown net of property lease incentive

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Reconciliation - NZME Pro Forma Cash Flows to Reported Cash Flows

NZ\$million	FY13	FY14	FY15
Reported EBITDA	91.6	81.6	74.9
Pro forma adjustment to assign previously unallocated head office costs ¹	(3.0)	(2.8)	(2.4)
Pro forma adjustment to reflect South Island divestiture ²	(0.1)	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	(2.6)	-	-
Pro forma adjustment Incremental stand-alone costs ⁴	(5.1)	(5.1)	(5.1)
Pro forma EBITDA	80.8	73.8	67.5
Reported change in working capital	(6.5)	6.7	7.6
Pro forma adjustment to assign previously unallocated head office costs ¹	3.8	(6.2)	(1.2)
Pro forma adjustment to reflect South Island divestiture ²	-	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	-	-	-
Pro forma change in working capital	(2.6)	0.5	6.4
Reported capital expenditure	(10.5)	(14.5)	(18.4)
Pro forma adjustment to assign previously unallocated head office costs ¹	(0.3)	-	(0.1)
Pro forma adjustment to reflect South Island divestiture ²	-	-	-
Pro forma adjustment to reflect NZ Magazines divestiture ³	-	-	-
Pro forma capital expenditure	(10.8)	(14.6)	(18.5)
Pro forma net operating cash flows, before financing costs and tax	67.4	59.7	55.3

(1) Adjustment to allocate cashflows for certain corporate costs that have historically been recorded by APN that are attributable to NZME

(2) Adjustment to reflect the removal of earnings and cash flows for the relevant periods for the divestitures of South Island (2013)

(3) Adjustment to reflect the removal of earnings and cash flows for the relevant periods for the divestitures of NZ Magazines (early 2014)

(4) Adjustment to reflect the impact of expected incremental stand-alone costs for the NZME business post Demerger, reflecting costs NZME is expected to incur as a separately listed and stand-alone business

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Segmental Historical Financial Information

APN (after the Demerger)

Pro forma revenue (A\$m)	FY13	FY14	FY15
Australian Regional Media	217.0	202.1	188.5
Australian Radio Network	153.0	180.9	221.1
Outdoor	44.1	49.9	37.9
Total pro forma revenue	414.2	432.9	447.5

Pro forma EBITDA (A\$m)	FY13	FY14	FY15
Australian Regional Media	29.7	25.0	18.4
Australian Radio Network	58.5	66.5	82.8
Outdoor	12.3	14.3	9.8
Corporate	(12.9)	(14.2)	(12.3)
Total pro forma EBITDA	87.7	91.6	98.8

NZME

Pro forma revenue (NZ\$m)	FY13	FY14	FY15
NZME Publishing	306.9	298.2	295.4
NZME Radio	120.6	127.0	120.2
NZME e-commerce	21.6	20.7	17.3
Total pro forma revenue	449.1	445.9	433.0

Pro forma EBITDA (NZ\$m)	FY13	FY14	FY15
NZME Publishing	59.7	52.1	46.2 ¹
NZME Radio	23.5	25.1	24.3
NZME e-commerce	5.6	4.4	4.5
Corporate ²	(8.1)	(7.8)	(7.5)
Total pro forma EBITDA	80.8	73.8	67.5

(1) Includes NZME Group Costs of NZ\$8.5 million

(2) Includes expected incremental standalone costs of NZ\$5.1 million reflecting costs NZME is expected to incur as a separately listed entity and standalone business

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Appendix 2 – Share Consolidation



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Appendix 2

SHARE CONSOLIDATION



- Given the large number of APN shares on issue, APN has proposed a 1 for 7 Share Consolidation
- The number of APN shares on issue would reduce to approximately 196 million¹
- Share Consolidation requires the approval of shareholders by ordinary resolution
- Shareholders to vote on the Share Consolidation at the same meeting as for the Demerger on 16 June 2016
- Share Consolidation and Demerger are not inter-conditional
- Demerger ratio of '1 for 1' unaffected by Share Consolidation

(1) Following the Entitlement Offer. Any fractional entitlement to an APN share from the Share Consolidation will be rounded up

Appendix 3 – Conditions Precedent to Demerger



Appendix 3

CONDITIONS PRECEDENT TO DEMERGER

Implementation of the Demerger is subject to a number of conditions being satisfied or waived. The key conditions are summarised below:

- the requisite majority of APN Shareholders passing the Demerger Resolution⁽¹⁾;
- no order or injunction being issued by any court of competent jurisdiction and no other legal restraint or prohibition preventing the Demerger being implemented;
- all Regulatory Approvals⁽²⁾ being obtained, including:
 - the NZX approving the admission of NZME to the NZX Main Board and granting permission for official quotation of NZME shares on the NZX;
 - the ASX approving the admission of NZME to the ASX Official List as a Foreign Exempt Listing and granting permission for official quotation of NZME shares on the ASX;
 - relief from ASIC from the requirement to prepare a prospectus in relation to the invitation to APN shareholders to vote on the Demerger and in relation to any secondary trading in NZME shares;
 - a draft ruling from the Australian Tax Office ("ATO") confirming that certain Australian resident APN Shareholders who hold their shares on capital account will get the benefit of demerger relief from the Demerger;
 - an exemption from the FMA in relation to the application of Part 3 of the Financial Markets Conduct Act 2013 (NZ); and
 - an exemption from the OIO from the need to seek OIO approval for the Demerger or an approval from the OIO for the Demerger;
- execution by all signatories of, and completion of the transactions contemplated by, the transaction documents for the Demerger;
- execution of the debt documents for NZME by all signatories;
- no event occurring prior to the capital reduction which would render the capital reduction unlawful; and
- up to the date of APN Shareholders voting on the Demerger Resolution at the General Meeting, a majority of APN's Directors do not change, qualify or withdraw their recommendation to APN Shareholders to vote in favour of the Demerger or otherwise make a public statement indicating that he or she no longer supports the Demerger.

The sunset date for satisfaction or waiver of these conditions is 30 September 2016 (or such other date as may be agreed by APN and NZME).

(1) Demerger Resolution means an ordinary resolution approving the Demerger

(2) Regulatory Approvals means any approvals, consents, waivers or other acts from Regulatory Authorities required or, in the reasonable opinion of APN, desirable to implement the Demerger, either unconditionally or on terms and conditions reasonably acceptable to APN. Regulatory Authority includes: (a) Australian Prudential and Regulatory Authority, the ASX, ASIC, and Australian Taxation Office; (b) NZX, OIO, and FMA; and (c) any other Government Agency

Appendix 4 – Key Risks

Appendix 4

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.
- The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This presentation does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to carefully read and understand the information on APN made publicly available, prior to accepting all or part of your Entitlement. In particular, please refer to this Presentation, APN's half year and annual reports (including APN's most recent full year FY15 results announcement lodged with the ASX on 25 February 2016), the Notice of Meeting and Explanatory Memorandum prepared by APN in respect of the Demerger and other announcements lodged with ASX (including announcements which may be made by APN after publication of this Presentation). 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 radio broadcasting, outdoor advertising, advertising sales across newspaper publishing and online, newspapers sales and online subscriptions, events and commercial partnerships. 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 industry in Australia, New Zealand and Hong Kong.
- There can be no assurance that advertising spend in the media industries in Australia, New Zealand and Hong Kong will not contract in the future or the composition of advertisers' media spend may change further.
- A prolonged downturn in the advertising market may adversely impact APN's operating and financial performance.

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Appendix 4

KEY RISKS

**ii. Competition in the media sector**

- The media sectors in Australia, New Zealand and Hong Kong are 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.
- 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, or any failure by APN to adapt or respond to increased competition, may have an adverse effect on APN's operating and financial performance.
- Proposed reforms to Australian media ownership laws, if passed, may allow existing media groups or new entrants to own different or additional media platforms, which may increase competition and facilitate the selling of advertising across different packages of media platforms.

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 industry 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 digital capabilities within its business divisions, there can be no guarantee that growth in APN's non-publishing businesses will offset any declines in its publishing business, which could therefore adversely affect APN's operating and financial performance.
- 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.

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Appendix 4

KEY RISKS



- 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 2015 and may not pay dividends in respect of the full year ending 31 December 2016. 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 at the time.
- 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 radio licenses) 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 2015, APN recognised an impairment charge in relation to the carrying amount of mastheads allocated to ARM (see APN's FY2015 financial results presentation released to the ASX on 25 February 2016). Depending on APN's financial performance in the future, further impairment charges may need to be recorded.

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Appendix 4

KEY RISKS



- 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.
 - On 25 February 2016, APN announced that it had commenced a process to divest ARM. There can be no assurance that APN will complete a divestment of ARM at an acceptable price or on acceptable terms.
- ix. **Demerger not proceeding**
- The Demerger remains subject to a number of factors. It requires approval from shareholders, various regulatory approvals and, for Australian resident shareholders, a draft ruling from the Australian Taxation Office on Demerger tax relief. No assurances can be given as to whether all necessary approvals will be forthcoming, the terms on which any such approvals may be provided and the timing of such approvals being provided. The Demerger could also be delayed if ongoing market and business conditions do not remain favourable. If the Demerger does not proceed:
 - APN will continue to own the NZME business;
 - APN shareholders will not receive shares in a separate NZME entity;
 - APN will incur transaction costs of approximately \$5.1 million (on a pre-tax basis);
 - The APN Board may consider other alternatives to the Demerger; and
 - The proceeds of the Entitlement Offer will still be used to repay APN corporate debt.
 - The conditions precedent to the Demerger are set out in Appendix 3 of this Presentation.

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Appendix 4

KEY RISKS



x. Demerger proceeds

- If the Demerger proceeds, there are a number of risks associated with the execution of the Demerger which may have an adverse effect on the operating or financial performance of either or both of APN or NZME. These risks include:
 - there will be no certainty about the share prices of APN or NZME following the Demerger. The share prices of APN and NZME may be affected by a range of factors, including market sentiment, economic and advertising conditions, the execution of any sale facility for NZME shares that may be conducted in connection with the Demerger and the small percentage of New Zealand investors, that will hold NZME shares on implementation of the Demerger;
 - the potential for delays, unexpected costs or other issues in separating NZME from APN;
 - the Demerger or steps associated with it may result in breaches or defaults under certain contracts to which APN or NZME is a party, unless relevant counterparty consents are obtained;
 - the ATO concludes that Demerger tax relief is not available or seeks to apply anti-avoidance rules applicable to Demergers to Australian resident APN shareholders, which could result in those shareholders having an assessable capital gain and the transfer of NZME shares to shareholders being taxable as an unfranked dividend; and
 - the allocation of tax risks between APN and NZME. Refer to the Taxation Risk described at xxii for further detail.
- In addition, should the Demerger proceed, there are a number of risks associated with an investment in NZME. These are set out in section 8.13 of the Explanatory Memorandum.

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

- A loss of one or more broadcasting licences (whether through suspension, cancellation or non-renewal) 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 the suspension, cancellation or non-renewal of any of its licences.
- APN operates in a highly regulated environment. 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 and increased competition in regional areas and future allocation by the Australian Communications and Media Authority of radio frequency spectrum.
- Proposed amendments to the Broadcasting Services Act 1992 (Cth) that regulates ownership interests and control of Australian media organisations may have an adverse effect on APN's operating and financial performance, for example as a result of an increase in foreign ownership restrictions, or an increase in competition that results from a reduction in any such restrictions.

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KEY RISKS



xii. Economic conditions

- APN's business and its performance are subject to changes in the Australian, New Zealand and to a lesser degree the Hong Kong economies 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.

xiii. Joint ventures

- Ownership of APN's joint venture operations in certain outdoor advertising businesses (such as Adshel in Australia and New Zealand) is shared equally with Clear Channel Communications International. In radio, ownership of 97.3FM Brisbane and 93.7FM Perth are shared equally with Nova Entertainment and 106.3FM Canberra is shared equally with Southern Cross Austereo
- 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.

xiv. 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.

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KEY RISKS

**xv. Credit and financing 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 and leverage 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.
- Further, bank facilities will need to be refinanced at various maturity dates. Current APN facilities expire in July 2019. 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.

xvi. Risks associated with large shareholders

- APN has a number of shareholders with large shareholdings. 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.

xvii. 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.

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Appendix 4

KEY RISKS

**xviii. 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. Refer to viii regarding potential divestment of ARM.
- 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.

xix. 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. In addition, recruiting and retaining skilled and experienced employees may be at a higher than current costs which would impact APN's operating and financial performance.
- 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. There can be no certainty or assurance that contracted talent will deliver expected operational and financial performance.

xx. Contract risk

- APN's outdoor businesses are dependent on short-term and 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, which may negatively impact on APN's operating and financial performance.

xxi. 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.
- 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.

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KEY RISKS

**xxii. Taxation risk**

- The APN Group operates in multiple tax jurisdictions and is subject to review by the relevant tax authorities.
- As described below, the ATO and the New Zealand Inland Revenue Department ("IRD") are auditing or reviewing arrangements pertaining to a number of matters within the APN Group. APN is satisfied that the APN Group's treatment of each matter is consistent with relevant taxation legislation. If however the IRD or ATO are successful in some or all of these matters, the requirement to pay the relevant tax, penalties and interest may have a material adverse effect on the operating and financial performance of APN, and if the Demerger proceeds, on NZME. The extent of the impact is dependent on a number of factors, including the time at which the amounts become finally due for payment (which may be several years from the date of this Presentation) and the financial position of APN (and NZME, if applicable) at that time.
- In respect of the Demerger, APN and NZME will enter into a tax conduct agreement to govern the management and allocation of tax risks, including those described below. This agreement is summarised in Section 10.5 of the Explanatory Memorandum.

Mandatory Convertible Note (MCN)

- NZME is involved in a dispute with the IRD regarding certain financing transactions. The dispute involves tax of NZ\$64 million for the period up to 31 December 2014 (when the transactions completed). The IRD is seeking to impose penalties of between 10% and 50% of the tax in dispute in addition to the tax claimed. NZME has tax losses available to offset any amount of tax payable to the extent of NZ\$48 million. Interest would accrue on any tax payable.
- On 22 February 2013, the Adjudication Unit of the IRD advised that it agrees with the position taken by the IRD. Accordingly, Notices of Assessment were issued denying deductions in relation to interest claimed on those financing transactions. In response to this step, litigation was commenced by NZME in the High Court of New Zealand to defend its position in relation to this matter. The dispute is expected to be litigated in the High Court in March 2017 and the dispute has the potential to progress through further appeal courts.
- The intention is that following the Demerger, the NZ tax risk associated with this dispute will be retained by NZME.

Branch financing transaction

- Following an audit of certain transactions to finance the acquisition of mastheads by a New Zealand branch of an Australian APN entity, the IRD has indicated that it intends to issue a Notice of Proposed Adjustment ("NOPA") in May 2016 relating to non-resident withholding tax ("NRWT") and thin capitalisation issues.
- Although the NOPA has not yet been issued, based on previous correspondence with the IRD, APN believes the NOPA may assert that NRWT of approximately NZ\$27 million (to date) would be payable in respect of those financing arrangements. Tax losses of the APN Group cannot be used to offset any NRWT obligation that may arise.
- Further, APN believes the NOPA may also assert that certain income tax deductions be denied in respect of the thin capitalisation position of the APN Group, which could result in tax of approximately NZ\$8-14 million being payable for the period to 31 December 2014 (after utilising currently available tax losses), although the exact figure would depend on a range of factors including the outcome of the MCN dispute mentioned above and the availability of tax losses.

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KEY RISKS

**xxii. Taxation risk (continued)***Branch financing transaction (continued)*

- APN believes the IRD may also seek to impose penalties in respect of the taxes in dispute. Interest would accrue on any tax payable.
- Once any NOPA is received, the IRD formal disputes process would commence, which APN understands can take a period of approximately 12-18 months. On completion of this disputes process, either the matter is resolved in the taxpayer's favour, or a formal Notice of Assessment is issued by the IRD, after which APN and/or NZME, as applicable, would have the ability to contest the assessment through litigation proceedings.
- The ATO is also auditing the New Zealand branch of the Australian APN entity in relation to matters related to the New Zealand mastheads. As at the date of this Presentation there is no certainty as to whether any proposed adjustments or disputes will be raised by the ATO in relation to this matter.
- The intention is that following the Demerger, the tax risk associated with the NRWT will remain with APN, and the income tax risk associated with the thin capitalisation matters will be spread across the relevant APN and NZME entities. It is expected the majority of the income tax risk would sit with APN, however the manner in which this risk would ultimately be borne by the relevant entities will depend on a range of factors including the availability of tax losses to APN and NZME at the relevant time.

Other matters

- The ATO and IRD are also auditing or reviewing other matters within the APN Group. As at the date of this Presentation there is no certainty as to whether any proposed adjustments or disputes will be raised by the ATO or IRD as a result of these audits or reviews.
- The intention is that following the Demerger, any NZ tax risk will be retained by NZME, while any Australian tax risk will be retained by APN.

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KEY RISKS

**Risks associated with New Shares and the Entitlement Offer****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;
 - geo-political instability, including international hostilities and acts of terrorism;
 - operating results of APN that may vary from expectations of securities analysts and investors;
 - changes in market valuations of other media companies; and
 - future issues of APN equity securities.

In particular, the share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-company specific influences referred to above, such as the general state of the economy, investor uncertainty and global hostilities and tensions. Such fluctuations may materially adversely impact the market price of shares in APN.
- No assurances can be given that the New Shares will trade at or above the Offer Price. None of APN, its Board, the Underwriters, or any other person guarantees the market performance of the New Shares.

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KEY RISKS

**ii. Underwriting risk**

- The Underwriting Agreement relating to the Entitlement Offer sets out various events, the occurrence of which will entitle the Underwriters to terminate the Underwriting Agreement. Accordingly, there is a risk that the Underwriters may terminate its obligations under the Underwriting Agreement if any such events occur. These events include where:
 - any of the offer documents (including this Investor Presentation and all ASX announcements made in connection with the Entitlement Offer) omit certain material required by the Corporations Act, contain a statement which is misleading or deceptive or likely to mislead or deceive in a material respect, or the cleansing notice lodged by APN in respect of the Entitlement Offer is "defective" within the meaning of the Corporations Act;
 - there are certain delays in the timetable for the Entitlement Offer without the Underwriters' consent;
 - APN ceases to be admitted to the official list of ASX or its ordinary shares are suspended from trading or quotation;
 - APN withdraws the Entitlement Offer;
 - in the period from the close of the Institutional Entitlement Offer until settlement of the Retail Entitlement Offer, the S&P ASX200 Index closes on 3 consecutive business days at a level which is 15% or more below the level as at the close of trading on the day prior to the date of this Presentation; or
 - subject to certain qualifications, there is an adverse change in the assets, liabilities, financial position or performance, profits, losses, prospects or forecasts of APN, including from those respectively disclosed in the offer documents.
- The ability of the Underwriters to terminate the Underwriting Agreement in respect of some events (including breach of the Underwriting Agreement by APN, market disruption, hostilities, regulatory action or adverse change in APN's business) will depend (amongst other things) on whether the event has or is likely to have a material adverse effect on success or settlement of the Entitlement Offer, the price at which New Shares may trade on the ASX or could reasonably be expected to give rise to a contravention by, or liability for, an Underwriter under applicable law.
- If the Underwriting Agreement is terminated for any reason, then APN may not receive the full amount of the Entitlement Offer, its financial position may change and it may need to take other steps to raise capital.

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

- If you do not take up your entitlement under the Entitlement Offer, then your entitlements will be treated as renounced and will be sold on your behalf in a shortfall bookbuild process, and any premium (being any amount paid in respect of the sale of the entitlements) will be paid to you. However, there is no guarantee that any value will be received for your renounced Entitlement through the bookbuild processes.
- The ability to sell entitlements under the institutional or retail bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price achievable, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Underwriters, will, if accepted result in otherwise acceptable allocations to clear the entire book.
- To the maximum extent permitted by law, none of APN, the Underwriters, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents and advisers will be liable (including for negligence) for any failure to procure purchasers of entitlements under either bookbuild at a price equal to or in excess of the Offer Price.
- If you do not take up all of your entitlements to acquire New Shares under the Entitlement Offer, your percentage shareholding in APN will be diluted by not participating to the full extent in the Entitlement Offer.

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Appendix 5 – International Offering Jurisdictions



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Appendix 5

INTERNATIONAL OFFERING JURISDICTIONS



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

European Economic Area – Germany

The information in this document has been prepared on the basis that all offers of Entitlements and 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, from the requirement to publish a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- 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 Entitlements and 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 Entitlements and 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 Entitlements and 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.

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INTERNATIONAL OFFERING JURISDICTIONS

**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 Entitlements and 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).

No advertisement, invitation or document relating to the Entitlements and 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 Entitlements and the 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 Entitlements or 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 Entitlements and 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(1) of the Prospectus Regulations.

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INTERNATIONAL OFFERING JURISDICTIONS

**Italy**

The offering of the Entitlements and the New 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 these securities may be distributed in Italy and these securities 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. 11971"); 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 Entitlements or the New Shares or distribution of any offer document relating to these securities 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 Entitlements and the New 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 securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

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INTERNATIONAL OFFERING JURISDICTIONS

**New Zealand cont'd.**

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) 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.

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 Entitlements and 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).

Singapore

This document and any other materials relating to the Entitlements and the New 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 Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New 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.

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INTERNATIONAL OFFERING JURISDICTIONS

**Singapore cont'd.**

Any offer is not made to you with a view to the Entitlements or the New 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 Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Entitlements and 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 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 Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities 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 Entitlements and 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 Entitlements and 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 Entitlements or the New 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 these securities 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 Entitlements or 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 the FSMA does not apply to the Company.

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INTERNATIONAL OFFERING JURISDICTIONS

**United Kingdom cont'd.**

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.



MARKET ANNOUNCEMENT

PROPOSED DEMERGER OF NZME

Summary

- Proposed Demerger of NZME to APN shareholders (**Demerger**)
- NZME to be listed on NZX (primary listing) and ASX (foreign exempt listing)
- Enables APN to focus on its Australian growth media assets of radio and outdoor
- NZME will be a leading integrated media and entertainment business in New Zealand
- Independent Board and management team for each business – Sir John Anderson appointed Chairman of NZME
- Eligible APN shareholders will receive one share in NZME for each existing APN share
- Prudent and sustainable capital structure for APN (post Demerger and Entitlement Offer) and NZME
- APN to also undertake a 1 for 7 share consolidation (**Share Consolidation**)
- Shareholder meeting to approve the Demerger and Share Consolidation to be held on 16 June 2016
- APN directors consider that the Demerger is in the best interests of APN shareholders and recommend that shareholders vote in favour of the Demerger
- Independent expert has concluded that the Demerger is in the best interests of APN shareholders
- APN to raise approximately \$180 million through a fully underwritten 1 for 3 accelerated renounceable entitlement offer with retail entitlements trading (**Entitlement Offer**) (see separate ASX & NZX release lodged today)
- APN and Fairfax Media Limited (**Fairfax**) separately announced entry into exclusive discussions regarding the potential merger of their respective New Zealand businesses (see separate joint ASX & NZX release lodged today)

Overview

Sydney, 11 May, 2016 – APN News & Media Limited [ASX, NZX: APN] today announced a proposal to demerge 100% of its New Zealand business, NZME, to APN shareholders and list NZME on the NZX with a secondary listing on the Australian Securities Exchange (**ASX**). As a result of the Demerger, eligible APN shareholders will receive one new share in NZME for each existing APN share they hold, while retaining their existing APN shareholding. APN will continue to be listed on the ASX and NZX.



The Demerger will create two independent media companies:

- APN – a growth oriented media and entertainment company consisting of: ARN, Australia’s leading metropolitan radio network¹; Adshel, the #1 street furniture advertising network in Australia and New Zealand²; Cody Outdoor, an outdoor advertising business in Hong Kong; and ARM, a leading regional media business in Australia
- NZME – a leading integrated media and entertainment business in New Zealand, operating some of the country’s most recognisable publishing, radio and digital brands

APN after the Demerger will remain focused on pursuing growth opportunities in radio and outdoor and NZME will continue to develop its integrated media platform to drive further growth.

APN Chairman Mr Peter Cosgrove said “The proposed Demerger represents a natural progression of NZME’s transformation over the past two years and the most effective method of separating NZME with high execution certainty. NZME currently operates as a discrete, independent media business in a separate geographic market with limited day-to-day connectivity with APN.

For APN, the Demerger ends our long and successful association with the New Zealand publishing and radio industry that first commenced by buying a stake in The Radio Network in 1997, followed by the acquisition of *The New Zealand Herald* and numerous other media publications in 2001. It also represents a big opportunity for APN, where for the first time we are able to really focus and capitalise on our high growth media assets across the Australian radio and outdoor sectors.

The APN Board believes that the Demerger will enhance shareholder value over time by enabling independent focus for each company to better pursue their own strategic priorities and growth opportunities, and adopt independent capital structures reflecting their operational requirements. It provides the opportunity for the market to recognise the independent value of both businesses over time, and enables investors to make separate investment decisions with respect to each company.”

APN Chief Executive Officer, Ciaran Davis said “The Demerger will allow APN to drive growth and investment across the two outperforming media sectors in Australia, radio and outdoor. It presents a significant opportunity for APN to capitalise on our leading media brands and

¹ GFK Metro Surveys 1-8 2015 average, people 10 years + Mon-Sun 5.30am-12am, Sydney/Brisbane/Melbourne/Perth/Adelaide

² Through Adshel 50:50 joint venture with Clear Channel International.



market positions, with radio and outdoor a strong natural fit for integrated advertising campaigns.

For NZME, the Demerger has been made possible due to the excellent progress achieved to integrate some of New Zealand’s most recognisable media brands into one central newsroom. The transformation plan has delivered on financial and operational targets to date and has repositioned NZME as an audience centric, content driven media and entertainment business.”

NZME’s Chief Executive Michael Boggs said “With our experienced management team in place, NZME is well positioned to continue its transition across to digital advertising and new revenue streams from transaction and experiential channels. We will be independently structured and funded to capitalise further on the changes we are making.”

Board and management

Following the Demerger, each company will have its own experienced management team and independent board. For NZME, Sir John Anderson will become Chairman and Mr Peter Cullinane will join the NZME Board. Carol Campbell will also join the NZME Board and further appointments are likely to follow. Sir John Anderson will retire from the APN Board upon implementation of the Demerger. The existing senior executive teams will remain in place for NZME and APN.

Capital structure and dividend policy

APN and NZME will have capital structures and dividend policies that reflect each independent business’ profile and strategic direction.

Following the announced Entitlement Offer and implementation of the Demerger, APN will have pro forma net debt to FY15 EBITDA of 2.0x³ (1.8x on a proportional basis)⁴. The APN Board considers this to be a prudent and sustainable capital structure.

The APN Board intends to initially target a dividend payout ratio of 40%-60% of underlying NPAT⁵ following the Demerger, subject to maintaining leverage at or below 2.0x EBITDA and having regard to other strategic priorities⁶.

³ Based on pro forma earnings before interest, tax, depreciation and amortisation (EBITDA) of \$98.8 million in FY15 and pro forma net debt of \$193.2 million (before capitalised borrowing costs of \$2.6 million) at 31 December 2015. Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

⁴ Based on APN’s proportional share of net debt and EBITDA of its associate investment in Adshel. On a proportional basis, pro forma net debt is \$196.9 million at 31 December 2015 and proportional pro forma FY15 EBITDA is \$108.7 million.

⁵ Underlying net profit after tax (NPAT) will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact.

⁶ The payment of dividends will be determined by the APN Board from time to time at its discretion, dependent on profitability, costs and leverage of the business and its financial position at the time.



NZME will have pro forma net debt to FY15 EBITDA of approximately 1.5x⁷, which provides flexibility to fund growth initiatives and other potential commitments. The NZME Board intends to initially target a dividend payout ratio of 60-80%⁸ underlying NPAT⁵, subject to appropriate leverage and strategic priorities. NZME's first dividend payment is expected to be for the six month period up to 30 June 2016⁸.

One-off cash transaction costs associated with the Demerger are expected to be approximately \$8.3 million on a pre-tax basis⁹.

Recommendation

The APN Board considered a number of potential alternatives for NZME including retaining the status quo, a divestment, demerger or an initial public offering of NZME. After careful consideration of the advantages and disadvantages of each option, the APN Directors unanimously consider the Demerger to be in the best interests of APN shareholders and represents the most effective method of separation with high execution certainty. The APN Board recommends that shareholders vote in favour of the resolution to approve the Demerger. Each APN Director intends to vote any APN Shares held by or controlled by that APN Director in favour of the resolution to approve the Demerger.

Deloitte, the Independent Expert appointed by APN to review the Demerger, has concluded that the Demerger is in the best interests of APN shareholders.

Demerger structure and indicative timing

The Demerger will be implemented by way of an equal capital reduction satisfied by an in specie distribution of shares in NZME. Existing APN shareholders will retain their shares in APN. If the Demerger is approved and implemented, eligible APN shareholders will be entitled to receive one NZME share for each APN share held on the record date for the Demerger.

The Demerger is subject to a number of conditions, including a ruling from the Australian Taxation Office (**ATO**) to confirm that Demerger tax relief will be available to Australian resident APN shareholders who hold their APN shares on capital account on the record date for the Demerger.

⁷ Based on pro forma EBITDA of NZ\$67.5 million in FY15 and pro forma net debt of NZ\$102.2 million (before capitalised borrowing costs of NZ\$0.4 million). Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

⁸ The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of the business and its financial position at the time.

⁹ Prior to any income tax deductibility, and excluding GST. APN will incur approximately \$7.9 million of these costs and NZME will incur approximately \$0.4 million related to debt establishment costs. The costs do not include non-cash accounting adjustments that will arise on Demerger.



A share sale facility will be available for shareholders with small holdings and ineligible shareholders.

Shareholders will not need to take any action or pay any cash to receive NZME shares.

The Demerger is subject to shareholder approval by ordinary resolution at the General Meeting anticipated to be held on 16 June 2016.

Subject to the outcome of the shareholder vote and other regulatory approvals, the Demerger of NZME and listing will occur in late June or early July 2016. The timing of the Demerger may vary subject to regulatory approvals and exemptions including from the ATO for Demerger tax relief, the Overseas Investment Office (New Zealand) and Financial Markets Authority (New Zealand).

Event	Date (2016)
Demerger announcement	11 May
Dispatch of Explanatory Memorandum and Notice of Meeting	17 May
Last time and date on which Proxy Forms for the General Meeting must be received	9.00am, Tuesday, 14 June
Date and time for determining eligibility to vote at the General Meeting	7.00pm, Tuesday, 14 June
General Meeting on the Demerger and Share Consolidation	9.00am, Thursday, 16 June
Commencement of trading of NZME on NZX and ASX	late June/early July

Note: Dates and time are indicative only and are subject to change. APN reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws.

Share Consolidation

APN has proposed the Share Consolidation to consolidate every 7 APN shares into one APN share. This recognises that there are currently approximately 1 billion APN shares on issue and, following the Entitlement Offer, there will be approximately 1.4 billion APN shares on issue. Given the large number of shares on issue, the Share Consolidation will reduce the number of shares to approximately 200 million. The Share Consolidation will occur following the Entitlement Offer and any fractional entitlement to an APN share arising as a result of the Share Consolidation will be rounded up.

The Share Consolidation requires approval by APN shareholders by ordinary resolution at the General Meeting. If approved, the Share Consolidation will take effect prior to the Demerger. The resolutions to effect the Demerger and Share Consolidation are not



interdependent. The Demerger ratio of one NZME share for each APN share will be unaffected by the Share Consolidation.

Potential merger of NZME and Fairfax New Zealand

APN and Fairfax have entered into exclusive discussions regarding the potential merger of their respective New Zealand businesses. If completed, the combined company will be a leading New Zealand media business, offering depth of news, sport and entertainment coverage across a diverse mix of channels including print, digital and radio.

Fairfax and APN/NZME have commenced preliminary discussions around a potential transaction structure. The transaction remains subject to agreement by the respective Boards of the businesses as well as all necessary regulatory consents, including New Zealand Commerce Commission, and any necessary shareholder approvals. The parties intend to work towards completion of the merger by the end of calendar 2016 subject to all approvals. The discussions are subject to exclusivity provisions with standard fiduciary and other carve-outs.

APN has entered into the exclusive discussions independently of the Demerger. If the Demerger is completed, NZME is expected to continue pursuing the proposed transaction with Fairfax and if the Demerger does not proceed, APN intends to continue discussions.

Trading Update

APN today provided a trading update. In Australia, the radio and outdoor sectors continue to outperform a relatively weak advertising market. ARN revenues were up in line with the strong market growth of 9% in Q1. In Outdoor, the strong performance of the Adshel LIVE digital panels has delivered overall revenue growth in line with the market at 17% year to date.

In ARM the revenue trend has been consistent with 2015, with local revenues in line with prior year and National revenues remaining weak. Digital subscriptions have helped to deliver total audience revenues in line with prior year. Cost savings have offset more than half the revenue decline.

In New Zealand, market conditions have been challenging and revenues were down 10% to the end of Q1. We have seen some improvement in April and bookings data suggests this will continue into May. The significant cost savings delivered as a result of the integration have offset most of the revenue shortfalls.

At the end of April, Group revenues are down 4% on prior year while cost savings have delivered a flat EBITDA.



Shareholder Enquiries

Shareholders who have questions relating to the Demerger should consult their financial, legal, taxation or other professional adviser or call the APN Shareholder Information Line on:

- 1300 365 969 (from within Australia);
- 0800 729 276 (from within New Zealand); or
- +61 1300 365 969 (from outside Australia and New Zealand),

between 8.30am to 5.30pm (Sydney time) Monday to Friday.

Further Information

APN is being advised by Grant Samuel and Baker & McKenzie.

Further details about the Demerger, Entitlement Offer and Share Consolidation are contained in a separate investor presentation (**Investor Presentation**), and Explanatory Memorandum and Notice of Meeting lodged with the ASX and NZX today.

For further information:

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This announcement is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)). The announcement is not and should not be considered an offer or an invitation to acquire shares in APN or NZME or any other financial products.

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the shares of APN or NZME have been, or will be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the shares of APN or NZME may be offered or sold to, directly or indirectly, 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 a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws. The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.



Forward looking statements

This announcement 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 or the outcome and effects of the Entitlement Offer and the use of proceeds, or the Demerger. The forward looking statements contained in this announcement 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, its directors and management and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the key risks section of the Investor Presentation and Explanatory Memorandum for a summary of certain general and APN specific risk factors that may affect APN or an investment in APN.

There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Explanatory Memorandum. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to APN as at the date of this announcement.

Except as required by law or regulation (including the ASX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.



MARKET ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

FULLY UNDERWRITTEN \$180 MILLION ENTITLEMENT OFFER

Overview

Sydney, 11 May, 2016 – APN News & Media Limited [ASX, NZX: APN] (**APN**) today announced that it will raise approximately \$180 million through a fully underwritten 1 for 3 accelerated renounceable entitlement offer with retail entitlements trading (**Entitlement Offer**).

APN has also today announced a proposed demerger of its New Zealand business, NZME. Under the proposed demerger, shares in NZME will be distributed to APN shareholders and NZME will be listed on the NZX (primary listing) with a secondary listing on the Australian Securities Exchange (**ASX**) (the **Demerger**). The Demerger is conditional upon, amongst other things, the approval of APN shareholders at general meeting. APN is also proposing to undertake a 1 for 7 share consolidation (**Share Consolidation**). Refer to APN's announcement entitled "Proposed Demerger of NZME" and the Investor Presentation lodged with the ASX and NZX today for further details on the Demerger and Share Consolidation.

In addition, and independently of the Demerger, APN and Fairfax Media Limited (**Fairfax**) have separately announced entry into exclusive discussions regarding the potential merger of their respective New Zealand businesses. Refer to the joint APN and Fairfax announcement entitled "Fairfax and APN in exclusive discussions to explore the merger of their New Zealand businesses" lodged with the ASX and NZX today for further details.

The proceeds from 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.

Following the conclusion of the Entitlement Offer and Demerger, APN expects to have pro forma net debt to FY15 EBITDA of 2.0x¹ (1.8x on a proportional basis)². Post Demerger,

¹ Based on pro forma earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$98.8 million in FY15 and pro forma net debt of \$193.2 million (before capitalised borrowing costs of \$2.6 million). Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

² Based on APN's proportional share of net debt and EBITDA of its associate investment in Adshel. On a proportional basis, pro forma net debt is \$196.9 million at 31 December 2015 and proportional pro forma FY15 EBITDA is \$108.7 million.



NZME will have pro forma FY15 net debt to EBITDA of 1.5x³. Refer to the Investor Presentation lodged with the ASX and NZX today for further details on the Entitlement Offer.

Details of the Entitlement Offer

The Entitlement Offer is a fully underwritten 1 for 3 pro rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately \$180 million at an offer price of \$0.53 per new share (**Offer Price**).

The Offer Price represents a 12.4% discount to the theoretical ex-rights price of \$0.605⁴.

Under the Entitlement Offer, eligible shareholders will be able to purchase 1 new APN share (**New Shares**) for every 3 existing ordinary shares (**Entitlement**) held on the record date of 7:00pm (Sydney time) on Friday, 13 May 2016 (**Record Date**).

New Shares will be fully paid and rank equally with existing ordinary shares from their time of issue. New Shares will be issued prior to the record date for determining eligibility to vote on the Demerger.

The Entitlement Offer comprises an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer that includes the ability for eligible retail shareholders to trade their Entitlements on ASX (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch (**Underwriters**), who are acting as joint lead managers, bookrunners and underwriters to the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place from Wednesday, 11 May 2016 to Thursday, 12 May 2016.

Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Institutional Entitlements cannot be sold on ASX or NZX. As the Entitlement Offer is renounceable, Entitlements not taken up by eligible institutional shareholders by

³ Based on NZME post Demerger pro forma EBITDA of NZ\$67.5 million in FY15 and pro forma net debt of NZ\$102.2 million (before capitalised borrowing costs of NZ\$0.4 million). Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

⁴ The theoretical ex-rights price (**TERP**) 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. TERP is calculated by reference to APN's closing price of \$0.63 on 6 May 2016, being the last trading day prior to announcement of the Entitlement Offer.



the close of the Institutional Entitlement Offer, and Entitlements of ineligible institutional shareholders, will be offered for sale through an institutional shortfall bookbuild to be conducted on Thursday, 12 May 2016 (**Institutional Shortfall Bookbuild**). Any proceeds from the sale of institutional Entitlements under the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

APN shares have been placed in trading halt while the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia, New Zealand or Ireland on the Record Date will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 18 May 2016 and close at 5.00pm on Friday, 27 May 2016. Eligible retail shareholders will have the opportunity to participate at the same offer price and offer ratio as the Institutional Entitlement Offer.

Eligible retail shareholders will be allotted Entitlements (**Retail Entitlements**) which can be traded on ASX. Retail Entitlements will not be tradeable on NZX. If eligible retail shareholders do not wish to take up all or part of their Retail Entitlements they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring them directly to another person to realise value for those Retail Entitlements ahead of the Retail Shortfall Bookbuild (referred to below). Retail Entitlements can be traded on the ASX from Friday, 13 May 2016 to Friday, 20 May 2016.

Entitlements not taken up by the close of the Retail Entitlement Offer, and Entitlements of ineligible retail shareholders, will be offered for sale through a retail shortfall bookbuild to be conducted on Wednesday, 1 June 2016 (**Retail Shortfall Bookbuild**). Any proceeds from the sale of Retail Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

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. If holders of Retail Entitlements after the trading period ends do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements. In the event that holders are not able to take up their Retail Entitlements, those Retail Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. APN expects to lodge the Retail Offer Booklet with the ASX and NZX and dispatch the Retail Offer Booklet and personalised entitlement and acceptance forms to eligible retail shareholders on or about Wednesday, 18 May 2016. The Retail Offer Booklet will be made available on APN's website (www.apn.com.au).

Shareholder Enquiries

Retail shareholders who have questions relating to the Entitlement Offer should speak with their broker or adviser and/or call the APN Shareholder Information Line on:

- 1300 365 969 (from within Australia);
- 0800 729 276 (from within New Zealand);or
- +61 1300 365 969 (from outside Australia and New Zealand),

between 8.30am to 5.30pm (Sydney time) Monday to Friday from Wednesday, 11 May 2016 to Thursday, 9 June 2016 (inclusive).



Entitlement Offer Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Demerger and Entitlement Offer Trading halt commences Institutional Entitlement Offer opens	Wednesday, 11 May 2016
Institutional Entitlement Offer closes Institutional Shortfall Bookbuild	Thursday, 12 May 2016
Trading halt lifted Retail Entitlements commence trading on ASX (on deferred settlement basis) Record Date for the Entitlement Offer (7.00pm Sydney time)	Friday, 13 May 2016
Retail Entitlement Offer opens Retail Offer Booklet despatched	Wednesday, 18 May 2016
Retail Entitlements allotted Settlement of the Institutional Entitlement Offer	Thursday, 19 May 2016
Retail Entitlements commence trading on ASX on a normal settlement basis Retail Entitlements trading ends on ASX Issue and quotation of New Shares under the Institutional Entitlement Offer	Friday, 20 May 2016
Retail Entitlement Offer closes (5.00pm Sydney time)	Friday, 27 May 2016
Retail Shortfall Bookbuild	Wednesday, 1 June 2016
Settlement of the Retail Entitlement Offer	Monday, 6 June 2016
New Shares issued 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
Dispatch of holding statements for New Shares under the Retail Entitlement Offer	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 2001 (Cth), 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.



Further Information

APN is being advised by Grant Samuel and Baker & McKenzie.

Further details about the Demerger and Entitlement Offer are contained in a separate ASX announcement and investor presentation (**Investor Presentation**), and Explanatory Memorandum and Notice of Meeting lodged with the ASX and NZX today.

For further information:

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Not for distribution or release in the United States

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This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements or the New Shares may not be granted to, taken up by, or offered or sold to, directly or indirectly, 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 a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws. The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.



Forward looking statements

This announcement 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, or the Demerger. The forward looking statements contained in this announcement 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, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of the Investor Presentation for a summary of certain general and APN specific risk factors that may affect APN or an investment in APN.

There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Investor Presentation. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to APN as at the date of this announcement.

Except as required by law or regulation (including the ASX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.



FAIRFAX AND APN IN EXCLUSIVE DISCUSSIONS TO EXPLORE THE MERGER OF THEIR NEW ZEALAND BUSINESSES

SYDNEY, 11 May 2016: Fairfax Media Limited [ASX:FXJ] (**Fairfax**) and APN News & Media Limited [ASX, NZX:APN] (**APN**) today announced that they are in exclusive discussions to explore a merger between APN's New Zealand business (**NZME**) and Fairfax New Zealand.

If completed, the combined company will be a leading New Zealand media business, offering depth of news, sport and entertainment coverage across a diverse mix of channels including print, digital and radio.

The New Zealand businesses of NZME and Fairfax are, to a large extent, complementary. The expanded network of brands and channels would create an opportunity to deliver improved, innovative offerings to advertisers and audiences.

Fairfax Chief Executive Officer and Managing Director Greg Hywood said: "This is an important opportunity for all of our shareholders to be part of the future of content and journalism in New Zealand. The merger would enhance the position the businesses are in to continue to deliver high quality, local content to audiences now and in the future."

APN Chief Executive Officer Ciaran Davis added: "Along with the other initiatives APN announced this morning, the merger of NZME and Fairfax's NZ business provides an exciting opportunity for our shareholders, particularly our New Zealand shareholders, to participate in the creation of a leading media business for New Zealanders.

"The combination of these two businesses would provide the necessary capability to continue investing in high-quality local news, sport and entertainment at a time when advertiser commercial investment continues to fragment across international media platforms that do not invest in local content."

Simon Tong, the Managing Director of Fairfax NZ said: "As the tastes and habits of media consumers continue to evolve, so too do the needs of advertisers looking to reach these audiences. The depth and breadth of the combined business would be a win for audiences, and also enable us to create innovative solutions for advertisers based on the best of both of us."

Michael Boggs, Chief Executive of NZME added: "NZME has already demonstrated the significant benefits that can be achieved by combining news media, digital, ecommerce and radio operations. This merger offers a compelling opportunity to develop these important media brands in providing relevant and innovative news, sport and entertainment content for New Zealanders long into the future."

Transaction Structure

Fairfax and APN/NZME have commenced preliminary discussions around a potential transaction structure. The parties will continue to negotiate while APN continues to pursue its other strategic initiatives.

The transaction remains subject to agreement by the respective Boards of the businesses.

The discussions are subject to exclusivity provisions with standard fiduciary and other carve-outs.

Timetable and Approvals

The transaction is subject to all necessary regulatory consents, including New Zealand Commerce Commission (**NZCC**). The parties intend to work towards completion of the merger by the end of calendar 2016 subject to all approvals.

In addition to regulatory approvals, any necessary shareholder approvals will be sought at the appropriate time.

Fairfax and APN will keep shareholders informed of any material developments.

– ENDS –

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MARKET ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

APN SUCCESSFULLY COMPLETES INSTITUTIONAL ENTITLEMENT OFFER

Sydney, 13 May, 2016 – APN News & Media Limited [ASX, NZX: APN] (**APN**) today announced the successful completion of the institutional component of its fully underwritten 1 for 3 accelerated renounceable entitlement offer with retail entitlements trading (**Entitlement Offer**).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) had strong support from shareholders, raising approximately \$160 million from the issue of new fully paid ordinary shares in APN (**New Shares**) at a price of \$0.53 per New Share (**Offer Price**). This represents a take-up rate by eligible institutional shareholders of 95% of New Shares available under the Institutional Entitlement Offer.

The Institutional Entitlement Offer shortfall bookbuild attracted strong demand from both existing APN shareholders and other institutional investors, clearing at \$0.65 which represents a premium of \$0.12 above the Offer Price and a \$0.045 premium to the TERP price.

Eligible institutional shareholders who elected to not take up their entitlements and certain ineligible institutional shareholders will receive \$0.12 for each entitlement sold through the Institutional Entitlement Offer shortfall bookbuild, less any applicable withholding tax.

New Shares issued as part of the Institutional Entitlement Offer (including as part of the institutional shortfall bookbuild) are expected to be issued on Friday, 20 May and commence trading on the ASX and NZX on the same day.

Retail Entitlement Offer

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will open on Wednesday, 18 May 2016 and close at 5.00pm on Friday, 27 May 2016.

Eligible retail shareholders with a registered address in Australia, New Zealand or Ireland will be able to subscribe for 1 New Share for every 3 fully paid ordinary shares in APN held as at 7.00pm (Sydney time) on the record date of Friday, 13 May 2016, at the same offer price of \$0.53 per New Share as the Institutional Entitlement Offer.

Eligible retail shareholders will be allotted entitlements (**Retail Entitlements**) which can be traded on ASX from Friday, 13 May 2016 to Friday, 20 May 2016 under ASX code APNR from



Friday, 13 May 2016 on a deferred settlement basis and from Friday, 20 May 2016 on a normal settlement basis. The last day of Entitlements trading on the ASX is Friday, 20 May 2016. The Retail Entitlements will not be traded on NZX.

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. APN expects to lodge the Retail Offer Booklet with the ASX and NZX and dispatch the Retail Offer Booklet and personalised entitlement and acceptance forms to eligible retail shareholders on or about Wednesday, 18 May 2016. The Retail Offer Booklet will be made available on APN's website (www.apn.com.au).

Shareholder Enquiries

Retail shareholders who have questions relating to the Entitlement Offer should speak with their broker or adviser and/or call the APN Shareholder Information Line on:

- 1300 365 969 (from within Australia);
- 0800 729 276 (from within New Zealand); or
- +61 1300 365 969 (from outside Australia and New Zealand),

between 8.30am to 5.30pm (Sydney time) Monday to Friday through to Thursday, 9 June 2016 (inclusive).

For further information:

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Helen McCombie, Citadel, +61 411 756 248

Not for distribution or release in the United States

This announcement is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)). The announcement is not and should not be considered an offer or an invitation to acquire Entitlements or New Shares or any other financial products.

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements or the New Shares may not be granted to, taken up by, or offered or sold to, directly or indirectly, 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 a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws. The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

6 IMPORTANT INFORMATION

This Retail Offer Booklet (including the ASX and NZX announcements in Section 5) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by APN.

This Information is dated 18 May 2016 (other than the APN Investor Presentation, the Offer Launch Announcement, the Demerger Announcement, and the announcement of exclusive discussions between APN and Fairfax to explore a potential merger of their respective New Zealand businesses, published on the ASX and NZX websites on 11 May 2016 and the Institutional Offer Completion Announcement published on the ASX and NZX websites on 13 May 2016) and also available at www.apn.com.au. This Information remains subject to change without notice and APN is not responsible for updating this Information.

There may be additional announcements made by APN after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell or transfer or do nothing in respect of, your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by APN (by visiting the ASX website at www.asx.com.au, NZX website at www.nzx.com, or APN's website at www.apn.com.au) before submitting your application to take up your Entitlement, or selling or transferring your Entitlement.

No party other than APN has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risks" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet, any of which could affect the operating and financial performance of APN or the value of an investment in APN.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

TRADING OF ENTITLEMENTS AND NEW SHARES

It is expected that trading of Retail Entitlements on ASX will commence at 10.00am (Sydney time) on Friday, 13 May 2016 on a deferred settlement basis until 4.00pm (Sydney time) on Thursday, 19 May 2016 (when those Entitlements are expected to be allotted) and from 10.00am (Sydney time) on Friday, 20 May 2016 until 4.00pm (Sydney time) on Friday, 20 May 2016 on a normal settlement basis. The Entitlements will not be traded on the NZX. It is expected that trading on ASX and NZX of New Shares to be issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Wednesday, 8 June 2016 on a normal settlement basis.

APN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by APN or the APN Share Registry or otherwise or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

APN will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by APN or the APN Share Registry or otherwise or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker or other professional adviser.

6.1 ELIGIBLE RETAIL SHAREHOLDERS

This Information contains an offer of New Shares to Eligible Retail Shareholders in Australia, New Zealand and Ireland and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Friday, 13 May 2016;
- have a registered address on the APN Share Registry in Australia, New Zealand or Ireland;
- are not in the United States and are not 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);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. APN reserves the right to determine whether a shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

APN may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer or to other retail shareholders (subject to compliance with relevant laws).

APN has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia, New Zealand and Ireland, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. APN may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia, New Zealand and Ireland (except the United States) in accordance with applicable law.

6.2 ELIGIBLE INSTITUTIONAL SHAREHOLDERS

Eligible Institutional Shareholders are institutional shareholders to whom the Underwriters made an offer on behalf of APN under the Institutional Entitlement Offer.

Determination of eligibility of investors for the purposes of the Entitlement Offer, and in particular, the question as to whether an eligible shareholder is an Eligible Institutional Shareholder or an Eligible Retail Shareholder, is determined by reference to a number of matters, including legal requirements and the discretion of APN and the Underwriters. APN and the Underwriters, disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

6.3 RANKING OF NEW SHARES

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing shares. The rights and liabilities attaching to the New Shares are set out in APN's constitution, a copy of which is available at www.apn.com.au.

6.4 RISKS

The APN Investor Presentation details important factors and risks that could affect the financial and operating performance of APN. You should refer to the "Key Risks" section of the Investor Presentation released to ASX and NZX on Wednesday, 11 May 2016 which is included in Section 5 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

6.5 RECONCILIATION, TOP-UP SHARES AND THE RIGHTS OF APN AND THE UNDERWRITERS

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more APN shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. In addition, where trustees of APN's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding referred to in Section 6.8. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that APN may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

APN also reserves the right to reduce the size of an Entitlement or number of New Shares or the amount of the Institutional Premium or Retail Premium (if any), less any applicable withholding tax, allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if APN believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, APN may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing shares held by them or to purchase additional APN shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

Investors who sell Entitlements to which they are not entitled, or who do not hold sufficient Entitlements at the time required to deliver those Entitlements, may be required by APN to otherwise acquire Entitlements or Shares to satisfy these obligations.

By applying under the Entitlement Offer, including pursuant to acquisitions of Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by APN in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of APN or the Underwriters to require any of the actions set out above.

6.6 RECEIPT OF EXCESS RETAIL PREMIUM

If you receive a Retail Premium payment, less any applicable withholding tax, in excess of the Retail Premium payment to which you were actually entitled based on that part of your Entitlement under the Retail Entitlement Offer which remains held by you as at close of the Retail Entitlement Offer on 5.00pm (Sydney time) on Friday, 27 May 2016, then, in the absolute discretion of APN, you may be required to repay APN the excess Retail Premium.

By taking up or transferring your Entitlement, or accepting the payment to you of a Retail Premium, you irrevocably acknowledge and agree to repay any excess payment of the Retail Premium as set out above as required by APN in its absolute discretion. In this case the amount required to be repaid will be net of any applicable withholding tax. You also acknowledge that there is no time limit on the ability of APN to require repayment as set out above and that where APN exercises its right to correct your Entitlement, you are treated as continuing to have taken up, transferred, or not taken up any remaining part of the Entitlement.

6.7 NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

6.8 ROUNDING OFF ENTITLEMENTS

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

6.9 TRADING OF RETAIL ENTITLEMENTS

Entitlements under the Retail Entitlement Offer are tradeable and can be sold or transferred. The Entitlements will not be traded on the NZX. They are expected to be quoted on and tradeable on ASX from Friday, 13 May 2016 to Friday, 20 May 2016. You may sell your Entitlements (which you do not wish to take up or let be offered for sale in the Retail Shortfall Bookbuild) in order to realise value which may attach to those Entitlements if sold at that time. If you let your Entitlement be sold into the Retail Shortfall Bookbuild, you have the opportunity to receive any Retail Premium, less any applicable withholding tax (see Section 3.7). There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on ASX and the price able to be achieved.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of APN existing shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you decide not to take up all or part of your Entitlement, you should consider whether to sell all or part of your Entitlement or allow all or part of it to be offered for sale in the Retail Shortfall Bookbuild. Information on how Entitlements may be sold or transferred is set out in Section 3 and information on Australian taxation considerations is set out in Section 4.

Institutional Entitlements under the Institutional Entitlement Offer were not quoted on or tradeable on ASX nor privately transferable.

The Retail Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Retail Entitlements on ASX or otherwise, in order to take up or exercise those Retail Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder, a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'⁶; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Retail Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, they may receive no value for them.

⁶ Certain investors in a limited number of foreign jurisdictions (other than the United States) may be Eligible Persons if they satisfy the requirements of that expression as set out in the 'Entitlement and Acceptance Form' in respect of the Entitlement Offer which is available at www.apn.com.au.

6.10 NOTICE TO NOMINEES AND CUSTODIAN

If APN believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Institutional Shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not purchase, take up or exercise any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to purchase or trade Retail Entitlements on ASX or otherwise, or take up or exercise Retail Entitlements purchased on ASX or otherwise and may receive no value for any such Entitlements held.

APN is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. APN is not able to advise on foreign laws.

6.11 NOT INVESTMENT ADVICE

This Retail Offer Booklet is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. APN is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with APN's other periodic statements and continuous disclosure announcements lodged with ASX and NZX, which are available at www.apn.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or call the APN Shareholder Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside 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.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia, New Zealand or Ireland except (i) Australian, New Zealand and Irish nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the "International Offering Jurisdictions" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where APN may determine it is lawful and practical to make the Retail Entitlement Offer.

6.12 QUOTATION AND TRADING

APN has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. A separate application for quotation to NZX is not required by the NZX Listing Rules. If ASX does not grant quotation of the New Shares, APN will repay all Application Monies (without interest). Once issued, the New Shares will also be quoted on the NZX Main Board.⁷

Subject to approval being granted, it is expected that normal trading of New Shares issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Wednesday, 8 June 2016.

6.13 INFORMATION AVAILABILITY

If you are in Australia, New Zealand or Ireland, you can obtain a copy of this Retail Offer Booklet during the Entitlement Offer by calling the APN Shareholder Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside 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.

A replacement Entitlement and Acceptance Form can also be requested by calling the APN Shareholder Information Line.

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the APN website will not include an Entitlement and Acceptance Form.

⁷ NZX accepts no responsibility for any statement in this Retail Offer Booklet. The NZX Main Board is a licensed market operated by NZX Limited, a licensed market operator, regulated by the Financial Markets Conduct Act (2013) (New Zealand).

6.14 FOREIGN JURISDICTIONS

This Information has been prepared to comply with the requirements of the securities laws of Australia, New Zealand and Ireland. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia, New Zealand or Ireland, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand and Ireland.

The distribution of this Information (including an electronic copy) outside Australia, New Zealand and Ireland may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "Appendix 5: International Offering Jurisdictions" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

Entitlements and New Shares are not being offered to the public within New Zealand other than to existing shareholders of APN with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. It is not a product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. NZX accepts no responsibility for any statement in this Retail Offer Booklet. It is a term of this offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

United States

The Entitlements and New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Retail Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States. Neither the Entitlements nor the New Shares may be offered to or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Retail Entitlements and the New Shares in the Retail Entitlement Offer will be sold only in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

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 Entitlements and 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 (i) "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 150 natural or legal persons who are not qualified investors.

6.15 UNDERWRITING OF THE ENTITLEMENT OFFER

APN has entered into an underwriting agreement (**Underwriting Agreement**) with the Underwriters who have agreed to manage and underwrite the Entitlement Offer. As is customary with these types of arrangements:

- APN has agreed, subject to certain carve-outs, to indemnify each Underwriter, their respective affiliates and related bodies corporate and each of their respective directors, officers, and employees against all costs, claims, damages, liabilities or other losses or expenses of any kind it may suffer or incur in connection with the Entitlement Offer;
- APN and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;
- the Underwriters may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - any offer document (including this Retail Offer Booklet and all ASX announcements made in connection with the Entitlement Offer) omit certain material required by the Corporations Act, contain a statement which is misleading or deceptive or likely to mislead or deceive in a material respect, or the cleansing notice lodged by APN in respect of the Entitlement Offer is "defective" within the meaning of the Corporations Act;
 - there are certain delays in the timetable for the Entitlement Offer without each Underwriter's consent;
 - the S&P/ASX 200 Index closes on any 3 consecutive trading days in the period from and including the Institutional Trading Date until and including the Retail Settlement Date, at a level which is 15% or more below its level at market close on the Business Day immediately prior to the announcement of the Offer;
 - APN is removed from the official list of ASX, its shares are suspended from quotation, or approval for quotation of New Shares is not given by ASX;
 - there are material financial or economic disruptions in key markets or hostilities commence or escalate in certain key countries;
 - subject to certain qualifications, there is an adverse change in the assets, liabilities, financial position or performance, profits, losses, prospects or forecasts of APN, including from those respectively disclosed in the offer documents; or
 - APN withdraws from the Entitlement Offer.

Each Underwriter will be paid in equal portions:

- an underwriting fee of 1.45% (excluding GST) of the Entitlement Offer proceeds; and
- a management fee of 0.70% (excluding GST) of the Entitlement Offer proceeds;

APN may, in its absolute discretion, consider paying one or both of the Underwriters an incentive fee (in aggregate) of up to 0.35% (excluding GST) of the Entitlement Offer proceeds. Each Underwriter will also be reimbursed for certain expenses.

Neither the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. To the maximum extent permitted by law, each of the Underwriters and their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither each respective Underwriter nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by either Underwriter or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

APN will arrange for Entitlements which are not taken up by close of the Retail Entitlement Offer to be sold to eligible institutional investors. APN has engaged the Underwriters to assist in selling Entitlements to subscribe for New Shares (including Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer), through the Retail Shortfall Bookbuild. However, it is important to note that the Underwriters will be acting for and providing services to APN in this process and will not be acting for or providing services to shareholders or any other investor. Each Underwriter may also hold interests in the securities of APN or earn brokerage, fees or other benefits from APN. The engagement of each Underwriter by APN is not intended to create any agency, fiduciary or other relationship between either Underwriter and the shareholders or any other investor.

6.16 GOVERNING LAW

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.17 DISCLAIMER OR REPRESENTATIONS

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by APN, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of APN, nor any other person, warrants or guarantees the future performance of APN or any return on any investment made pursuant to this Information or its content.

6.18 WITHDRAWAL OF THE ENTITLEMENT OFFER

APN reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case APN will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, APN may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to APN will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to APN.

6.19 PRIVACY

As a shareholder, APN and the APN Share Registry have already collected certain personal information from you. If you apply for New Shares, APN and the APN Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, APN and the APN Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the APN Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handling of mail, or as otherwise under the Privacy Act 1988 (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) APN or the APN Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to APN through the APN Share Registry as follows:

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: +61 1800 502 355 (free call within Australia)

CORPORATE DIRECTORY

APN Shareholder Information Line

Within Australia: 1300 365 969
Within New Zealand: 0800 729 276
Outside Australia and New Zealand: +61 1300 365 969
Open between 8.30am to 5.30pm (Sydney time) Monday to Friday

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