Investor Presentation 2016

APN NEWS & MEDIA

APN NEWS & MEDIA LIMITED
ABN 95 008 637 643

Demerger of NZME and Entitlement Offer

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AGENDA

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 ASX[1]
- 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 people[2]
- 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 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

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

2. STRATEGIC CONTEXT

ARN / Adshel	• High growth media sectors
	• Strong performing assets
	• Leading brands, national presence
	• Positive outlook
		• Investments being made
		  • Content and talent
		  • Attract younger audiences
		  • AU and NZ digitisation
		• Integration opportunities to drive revenue

NZME	• Transformation progressing to plan • Financial/operating targets delivered to date • Repositioned in NZ media landscape	• 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
ARM	• Stable audience • Challenging environment • Transition to digital content • New revenue streams	• Investment required to stabilise business • APN investment decisions focused on growth opportunities • Process to divest ARM progressing

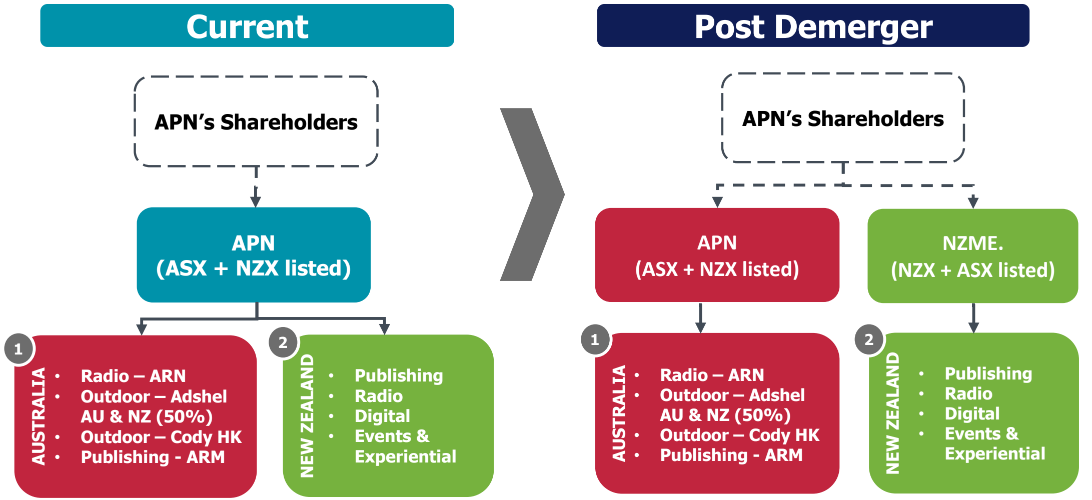
2. DEMERGER RATIONALE

- Demerger will create two independent and focused companies
  - APN – a growth oriented media and entertainment company consisting of ARN, Australia's leading metropolitan radio network[1], Adshel, #1 street furniture advertising network in Australia and New Zealand[2], 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



FY15
Revenue[3] – $850.0m
EBITDA[4] – $166.2m

Pro Forma FY15
Revenue[3] – $447.5m
EBITDA[4] – $98.8m

Pro Forma FY15
Revenue[3] – NZ$433.0m
EBITDA[4] – NZ$67.5m[5]

- Shares in NZME to be distributed to eligible shareholders on the basis of 1 NZME share for 1 APN share[1]
- 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 relief[2]
- 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 xxii 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)

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 outdoor[1]
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 NPAT[2]

(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

3. BRANDS AND POSITIONING

Leading brands and positions

Radio	arn	• #1 metropolitan FM radio network in Australia in 2015 by audience[1] • KIIS #1 radio network in Australia[2]
	iHeartRADIO	• 527,000 registered users in Australia • 803,000 mobile downloads
	emotive	• Award winning content marketing agency
Outdoor	ADSHEL	• #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
	cody OUT OF HOME	• 600 billboards • 1,200 bus multimedia installations
Publishing	AUSTRALIAN REGIONAL MEDIA	• 1.6 million unique readers each week[3] • 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 2105; 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]

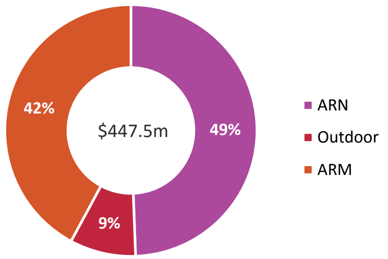
	FY13	FY14	FY15
Revenue	414.2	432.9	447.5
Growth (%)		*4.5%*	*3.4%*
EBITDA	87.7	91.6	98.8
EBITDA margin (%)	*21.2%*	*21.2%*	*22.1%*
Depreciation and Amortisation			(13.3)
EBIT			85.5
Net Profit (after minorities)			49.8
Capital expenditure	6.9	7.0	13.6

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

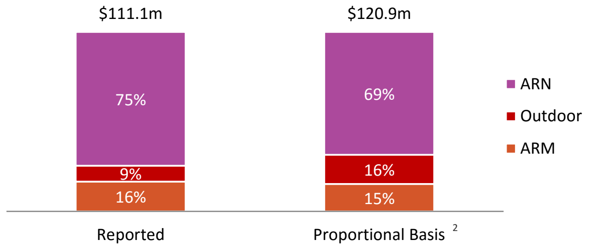
Key Highlights

- 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 outdoor[1]

Segment Revenue – Pro forma FY15



Segment EBITDA[1] – 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

Grow audience base	• 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
Expansion of digital and data capabilities	• 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
Diversifying revenues	• Focus on content marketing offering through Emotive • Acceleration of iHeartRadio commercialisation strategies • Rebuild Cody business in Hong Kong to diversify revenues and offering
Optimising integration	• 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 Zealanders[1]
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 NPAT[2]

(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

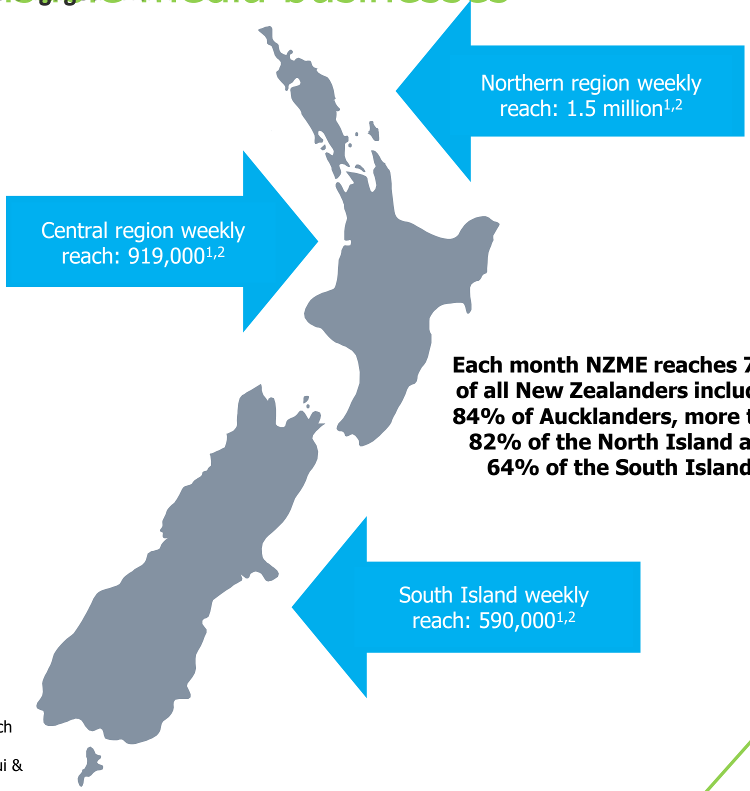
(2) Subject to appropriate leverage and other strategic priorities. Dividend policy subject to review by NZME Board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position 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

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

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

- 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 Zealanders[1]
- By 9am more than 72% of Aucklanders are likely to have read, watched, listened to or otherwise engaged with NZME[1]
- 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**



Each month NZME reaches 78% of all New Zealanders including 84% of Aucklanders, more than 82% of the North Island and 64% of the South Island[1]

(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 Engagement[1]

NZME. NEWS

2.3 MILLION PEOPLE ENGAGE WITH OUR NEWS CONTENT EACH MONTH

NZME. SPORT

OUR SPORTS BRANDS ENGAGE WITH 1 MILLION PEOPLE EACH MONTH

NZME. ENTERTAINMENT

IN ENTERTAINMENT WE ENGAGE WITH 2.4 MILLION PEOPLE EACH MONTH

Recognised brands[2]

The New Zealand Herald — **#1 Read Newspaper**

Newstalk ZB — **#1 News Radio Station**

Radio Sport — **#1 Sports Radio Station**

Coast — **#1 Music Radio Station**

(1) Source: Nielsen CMI, February 2016 fused database. Print and Radio based on weekly cume, 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]

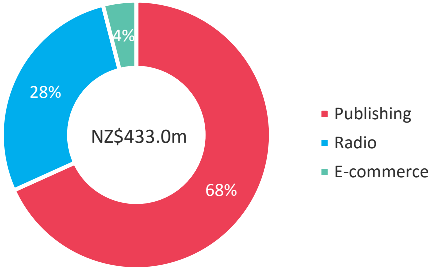
	FY13	FY14	FY15
Revenue	449.1	445.9	433.0
Growth (%)		*(0.7)%*	*(2.9)%*
EBITDA[2]	80.8	73.8	67.5
EBITDA margin (%)	*18.0%*	*16.5%*	*15.6%*
Depreciation and Amortisation			(23.7)
EBIT			43.8
Net Profit			27.5
Capital expenditure	10.8	14.6	18.5

(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

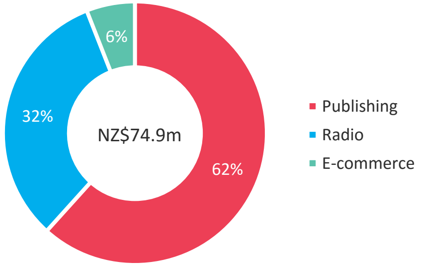
Key Highlights

- 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 EBITDA[1] – Pro forma FY15

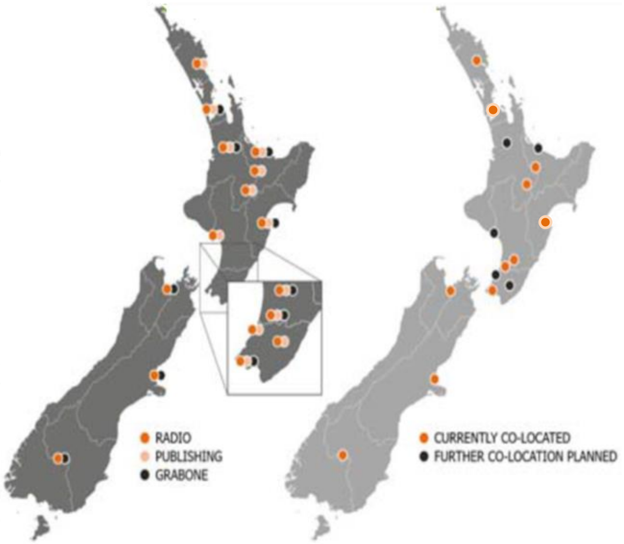


(1) Before allocation of certain income and expenses that have historically been recorded by APN that are attributable to NZME of NZ$2.4 million (net), incremental stand-alone costs of NZ$5.1 million and exceptional items

4. TRANSFORMATION

NZME’s transformation is on track

Target	Achieved
• Deliver FY15 EBITDA of NZ$70.8 million[1]	• NZ$74.9 million delivered[2]
• Merge three businesses into one	• 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
• Generate over NZ$55 million of annual revenue from digital and other growth channels in FY15	• Over NZ$59 million generated • 33% growth in digital publishing revenue
• Deliver cost savings of NZ$18 million	• 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	• 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	• 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	• 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

5. ENTITLEMENT OFFER SUMMARY

Offer structure and size	• Fully underwritten accelerated renounceable entitlement offer with retail entitlements trading to raise approximately $180 million ("Entitlement Offer") • Eligible shareholders entitled to 1 New Shares 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	• $0.53 per New Share ("Offer Price") • 12.4% discount to theoretical ex-rights price (TERP)[1] of $0.605
Institutional Entitlement Offer	• 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 May[2]
Retail Entitlement Offer	• 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 June[2]
Ranking	• 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	• 7.00pm (Sydney time) on 13 May 2016
Use of funds	• 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

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)	-	60.6
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 debt[4]	**477.2**		**302.3**				**207.7**
Net debt[4]	**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 basis[5]	**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

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

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

Appendix 1 – Financial Information

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 proforma 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;

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.

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.

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 year [3]			**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 $8 million with revenues of $18.7 million

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

FINANCIAL INFORMATION

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

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

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.

FINANCIAL INFORMATION

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**

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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**

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

Appendix 2 – Share Consolidation

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 million[1]
- 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

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Appendix 5 – International Offering Jurisdictions

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.

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(l) of the Prospectus Regulations.

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. 1197l"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the 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.

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.

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.

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.