

APN News & Media Limited

# Retail Offer Booklet



**5 for 13 pro rata accelerated renounceable entitlement offer of APN ordinary shares at an offer price of A\$2.45 per New Share.**

**This offer closes at 5.00pm (Sydney time) on Thursday, 17 November 2016.**

**APN News & Media Limited**  
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Sydney NSW 2011

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the Corporations Act 2001 (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, solicitor, accountant, financial adviser or other professional adviser or the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday, if you have any questions.



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

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Retail Offer Booklet relates to the Retail Entitlement Offer which is part of the offer by APN of New Shares to raise approximately \$273 million. The Retail Entitlement Offer is being made in Australia pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), which allows entitlement offers to be made to retail investors without a prospectus). The Retail Entitlement Offer is also being made to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand), allowing this Retail Offer Booklet to be prepared in compliance with Australian law and not requiring an investment statement, prospectus or product disclosure statement under New Zealand law.

As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about APN and the Retail Entitlement Offer that is made publicly available. In particular, please refer to the materials in this Retail Offer Booklet (including the Investor Presentation and ASX and NZX Announcements in Section 5, APN's annual reports and other announcements made available at [www.apn.com.au](http://www.apn.com.au) (including APN's 2016 Half Year Results Presentation which was released to the ASX and NZX on 26 August 2016 and APN's 2015 Annual Report which was released to the ASX and NZX on 24 March 2016) and announcements which may be made by APN after publication of this Retail Offer Booklet.

### Future performance and forward looking statements

This Retail Offer Booklet contains certain "forward looking statements", including but not limited to projections and guidance on the future performance of APN and the outcome and effects of the Entitlement Offer and Acquisition. Forward

## IMPORTANT NOTICE

looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "potential", and other similar expressions within the meaning of securities laws of applicable jurisdictions.

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

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

### Past performance

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

### Jurisdictions

This Retail Offer Booklet, the ASX and NZX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase New Shares pursuant to the offer described in this Retail Offer Booklet nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be issued to, purchased by, or taken up or exercised by, and the New Shares may not be

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

### Withholding tax

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

### References to "you" and "your Entitlement"

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

### Times and dates

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

### Currency

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

### Trading Entitlements and New Shares

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

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

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

Refer to Section 6 for details.

## KEY DATES FOR THE RETAIL ENTITLEMENT OFFER

Event	Date
Announcement of the Entitlement Offer	Tuesday, 25 October 2016
Record Date for eligibility for the Entitlement Offer	7.00pm, Thursday, 27 October 2016
Retail Entitlements commence trading on ASX on a deferred settlement basis	Thursday, 27 October 2016
Retail Offer Booklet despatched	Wednesday, 2 November 2016
Retail Entitlement Offer opens	Wednesday, 2 November 2016
Retail Entitlements allotted	Thursday, 3 November 2016
Retail Entitlements commence trading on ASX on a normal settlement basis	Thursday, 3 November 2016
Retail Entitlements trading on ASX ends	Thursday, 10 November 2016
New Shares commence trading on ASX on a deferred settlement basis <sup>1</sup>	Friday, 11 November 2016
Retail Entitlement Offer closes (5.00pm Sydney time) <sup>2</sup>	Thursday, 17 November 2016
Expected Retail Shortfall Bookbuild date	Tuesday, 22 November 2016
Settlement of the Retail Entitlement Offer	Friday, 25 November 2016
Issue of New Shares under the Retail Entitlement Offer	Monday, 28 November 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	Tuesday, 29 November 2016
Despatch of holding statements for New Shares	Tuesday, 29 November 2016
Retail Premium (if any) despatched	Tuesday, 29 November 2016

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

The commencement of quotation of Entitlements and New Shares is subject to confirmation from ASX. Entitlements will not be traded on the NZX.

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

### ENQUIRIES

If you have any questions, please contact the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

1. Following the conclusion of Retail Entitlements trading, New Shares under the Retail Offer commence trading on a deferred settlement basis.  
 2. Eligible Retail Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite accompanying payment (**Application Monies**) OR pay their Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form, so that they are received by the APN Share Registry by no later than 5.00pm (Sydney time) on Thursday, 17 November 2016. Eligible Retail Shareholders should refer to Section 2 for options available to them to deal with their Entitlement.

## LETTER FROM CHAIRMAN

2 November 2016

Dear Shareholder,

On behalf of APN, I am pleased to invite you to participate in a fully underwritten 5 for 13 pro-rata accelerated renounceable entitlement offer of new ordinary shares in APN (**New Shares**) at an offer price of A\$2.45 per New Share (**Offer Price**) to raise gross proceeds of approximately A\$201 million (**Entitlement Offer**).

### CAPITAL RAISING AND ACQUISITION OF ADSHEL

On Tuesday, 25 October 2016, APN announced its intention to raise approximately A\$273 million by way of the A\$201 million Entitlement Offer and a fully underwritten A\$72 million placement of New Shares to institutional investors at the Offer Price (**Institutional Placement**) and (together, the **Capital Raising**).

As further announced on Tuesday, 25 October 2016, APN has acquired the remaining 50% of Adshel that it did not already own (the **Acquisition**). APN effected the transaction by acquiring Clear Channel Outdoor Pty Limited, whose sole asset was its 50% stake in Adshel Street Furniture Pty Limited (**Adshel**).

Proceeds of the Capital Raising will be used to fund the Acquisition. The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) and the Institutional Placement (together the **Institutional Offer**) were completed on Wednesday, 26 October 2016 and raised approximately A\$254 million.

Adshel is a leading out-of-home media company, with a #1 position in street furniture in Australia and New Zealand. It allows advertisers across Australia and New Zealand to connect, engage and influence commuters where they work, live, shop and play. Originally formed in 1997 as a joint venture between APN News & Media and Clear Channel Outdoor, today Adshel is one of the most recognised names in street furniture and a key player in the out-of-home media market.

APN's ownership of 100% of Adshel will allow the Adshel management team to drive the strategic direction of the business and pursue opportunities that facilitate growth. This will include a continued focus on innovation and the progressive digitisation of the portfolio.

The Acquisition of the remaining 50% of Adshel places APN in a stronger position in the Australian media industry and continues the significant transformation of the business by creating a unique proposition with an integrated radio/ outdoor/ mobile and video offering.

The demands of advertisers are changing rapidly and this transaction will increase APN's effectiveness of implementing integrated marketing campaigns across all the divisions providing scale, short-form content creation, mobile and video engagement, geo-targeting and location based data and accountability.

APN entered into a Debt Bridge Facility which was drawn to partially fund the upfront payment of the purchase consideration, which is expected to be repaid from the proceeds of the Capital Raising.

### ACQUISITION OF CONVERSANT MEDIA

APN has also entered into a binding agreement to acquire Conversant Media, which will facilitate the growth of APN's audience base through an enhanced content offering and diversification of revenues into the growing revenue streams of mobile, social and video. Subject to the satisfaction of certain conditions, this acquisition is expected to complete at the end of October 2016.

Further details regarding the acquisitions of Adshel and Conversant Media are set out in section 5 of this Retail Offer Booklet.

### INSTITUTIONAL PLACEMENT

The A\$72 million Institutional Placement was conducted under a bookbuild on 25 October 2016 and included:

- an issue of A\$43 million of New Shares to UBS at the Offer Price, which were issued and paid for on 25 October 2016 (**Accelerated Placement**). These New Shares were immediately offered for sale by UBS to institutional investors as part of the bookbuild and were entitled to participate in the Institutional Entitlement Offer; and
- an offer of A\$29 million New Shares to institutional investors, which were not entitled to participate in the Entitlement Offer. New Shares under this component of the Institutional Placement were issued today (2 November 2016).

### ENTITLEMENT OFFER

Under the Entitlement Offer, eligible shareholders are entitled to acquire 5 New Shares for every 13 existing APN shares held on the Record Date at 7.00pm Sydney time on Thursday, 27 October 2016 (**Record Date**) (**Entitlement**).

The Offer Price of A\$2.45 per New Share represents a 27.5% discount to APN's closing price on 24 October 2016 of \$3.38 and a 20.1% discount to the theoretical ex-rights price of \$3.07<sup>3</sup>. New Shares issued through the Entitlement Offer will rank equally with existing APN shares in all respects.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) is fully underwritten and is expected to raise gross proceeds of approximately \$19 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**). This Retail Offer Booklet contains important information about the Retail Entitlement Offer and APN's business.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up in whole or part, sell or transfer, or do nothing, in respect of your Entitlement (see Section 3).

3. The theoretical ex-rights price (**TERP**) is the theoretical price at which APN shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APN shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to APN's closing price of \$3.38 per share on 24 October 2016, being the last trading day prior to the announcement of the Entitlement Offer. TERP has been calculated to include the New Shares issued under the Accelerated Placement as they were issued on a 'cum entitlement' basis.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Thursday, 17 November 2016. To participate, you will need to complete and return your personalised Entitlement and Acceptance Form together with the requisite accompanying payment (**Application Monies**), or alternatively pay your Application Monies using BPAY® so that they are received by the APN Share Registry by 5.00pm (Sydney time) on Thursday, 17 November 2016. If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on the ASX from Thursday, 27 October 2016 to Thursday, 10 November 2016, or transfer all or part of your Entitlement directly to another person. The assignment, transfer and exercise of Retail Entitlements is restricted to persons meeting certain eligibility criteria, as described in Section 6.9. If holders of Retail Entitlements at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements and, as a result, they may receive no value for them. If you choose to do nothing in respect of all or a part of your Entitlement, part or all (as applicable) of your Entitlement will be offered for sale for your benefit through a bookbuild process on Tuesday, 22 November 2016 (**Retail Shortfall Bookbuild**). In this case, you will receive the amount paid (if any) in respect of the Entitlements sold to investors in the Retail Shortfall Bookbuild (**Retail Premium**), less any applicable withholding tax as described in Section 3.7. The Entitlements will not be traded on the NZX.

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

If you have any questions in respect of the Entitlement Offer, please call the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

On behalf of the Board and management team of APN I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully,



**Peter Cosgrove**  
Chairman  
APN News & Media Limited

## 1 IS THIS RETAIL OFFER BOOKLET RELEVANT TO YOU?

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

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

**Eligible Retail Shareholders** are those persons who:

- are registered as a holder of APN shares as at the Record Date, being 7.00pm (Sydney time) on Thursday, 27 October 2016;
- have a registered address on the APN Share Register in Australia, New Zealand or Ireland;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds APN ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Refer to Section 6.1 for further details.

## 2 SUMMARY OF OPTIONS AVAILABLE TO YOU

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

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

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

Options available to you	Key considerations
<b>1. Take up all or part of your Entitlement</b>	<p>You may elect to purchase New Shares at the Offer Price (see Section 3.5 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing APN shares.</p> <p>The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Thursday, 17 November 2016.</p> <p>If you only take up part of your Entitlement, you may choose to sell or transfer the balance (see Option 2 below) or you may do nothing and let the balance be offered for sale in the Retail Shortfall Bookbuild for your benefit (see Option 3 below).</p> <p>Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlement as set out in their personalised Entitlement and Acceptance Form.</p>
<b>2. Sell all or part of your Entitlement</b>	<p>If you do not wish to take up all or part of your Entitlement, you may be able to sell all or part of your Entitlement on the ASX through your broker (see Section 3.5) or transfer your Entitlement directly to another person (see Section 3.5).</p> <p>Retail Entitlements may be traded on the ASX from Thursday, 27 October to Thursday, 10 November 2016 (ASX code: APNRA). You may incur brokerage costs if you sell all or part of your Entitlement on the ASX.</p> <p>Retail Entitlements will not be tradeable on the NZX. However, Eligible Retail Shareholders from New Zealand should contact their broker if they wish to sell their Entitlements on the ASX.</p> <p>If you hold your existing shares on capital account, the proceeds of any sale of the Retail Entitlement should be treated as capital gains for Australian income tax purposes (see Section 4.2).</p> <p>Prices obtained for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on the ASX and the value of APN existing shares relative to the Offer Price. If you sell your Entitlement in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild. You will also forgo any exposure to increases or decreases in the value of New Shares had you taken up that Entitlement. Your percentage shareholding in APN will also be diluted.</p> <p>If you only sell part of your Entitlement, you may choose to take up the remainder (see Option 1) or you may do nothing and let that part be offered for sale in the Retail Shortfall Bookbuild for your benefit (see Option 3 below).</p>
<b>3. Do nothing and let all or part of your Entitlement be offered for sale in the Retail Shortfall Bookbuild</b>	<p>To the extent you do not take up all of your Entitlement (or do not sell all of your Entitlement on the ASX or via direct transfer), your Entitlements will be offered for sale on your behalf in the Retail Shortfall Bookbuild on or around Tuesday, 22 November 2016 and you will receive the Retail Premium (if any), less any applicable withholding tax, in respect of these Entitlements (see Section 3.5). There is no guarantee that there will be any Retail Premium.</p> <p>The Australian Taxation Office (ATO) has stated in Taxation Ruling TR 2012/1 that in certain circumstances retail premiums will be taxed either as unfranked dividends (which may be subject to dividend withholding tax if you are not an Australian resident shareholder) or as ordinary income (and not as capital gains). The ATO's ruling does not apply to the Entitlements because amongst other things, the Entitlements are tradeable on the ASX.</p> <p>APN's tax advisor considers that any Retail Premium should be taxable in the hands of Eligible Retail Shareholders who hold their existing shares on capital account as a capital gain (see Section 4.2). However, it is possible the ATO could seek to apply the tax treatment specified in Taxation Ruling TR 2012/1 to Entitlements sold via the Retail Shortfall Bookbuild. You will not incur brokerage costs on any Retail Premium received from the Retail Shortfall Bookbuild.</p> <p>By letting your Entitlement be offered for sale in the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on the ASX or otherwise). Your percentage shareholding in APN will also be diluted.</p>



## 3 HOW TO APPLY

### 3.1 OVERVIEW OF THE ENTITLEMENT OFFER

Eligible shareholders are being offered the opportunity to purchase 5 New Shares for every 13 existing APN shares held as at the Record Date of 7.00pm (Sydney time) on Thursday, 27 October 2016, at the Offer Price of A\$2.45 per New Share.

The Entitlement Offer is comprised of four components.

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders (as defined in Section 6.2) were given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were renounceable and were not able to trade on the ASX. Approximately 99% of Institutional Entitlements were taken up by Eligible Institutional Shareholders and this process was completed on Wednesday, 26 October 2016;
- **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up and Entitlements of ineligible institutional shareholders were sold through a bookbuild process on Wednesday, 26 October 2016 (**Institutional Shortfall Bookbuild**). The premium paid in respect of those Entitlements was \$0.56 per Entitlement (**Institutional Premium**). Eligible Institutional Shareholders who elected not to take up all or part of their Institutional Entitlements, and ineligible institutional shareholders, will receive the Institutional Premium for each Entitlement that was not taken up and that was sold in the Institutional Shortfall Bookbuild;
- **Retail Entitlement Offer** – Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer (**Retail Entitlement**) which can be taken up in whole or in part, or traded on the ASX (or transferred directly to another person) in whole or in part. This means that if you do not wish to take up all or part of your Retail Entitlement you may sell on the ASX or transfer all or part of your Retail Entitlement in order to realise value from your Retail Entitlement. You may incur brokerage costs if you sell your Retail Entitlement on the ASX; and
- **Retail Shortfall Bookbuild** – Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders will be offered for sale through the Retail Shortfall Bookbuild. Any Retail Premium, less any applicable withholding tax, will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium, if any, is expected to be paid on or about Tuesday, 29 November 2016.

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

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

### 3.2 THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 5 New Shares for every 13 existing APN shares held as at the Record Date at the Offer Price of A\$2.45 per New Share.

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

The Retail Entitlement Offer opens at 9.00am (Sydney time) Wednesday, 2 November 2016 and will close at 5.00pm (Sydney time) on Thursday, 17 November 2016.

### 3.3 YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 5 New Shares for every 13 existing shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

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

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

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

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

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

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



### 3.5 OPTIONS AVAILABLE TO YOU

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

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

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

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

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

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

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

so that they are received by the APN Share Registry, by no later than 5.00pm (Sydney time) on Thursday, 17 November 2016.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Monday, 28 November 2016. APN's decision on the number of New Shares to be issued to you will be final.

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

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

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

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

Entitlement trading on the ASX starts on a deferred settlement basis at 10.00am (Sydney time) on Thursday, 27 October 2016 (ASX code: APNRA) and ceases at 4.00pm (Sydney time) on Thursday, 10 November 2016. There is no guarantee that there will be a liquid market for Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on the ASX and the price you may be able to achieve.

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

This Retail Offer Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Wednesday, 2 November 2016.

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

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

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

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

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

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

You can obtain a Renunciation and Acceptance Form through the APN Shareholder Information Line on 1300 494 781 (within Australia), or +61 1300 494 781 (outside Australia), or 0800 729 276 (within New Zealand), between 8.30am and 5.30pm (Sydney time), Monday to Friday, or from your stockbroker. The Renunciation and Acceptance Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the APN Share Registry at the mail or hand delivery address in Section 3.9 no later than 5.00pm (Sydney time) on Thursday, 17 November 2016.

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

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

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

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

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

#### **If you wish to let your Entitlement be offered for sale in the Retail Shortfall Bookbuild**

Any of your Entitlements which you do not take up, sell or transfer will be offered for sale in the Retail Shortfall Bookbuild on or about Tuesday, 22 November to Eligible Institutional Investors. You will receive the Retail Premium (if any), less any applicable withholding tax, in respect of those Entitlements sold through the Retail Shortfall Bookbuild (see Section 3.7).

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

#### **3.6 INELIGIBLE RETAIL SHAREHOLDERS**

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

#### **3.7 RETAIL SHORTFALL BOOKBUILD**

Retail Entitlements which are not taken up by close of the Retail Entitlement Offer, and Retail Entitlements of Ineligible Retail Shareholders, will be offered for sale in the Retail Shortfall Bookbuild. Any Retail Premium (being any amount paid in respect of those Entitlements sold into the Retail Shortfall Bookbuild) will be remitted proportionally to such shareholders on or about Tuesday, 29 November 2016, net of any applicable withholding tax.

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

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

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

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

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

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

### 3.8 PAYMENT

You can pay in the following ways:

- by BPAY®; or
- by cheque.

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

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

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

#### Payment by BPAY®

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

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

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

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

It is your responsibility to ensure that your BPAY® payment is received by the APN Share Registry by no later than 5.00pm (Sydney time) on Thursday, 17 November 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make your payment.

#### Payment by cheque

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

Your cheque must be:

- for an amount equal to A\$2.45 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars or Euros. New Zealand and Irish resident shareholders must arrange for payment to be made in Australian dollars.

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

### 3.9 MAIL OR HAND DELIVERY

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Sydney time) on Thursday, 17 November 2016. If you make payment via cheque you should mail or hand deliver your completed personalised Entitlement and Acceptance Form together with Application Monies to:

#### Mailing Address

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

#### Hand Delivery Address

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

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

### 3.10 REPRESENTATIONS BY ACCEPTANCE

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

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and APN's constitution;
- authorise APN to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once APN receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided, except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise APN, each Underwriter, the APN Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the APN Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that:
  - determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of APN and/or the Underwriters;
  - each of APN and the Underwriters, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- represent and warrant (for the benefit of APN, the Underwriters and each of their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an ineligible institutional shareholder under the Institutional Entitlement Offer and are otherwise eligible to participate in the Retail Entitlement Offer;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in APN and is given in the context of APN's past and ongoing continuous disclosure announcements to the ASX and NZX;
- acknowledge the statement of risks in the "Key Risks" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet and that investments in APN are subject to risk;
- acknowledge that none of APN, each Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of APN, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of shares on the Record Date;
- authorise APN to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (to the extent such person holds APN ordinary shares for the account or benefit of such person in the United States);
- you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;



- you are subscribing for or purchasing an Entitlement or New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia, New Zealand and Ireland; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia, New Zealand or Ireland and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

### **3.11 REPRESENTATIONS BY ACQUIRERS OF RETAIL ENTITLEMENTS**

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

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

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

- must be an Eligible Retail Shareholder, a resident in Australia, New Zealand or Ireland, or otherwise qualify as an 'Eligible Person<sup>4</sup>'; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

### **3.12 ENQUIRIES**

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser, or other professional adviser.

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

## 4 AUSTRALIAN TAX CONSIDERATIONS

### 4.1 INTRODUCTION

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

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

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

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

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

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

### 4.2 INCOME TAX CONSEQUENCES OF ENTITLEMENTS

#### Australian resident shareholders

##### a) Issue of Entitlements

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

##### b) Exercise of Entitlements

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

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

##### c) Sale on the ASX or transfer of Entitlements

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

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

Shareholders will be treated as having acquired their Entitlements on the same date they acquired the shares which gave rise to the Entitlements. This means that if a qualifying shareholder (an individual trust or complying superannuation fund) has held their shares for at least 12 months prior to the date of sale or transfer of their Entitlements, they should be entitled to discount the amount of any capital gain resulting from the sale of the Entitlements (after the application of any current year or carry forward capital losses). The amount of this discount is 50% for individuals and trustees and 33⅓% for complying superannuation entities. This is referred to as the 'CGT discount'. The CGT discount is not available for companies that are not trustees. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of discount capital gains.

##### d) Sale of Entitlements through Retail Shortfall Bookbuild

Retail shareholders who do not or cannot exercise, sell or transfer their Entitlements will have their Entitlements offered for sale on their behalf in the Retail Shortfall Bookbuild on or around Tuesday, 22 November 2016 and any amount paid for the Entitlement will be remitted to them as a Retail Premium.

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

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

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

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

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

The ATO has recently published a listing of all matters for which it is currently drafting public advice and guidance on (refer to below link). Of particular note is that the ATO is drafting guidance with respect to the Australian income taxation considerations of a renounceable rights issue, particularly in relation to the income tax consequences for shareholders (including resident and non-resident shareholders) who receive a retail premium. Any guidance that the ATO issues should be monitored to determine what (if any) impact it has on APN's shareholders.

([https://www.ato.gov.au/general/ato-advice-and-guidance/advice-under-development-program/advice-under-development---international-issues/#BK\\_3764Renounceablerightsissuesforreside](https://www.ato.gov.au/general/ato-advice-and-guidance/advice-under-development-program/advice-under-development---international-issues/#BK_3764Renounceablerightsissuesforreside))

## **Non-Australian resident shareholders**

### **a) Issue of Entitlements**

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

### **b) Exercise of Entitlements**

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

### **c) Sale on the ASX or transfer of Entitlements**

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

### **d) Sale through Retail Shortfall Bookbuild**

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

As noted above in this Section 4.2, any guidance that the ATO issues with respect to the income tax treatment for a non-resident shareholder who receives a retail premium under a renounceable right issue should be monitored to determine what (if any) impact it has on APN's shareholders.

## **4.3 INCOME TAX CONSEQUENCES OF NEW SHARES**

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

### **Australian resident shareholders**

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

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

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

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

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

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

#### **Non-Australian resident shareholders**

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

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

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

#### **4.4 PROVISION OF TFN OR ABN**

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

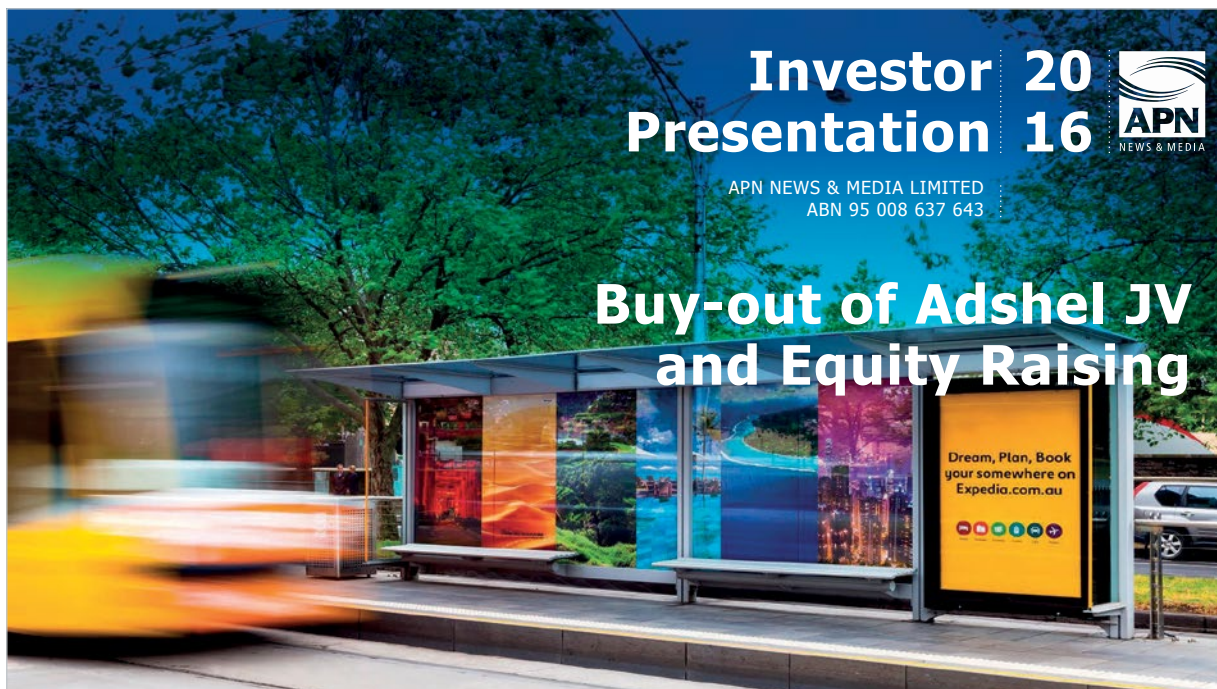
A shareholder is not required to provide their TFN or ABN to APN.

#### **4.5 OTHER AUSTRALIAN TAXES**

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



## 5 ASX AND NZX ANNOUNCEMENTS



### IMPORTANT NOTICE & DISCLAIMER



This investor presentation ("**Presentation**") has been prepared by APN News & Media Limited (ABN 95 008 637 643) ("**APN**" and "**Company**"). This Presentation has been prepared in connection with the acquisition of the 50% interest in the Adshel joint venture that APN does not already own ("**Acquisition**") and in relation to an accelerated institutional placement ("**Institutional Placement**") and pro rata renounceable entitlement offer ("**Entitlement Offer**") of new APN ordinary shares ("**New Shares**") (the Institutional Placement and Entitlement Offer are together the "**Offer**"). The Institutional Placement is being conducted under section 708A of the Corporations Act 2001 (Cth) ("**Corporations Act**") and the Entitlement Offer is being made to: eligible institutional shareholders of APN ("**Institutional Entitlement Offer**") and eligible retail shareholders of APN ("**Retail Entitlement Offer**"), under section 708AA of the Corporations Act 2001 (Cth) ("**Corporations Act**") as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and any other relief obtained in relation to the Entitlement Offer.

#### Summary information

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

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The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see "**International Offering Jurisdictions**"). By accepting this Presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

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This Presentation does not constitute financial product or investment advice (nor tax, accounting or legal advice) nor is it a recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. This Presentation has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. APN is not licensed to provide financial product advice in respect of APN shares. Cooling off rights do not apply to the acquisition of New Shares.

### Financial data

All dollar values are in Australian dollars ("A\$") unless otherwise stated. APN operates on a December financial year end and references to "FY" are based on the period to December unless otherwise indicated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of APN's (or anyone else's) views on APN's future financial condition and/ or performance.

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

### Past Performance

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

### Future performance

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

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

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

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## IMPORTANT NOTICE & DISCLAIMER



### Effect of rounding

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

### Investment risk

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

Neither the underwriters nor any of their affiliates or their respective related bodies corporate, or any of their respective directors, officers, partners, employees and agents ("Underwriter Group") have caused or authorised the issue, submission, dispatch or provision of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the offer of New Shares (as defined in this Presentation) referred to in this Presentation. None of APN's advisors or the Underwriter Group makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by them. Further, no member of the Underwriter Group accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the offer of New Shares or otherwise. Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of APN and the underwriters. APN and the underwriters disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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## 1. TRANSACTION OVERVIEW



### Accelerating APN's growth strategy

<b>Buy-out of Adshel Joint Venture</b>	<ul style="list-style-type: none"> <li>▪ APN has entered into binding agreements with a subsidiary of Clear Channel Outdoor Holdings Inc ("Clear Channel") which has resulted in APN moving to 100% ownership of Adshel</li> <li>▪ Purchase consideration of \$268.4 million, implying an overall multiple of 12.7x EV / EBITDA (Jun-16A)<sup>1</sup></li> <li>▪ In the 12 months to June 2016, Adshel generated total revenue and income of \$170 million and EBITDA of \$42 million</li> <li>▪ Adshel is #1 in street furniture in Australia and New Zealand, operating in an attractive segment of the outdoor industry</li> </ul>
<b>Strategic rationale</b>	<ul style="list-style-type: none"> <li>▪ The acquisition continues APN's significant business transformation:             <ul style="list-style-type: none"> <li>– know the business well and understand drivers of growth</li> <li>– provides Adshel with capital certainty to pursue industry growth opportunities</li> <li>– increases exposure to the structural growth trend in the out-of-home industry</li> <li>– creates a unique advertiser proposition with an integrated Radio / Outdoor / Mobile / Video offering</li> </ul> </li> </ul>

(1) Based on Adshel EBITDA for the 12 months to June 2016. Enterprise value includes Adshel net cash at September 2016 of approximately \$4 million

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## 1. TRANSACTION OVERVIEW (CONT'D)



### Accelerating APN's growth strategy

<b>Adshel Acquisition terms / steps</b>	<ul style="list-style-type: none"> <li>▪ Purchase price of \$268.4 million, subject to customary post-closing adjustments</li> <li>▪ No conditions precedent to closing, with completion today (25 October)</li> </ul>
<b>Acquisition of Conversant Media</b>	<ul style="list-style-type: none"> <li>▪ APN has also entered into an agreement for the acquisition of Conversant Media, a pure-play digital and mobile media company</li> <li>▪ Facilitates the growth of APN's audience base through enhanced content offering and diversification of revenue into the growing revenue streams of mobile, social and video</li> <li>▪ Upfront cash consideration of \$11.6 million with performance earn-outs over a 1 and 3 year period</li> </ul>
<b>Funding and capital structure</b>	<ul style="list-style-type: none"> <li>▪ Purchase consideration for Adshel acquisition to be funded via a Debt Bridge Facility, an Accelerated Placement and APN's existing debt facilities             <ul style="list-style-type: none"> <li>– Debt Bridge Facility to be repaid by a fully underwritten Equity Raising of \$273m, comprising an Institutional Placement and an Entitlement Offer</li> </ul> </li> <li>▪ APN to draw on existing debt facilities to fund the Acquisition of Conversant Media (\$11.6m) and transaction costs</li> <li>▪ APN Pro forma leverage of 1.65x for APN (pro forma net debt / pro forma LTM EBITDA)<sup>1</sup> following completion of the Equity Raising</li> </ul>

(1) Pro forma LTM to 30 June 2016. Pro forma net debt at 30 June 2016 is after acquisition of Adshel (including Adshel's \$7m of net debt) and Conversant Media, NZ IRD settlement, and proposed sale of ARM

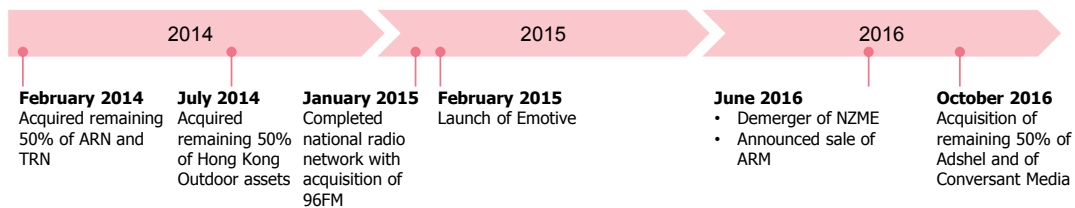
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## 2. STRATEGIC RATIONALE



Continues APN's significant business transformation

### Key strategic initiatives



### Transformation of APN's revenue mix



(1) Revenue shown on statutory basis  
 (2) Pro forma for acquisition of remaining 50% stake in Adshel and continuing operations of APN (assuming that the sale of ARM is completed). Based on Trading Revenue of APN

## 2. STRATEGIC RATIONALE



- Provides Adshel with capital certainty and alignment with APN**

  - APN ownership and control to facilitate funding for accelerated digital investment, to pursue new business opportunities and contract retention
  - Full ownership provides APN with ability to pursue industry growth opportunities including acquisitions and technology enhancements compared to current structure
- Adshel has significant growth opportunities in the attractive Outdoor industry**

  - Adshel is the leader in street furniture and is well positioned to benefit from digitisation and technology trends
  - Industry growth of 17% YTD<sup>1</sup> in Australia and expected to increase its share of overall media spend
  - APN knowledge of Adshel provides strong confidence in long term potential and a clear execution path
- Creates a unique advertiser proposition with an integrated Radio / Outdoor / Mobile / Video platform**

  - A leading metro radio network in Australia with #1 street furniture operator in Australia and New Zealand<sup>1</sup> combined with APN's digital assets, provides a unique and valuable advertiser offering
  - Opportunity to optimise integration ensuring greater collaboration from a content creation, revenue generation and IP perspective, via enhanced cross-promotion, digital / data capabilities and targeted advertising

(1) Outdoor Media Association data for the 9 months to September 2016



### 3. OVERVIEW OF ADSHEL

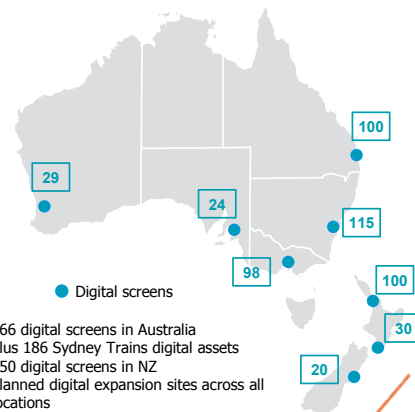


#### #1 position in street furniture in Australia and New Zealand

- Adshel is a **leading outdoor** and **digital out-of-home provider** in Australia and New Zealand
- Adshel has almost **22,000** static and digital advertising **faces** across ANZ, in **street furniture, rail** and **petro-convenience**
- Key player in the out-of-home market, **reaching 92% of Australia 68 times a fortnight<sup>(1)</sup>**
- Commenced launch of its **digital street furniture network**, Adshel Live, in 2015. There are currently **366** digital screens in **Australia** with an additional **140 planned**, and **150** in **NZ** with **70 planned** in 1H2017
  - Through **Adshel Rail**, there are an additional **186 digital screens** across the Sydney Trains network, which offer large format **station domination** and experiential campaign opportunities for high impact
- Investment in **data, digitisation** and **technology** are **key drivers** of Adshel's **growth** going forward

#### Adshel Live digital outdoor network

Number of digital screens and digital expansion sites



(1) MOVE 2015, People 14yrs and older, every 14 days (Adshel posting period)

### 3. ADSHEL SOLUTIONS



<p><b>ADSHEL</b></p>	<p><b>ADSHEL LIVE</b></p>	<p><b>ADSHEL RAIL</b></p>	<p><b>ADSHEL 7-ELEVEN</b></p>	<p><b>ADSHEL IMMERSE</b></p>	<p><b>ADSHEL CONNECT</b></p>
<p>With unparalleled coverage, our broadcast street furniture network reaches 92% of Australians where they live, work, shop and play.*</p>	<p>Adshel Live is our national digital street furniture network. Delivering maximum impact on high-definition screens to provide contextually relevant messaging across Australia's five major cities.*</p>	<p>With locations across key Sydney CBD and suburban stations, Adshel Rail helps reach a diverse, high frequency audience for maximum impact and effectiveness.</p>	<p>Reaching a unique, loyal audience of over four million customers every fortnight, Adshel's 7-Eleven network is ideally located in sought after suburbs along Australia's eastern seaboard.</p>	<p>The ultimate impact in creativity developed by our award-winning teams, Adshel Immerse expertise brings campaign ideas to life with incredible impact and the kind of effectiveness that leads well beyond the execution.*</p>	<p>Adshel Connect keeps audiences engaged when out and about. Our innovative beacon and mobile technology connects with consumers directly through content channels on the go.*</p>

\*Solutions available in New Zealand.

### 3. 2016 ADSHEL CAMPAIGNS



**Dynamic capabilities and bespoke live data feed** used to bring live scores and key match stats during AFL grand final

Reached masses of commuters with **relevant, real-time messaging**



**Leveraged Adshel Rail's** extensive creative canvas to undertake a national campaign for **ARN's KIIS** radio network

Reached KIIS' **core demographic** of 25-39 year olds who travel the network 5+ times a week



**Extensive audience profiling capabilities** used to target relevant audiences with **creative, effective and engaging** campaigns



**Immersive bus shelter installations** for the Peters' Ice Cream range

**Vertical garden displays** amplified campaign and brought the brand to life

### 3. ADSHEL OPPORTUNITIES



Significant opportunities through platform integration

- Clients seeking **integrated solutions** that deliver scale and impact nationally
- Identified revenue opportunities to be explored through an **integrated outdoor, radio, and online video** proposition
- APN is in a **unique position** to exploit this through a **partnership** between **ARN, Adshel, Conversant Media and Emotive**
  - Four channels to market which strengthen each other and are consumed on the move
- Establishing new **business development team** to target these opportunities

#### Xero case study

- In April 2016, APN worked with Xero, a provider of cloud accounting software for small businesses, to create an integrated advertising campaign across outdoor (Adshel), radio (ARN) and video content (Emotive)
- The collaboration led to a unique and high-impact campaign delivered nationwide
- Generated significant results with:
  - 33% increase in unprompted awareness<sup>1</sup>
  - 40% YOY increase in direct trials<sup>1</sup>



(1) Source: Xero

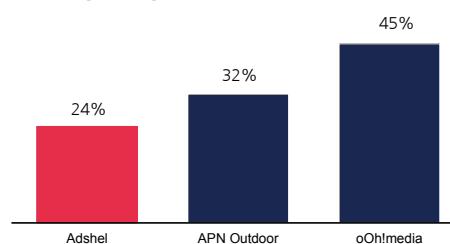
### 3. ADSHEL OPPORTUNITIES



Digital is a key driver of future growth

- Adshel is **under-penetrated in digital** compared to competitors
- Avenue for future growth**, especially when combined with other APN assets
- Investment in **geolocation / targeted ad campaigns** through digital and the use of data
- Transaction provides ability to fund and control 3 year **capex investment cycle**, to be driven by rate of digitisation, contract renewals and maintenance
  - CY17 capex of at least \$50 million, with further capex if successful in several large tenders

1H2016 digital revenue contribution by market participant<sup>1</sup>



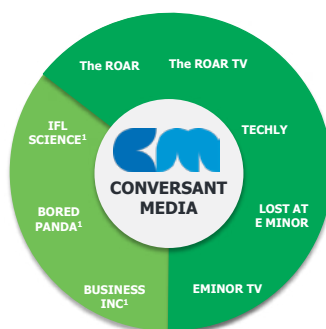
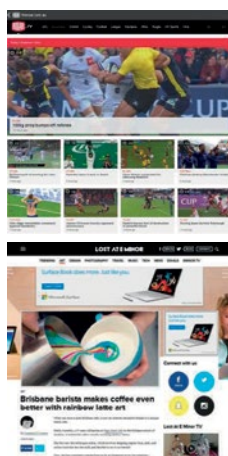
Adshel inventory	Current	2-3 yr target
Digital screens <sup>2</sup>	516	1,500
% of total inventory	4%	13%

(1) Digital revenue as a % of total revenue for 1H 2016, disclosed in Company filings. Adshel proportion based on Total revenue and Income  
 (2) Excluding Sydney Trains

### 4. ACQUISITION OF CONVERSANT MEDIA



Conversant is a pure play digital asset focused on video, mobile, native and innovative ad formats and content creation



Key metrics	
REVENUE :	\$4.4 million <sup>2</sup>
EBITDA :	\$1.1 million <sup>2</sup>
UNIQUE VISITORS:	3.8 million monthly <sup>3</sup>
REACH:	21 million monthly <sup>4</sup>
MONTHLY SESSIONS:	5.2 million <sup>3</sup>
MOBILE USAGE:	72%
VIDEO VIEWS:	+1 million per month

Source: Conversant Media  
 (1) Third party owned titles - Conversant is the sales representative in the Australian market for these digital titles  
 (2) Unaudited management accounts of Conversant Media – for the twelve months to 30 September 2016  
 (3) Site and social stats from Google Analytics and Facebook Insights, August 2016  
 (4) Reach includes audience reached through shared Facebook news feeds

## 4. ACQUISITION OF CONVERSANT MEDIA



Strong strategic and portfolio fit for APN

<b>Grow audience base</b>	<ul style="list-style-type: none"> <li>• 60% under 34 years<sup>1</sup></li> <li>• 72% Mobile usage<sup>1</sup></li> </ul>	<b>Key terms</b>
<b>Diversify revenues</b>	<ul style="list-style-type: none"> <li>• 100% digital revenue<sup>2</sup></li> <li>• \$0.6M in video revenues<sup>2</sup></li> <li>• \$2.2M generated from sport<sup>2</sup></li> </ul>	
<b>Expand digital and data capabilities</b>	<ul style="list-style-type: none"> <li>• Experts in growing digital audiences</li> <li>• Track record of strong digital revenue growth</li> <li>• Innovative mobile and video strategy</li> </ul>	
<b>Optimise integration</b>	<ul style="list-style-type: none"> <li>• Cross promotion opportunities with ARN, Adshel and Emotive</li> <li>• Access to established client base</li> <li>• Further strengthens APN's unique 'away from home' positioning</li> </ul>	

- \$11.6m in upfront consideration with further \$8m in cash and APN shares subject to earn-outs in CY17 and CY19
- Funded with existing debt facilities
- Management lock-up for 3 years

Source: Conversant Media  
 (1) Site and social stats from Google Analytics and Facebook Insights, August 2016  
 (2) Unaudited management accounts of Conversant Media – for the twelve months to 30 September 2016

## 5. ADSHEL FINANCIALS AND MARKET OVERVIEW



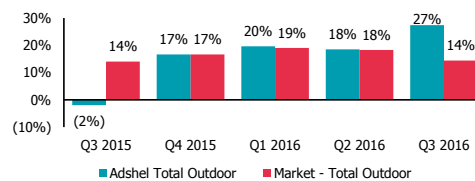
Adshel's historical earnings<sup>(1),(2)</sup>

	FY14	FY15	LTM Jun-16
Trading revenue	128.2	139.8	150.5
Other revenue & income <sup>3</sup>	18.9	19.7	19.7
<b>Total revenue &amp; income</b>	<b>147.2</b>	<b>159.5</b>	<b>170.2</b>
Growth (%) (pcp)		8.4%	11.3% <sup>4</sup>
<b>EBITDA</b>	<b>37.0</b>	<b>38.3</b>	<b>41.9</b>
EBITDA margin (%)	25.1%	24.0%	24.6%
Depreciation & amortisation	(9.6)	(11.3)	(13.0)
<b>EBIT</b>	<b>27.4</b>	<b>27.0</b>	<b>28.9</b>
<b>Capital expenditure</b>	<b>7.9</b>	<b>21.3</b>	<b>32.9</b>

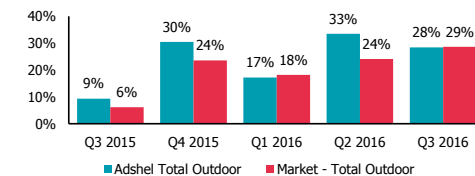
(1) Presents the continuing operations of Adshel Australia and New Zealand. See Appendix 2 for additional information on the Basis of Preparation  
 (2) Includes Adshel NZ LTM 2016 revenue and EBITDA of \$19.8 million and \$9.3 million respectively  
 (3) Other revenue and income includes Adshel non-media revenue (primarily cleaning, maintenance and shelter sales on 2 contracts)  
 (4) LTM June 2016 Total revenue and income growth on LTM June 2015 Total revenue and income of \$152.9 million

Outdoor market growth<sup>(1)</sup>

### Australia



### New Zealand



(1) Based on Outdoor Media Association data for Total Outdoor – all formats market

## 5. APN'S EARNINGS POST ACQUISITION



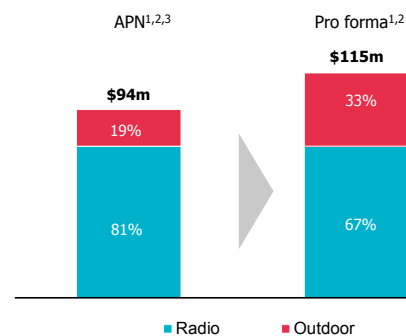
### Financial Profile – Pro forma (\$m)<sup>(1),(2)</sup>

	FY14 <sup>(6)</sup>	FY15	LTM Jun-16
Trading revenue	359.1	398.8	409.3
Other revenue & income <sup>3</sup>	24.9	26.7	24.9
<b>Total revenue &amp; income</b>	<b>384.0</b>	<b>425.6</b>	<b>434.2</b>
Growth (%) (pcp)		10.8% <sup>5</sup>	5.0% <sup>4,5</sup>
<b>EBITDA</b>	<b>93.5</b>	<b>109.2</b>	<b>114.6</b>
EBITDA margin (%)	24.4%	25.7%	26.4%
Depreciation & amortisation	(14.2)	(16.3)	(17.7)
<b>EBIT</b>	<b>79.3</b>	<b>92.9</b>	<b>96.9</b>

- (1) Presents the continuing operations of APN, before exceptional items, and includes the results of Adshel Australia and New Zealand as if it had been fully owned and consolidated by APN in each financial year. Excludes the impact of the Conversant Media acquisition. Discontinued operations of APN, including ARM and NZME have been excluded in each financial year. See Appendix 2 for additional information on the Basis of Preparation. Refer to the Investor Relations section on APN's website for APN statutory results.
- (2) Includes Adshel NZ LTM 2016 total revenue and income and EBITDA of \$19.8 million and \$9.3 million, respectively
- (3) Other revenue and income includes Adshel non-media revenue (primarily cleaning, maintenance and shelter sales on 2 contracts)
- (4) LTM Jun-2016 total revenue and income growth on LTM Jun 2015 total revenue and income of \$413.7 million
- (5) Excluding impact of lost contract in HK business, FY15 and LTM Jun-16 total revenue and income growth would have been 14.9% and 12.5% respectively
- (6) Revenue and EBITDA of Radio 96FM not included in FY14 (acquired January 2015)

### Segment EBITDA (LTM to June 16) – pre and post Acquisition

Assuming completion of ARM sale



- (1) Based on the 12 months to 30 June 2016. Outdoor includes Adshel and HK Outdoor
- (2) Before exceptional items. Proportions shown exclude corporate costs
- (3) Outdoor EBITDA shown on a proportional ownership basis for Adshel

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## 5. FUNDING THE ACQUISITIONS



<b>Equity Raising</b>	<ul style="list-style-type: none"> <li>\$273 million fully underwritten Equity Raising via:               <ul style="list-style-type: none"> <li>a \$201 million Entitlement Offer</li> <li>a \$72 million Institutional Placement<sup>1</sup></li> </ul> </li> </ul>
<b>Initial funding</b>	<ul style="list-style-type: none"> <li>Purchase consideration to be initially funded via:               <ul style="list-style-type: none"> <li>\$43 million proceeds from the accelerated component of the Institutional Placement (Accelerated Placement)<sup>2</sup></li> <li>\$126 million from Debt Bridge Facility</li> <li>\$99 million from APN's existing debt facilities</li> </ul> </li> <li>The Debt Bridge Facility will be repaid with proceeds from the Equity Raising</li> </ul>
<b>Debt</b>	<ul style="list-style-type: none"> <li>APN will assume Adshel existing net cash of \$4 million<sup>4</sup></li> <li>Purchase consideration for Conversant Media<sup>5</sup> (\$11.6m) to be funded through APN's existing debt facilities</li> <li>Pro forma leverage of 1.65x for APN (pro forma net debt / pro forma LTM EBITDA)<sup>6</sup> following completion of the Equity Raising</li> </ul>

Uses of funds	A\$ million
Acquisition of remaining 50% of Adshel <sup>3</sup>	268.4
Acquisition of Conversant Media <sup>3,5</sup>	11.6
Transaction costs	13.0
<b>Total uses</b>	<b>293.0</b>
Sources of funds	A\$ million
Equity Raising	273.1
Incremental net debt	19.9
<b>Total sources</b>	<b>293.0</b>

- (1) Includes the Accelerated Placement as described below to raise \$43 million and the Standard Placement to raise \$29 million
- (2) Under the Accelerated Placement UBS will subscribe for and pay for \$43 million worth of New Shares at the Offer Price on 25 October 2016, with those New Shares then being offered for sale by UBS to institutional and sophisticated investors at the Offer Price through a bookbuild to be conducted on 25 October 2016
- (3) Before customary completion adjustments
- (4) Adshel net cash at 30 September 2016
- (5) Excludes contingent consideration
- (6) Pro forma LTM to 30 June 2016. Pro forma net debt at 30 June 2016 is after acquisition of Adshel (including Adshel's \$7m of net debt) and Conversant Media, NZ IRD settlement, and proposed sale of ARM

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## 5. EQUITY RAISING SUMMARY



<b>Structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten \$273 million Equity Raising comprised of:             <ul style="list-style-type: none"> <li>\$201 million accelerated renounceable entitlement offer with retail rights trading ("Entitlement Offer")</li> <li>\$72 million Institutional Placement<sup>1</sup></li> </ul> </li> <li>Under the Entitlement Offer, eligible shareholders are entitled to 5 New Shares for every 13 existing ordinary shares held on the record date</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>\$2.45 per New Share issued under the Entitlement Offer and Institutional Placement ("Offer Price")</li> <li>20% discount to theoretical ex-rights price (TERP)<sup>2</sup> of \$3.07</li> </ul>
<b>Institutional Offer</b>	<ul style="list-style-type: none"> <li>Institutional Placement<sup>1</sup> opens and closes on Tuesday, 25 October</li> <li>Institutional Entitlement Offer opens on Tuesday, 25 October and closes on Wednesday, 26 October</li> <li>Entitlements not taken up, and entitlements of ineligible shareholders, will be sold in the institutional shortfall bookbuild to be conducted on Wednesday, 26 October<sup>3</sup></li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Retail Entitlement Offer opens Wednesday, 2 November and closes on Thursday, 17 November</li> <li>Rights trading available from Thursday, 27 October to Thursday, 10 November</li> <li>Entitlements not taken up, and entitlements of ineligible shareholders, will be sold in the retail shortfall bookbuild to be conducted on Tuesday, 22 November<sup>3</sup></li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New shares will rank equally with existing ordinary shares from their time of issue</li> </ul>
<b>Record date</b>	<ul style="list-style-type: none"> <li>7.00pm (Sydney time) on Thursday, 27 October</li> </ul>

(1) Includes the Accelerated Placement to raise \$43 million and the Standard Placement to raise \$29 million. Under the Accelerated Placement UBS will subscribe for and pay for \$43 million worth of New Shares at the Offer Price on 25 October 2016, with those New Shares then being offered for sale by UBS to institutional and sophisticated investors at the Offer Price through a bookbuild to be conducted on 25 October 2016. New Shares issued to UBS under the Accelerated Placement will be entitled to participate in the Entitlement Offer, and investors who purchase such New Shares from UBS will also be required to take up an equivalent number of entitlements under the Institutional Entitlement Offer

(2) The theoretical ex-rights price is the theoretical price at which APN shares should theoretically 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 \$3.38 per share on 24 October 2016, being the last trading day prior to the announcement of the Entitlement Offer. TERP has been calculated to include the New Shares issued under the Accelerated Placement as they are being issued on a cum entitlements basis

(3) 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

Note: Dates and times are indicative only and subject to change without notice. APN reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to 2016 and Sydney, Australia time.

## 5. NZME OPTION



- As previously disclosed, under the NZME Demerger Implementation Deed, should APN acquire the 50% interest in the Adshel joint venture currently held by its joint venture partner, NZME has an option to acquire the New Zealand arm of the Adshel business ("Adshel NZ") from APN. NZME has:
  - one month from the date of completion of the Adshel Acquisition by APN to confirm an intention to exercise its option; plus
  - two months to then complete the acquisition of Adshel NZ from APN
- The purchase price payable by NZME has been calculated using the EBITDA multiple paid by APN for Adshel NZ with estimated gross proceeds of approximately A\$156m
- If NZME elects to exercise the option and acquires Adshel NZ from APN, APN will consider, and if appropriate having regard to the position of APN at the relevant time, implement one or more capital management initiatives to return excess capital to shareholders

## 6. TRADING UPDATE



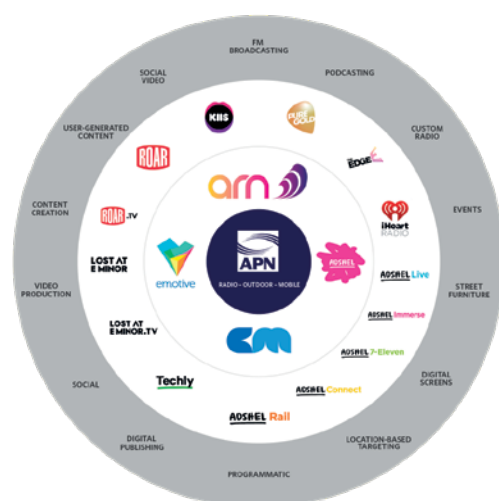
### Adshel

- At APN's 1H16 results, APN discussed expectations for Adshel in H216 reflecting first half EBITDA growth of +20%, offset by a number of one off items from the 2015 results (~\$3.5m)
- Q3 2016 revenue growth of 27% far exceeded market growth of 14% and visibility for Q4 is good with solid forward bookings in place
- As a result, underlying earnings growth has continued, in line with expectations

### ARN

- The softer start in July and August, as foreshadowed at APN's 1H16 results, continued into September despite early signs of recovery. While ratings softness early in the year improved over Surveys 5 and 6, revenue recovery is taking longer than expected, particularly in Melbourne. The radio market has also been softer than expected
- Further cost savings have been implemented to partly offset these conditions, and a range of revenue initiatives have been put in place. Subject to the market and ratings share for the remainder of the year, ARN EBITDA for the half is now expected to be down by ~\$2 million on the prior corresponding period, excluding the benefit of any licence fee reductions

## 6. UNIQUE MEDIA BUSINESS



### Mass reach, away from home

- Unique platform for growth
- Positioned to deliver end-to-end; integrated and cross promotional campaigns
- Meeting the demands of advertisers
  - Scale
  - Short-form content creation
  - Mobile and video engagement
  - Geo-targeting and location based data
  - Accountability

# Appendix 1 – Additional information



## Appendix 1

### BASIS OF PREPARATION



#### Basis of Preparation

The basis of preparation applied in compiling APN's pro forma historical earnings post Acquisition, the pro forma historical APN balance sheet and Adshel's historical earnings 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 in the case of APN's pro forma historical earnings post Acquisition and the pro forma APN balance sheet, and those set out in the Adshel annual report for the year ended 31 December 2015 in the case of Adshel's historical earnings;
- The results of APN and Adshel are translated into Australian dollars using the average exchange rates for the period. Assets and liabilities of APN are translated into Australian dollars at the exchange rate ruling at the balance sheet date;
- The pro forma APN and Adshel 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 and Adshel historical financial information has been derived from APN's financial reports for the years ended 31 December 2014, 31 December 2015 and the half-year ended 30 June 2016, Adshel's financial reports for the years ended 31 December 2014 and 31 December 2015, along with APN and Adshel management information. APN's financial reports for the years ended 31 December 2014 and 31 December 2015 have been audited by PricewaterhouseCoopers, APN's financial report for the half-year ended 30 June 2016 has been reviewed by PricewaterhouseCoopers and Adshel's financial reports for the years ended 31 December 2014 and 31 December 2015 have been audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. The audit and review opinions issued to APN and Adshel respectively 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](http://www.apn.com.au), or ASX's website, [www.asx.com.au](http://www.asx.com.au).

The pro forma APN historical financial information illustrates the financial performance of APN as if the acquisition of the remaining 50% in Adshel was effective from 1 January 2014.

## Appendix 1

**BASIS OF PREPARATION****APN's pro forma historical earnings post Acquisition and pro forma APN historical balance sheet**

Pro forma adjustments have been made in the preparation of APN's earnings post Acquisition to reflect:

- Adjustments to remove the impact of exceptional items as disclosed in APN's annual financial reports;
- Adjustments to present the continuing operations of APN, including the results of Adshel Australia and New Zealand as if it had been fully owned and consolidated by APN in each financial year. Discontinued operations of APN, including ARM and NZME have been excluded in each financial year. APN's earnings post Acquisition exclude and APN's balance sheet includes the impact of the Conversant Media acquisition.
- 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. Revenue of \$8.3 million and EBITDA of \$3.7 million is included in LTM June 2015, revenue of \$18.9 million and EBITDA of \$7.8 million is included in LTM June 2016, and revenue of \$18.7 million and EBITDA of \$8.0 million is included in FY15.
- The financial information excludes the impact of purchase price accounting adjustments following the acquisition of Adshel. Post acquisition a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the balance sheet line items.

## Appendix 1

**ACQUISITION ACCOUNTING IMPACTS**

- Unlike the ARN transaction in 2014 (transaction with a minority), the acquisition of 50% of Adshel is a control transaction
- As a result:
  - The carrying value of APN's existing 50% needs to be uplifted to fair (acquisition) value
    - Gain on acquisition circa \$224m
  - Total transaction value needs to be attributed to tangible and identifiable intangible assets. Any balance is recognised as goodwill
    - Identifiable intangibles are amortised over their useful lives
    - Goodwill needs to be assessed regularly for impairment
  - Total intangible assets of circa \$448m (subject to Deferred Tax Liabilities), split between identifiable intangible assets and goodwill.

## Appendix 1

## PRO FORMA HISTORICAL BALANCE SHEET



### APN historical Pro forma balance sheet as at 30 June 2016

\$m	APN <sup>1</sup>	Adshel <sup>2</sup>	Purchase adjustments <sup>2</sup>	IRD Settlement <sup>3</sup>	Sale of ARM <sup>3</sup>	Conversant Media <sup>3</sup>	Pro forma
Cash and cash equivalents	10	5			(8)		8
Receivables	52	39				1	92
Inventories		2					2
Assets held for sale	58				(58)		-
Investments accounted for using the equity method	58		(44)				13
Property, plant and equipment	17	70					87
Intangible assets	399	9	448			14	870
Deferred tax assets		3					3
Other assets	32	11					43
<b>Total assets</b>	<b>625</b>	<b>140</b>	<b>404</b>	<b>-</b>	<b>(65)</b>	<b>15</b>	<b>1,119</b>
Payables	45	37			(3)	1	79
Borrowings <sup>4</sup>	184	12	8	16	(37)	12	195
Liabilities directly associated with assets held for sale	26				(26)		-
Deferred tax liabilities	23	4					27
Other liabilities	39	(1)		(16)		3	25
<b>Total liabilities</b>	<b>317</b>	<b>52</b>	<b>8</b>	<b>-</b>	<b>(65)</b>	<b>15</b>	<b>326</b>
<b>Net assets</b>	<b>308</b>	<b>88</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>793</b>
<b>Net debt<sup>4</sup></b>	<b>175.5</b>						<b>188.7</b>
<b>EBITDA (pre exceptional items)</b>	<b>97.6</b>						<b>114.6</b>
<b>Net debt / EBITDA</b>	<b>1.80</b>						<b>1.65</b>

- (1) Statutory net assets of APN as reported at 30 June 2016. Refer to the Investor Relations section on APN's website for APN's statutory results
- (2) Prepared on the basis the NZME option is not exercised. Reflects the consolidated balance sheet of Adshel Australia & New Zealand (New Zealand net assets comprising \$26.4 million). Assumes proceeds from the Equity Raising of approximately \$273.1 million based on the Offer Price are used to fund the Adshel acquisition and \$4.8 million of transaction costs (\$13 million in total), with the remaining transaction costs funded through APN's existing debt facility. The pro forma adjustments reflect the estimated financial effect of the accounting for the business combination and are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. The inclusion of Adshel reflects provisional amounts for the assets and liabilities acquired based on historic costs other than goodwill. Post-acquisition, a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the above balance sheet line items
- (3) Other pro forma adjustments reflect: the settlement with the NZ IRD for \$16.2 million (NZ\$16.95 million) on 26 August 2016; acquisition of Conversant Media, upfront cash component of \$11.6 million funded through existing debt facility; and the proposed sale of Australian Regional Media for \$36.6 million, less transaction costs and debt like items
- (4) Includes capitalised borrowing costs of approximately \$2 million. Net debt is before capitalised borrowing costs

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## Appendix 1

## EQUITY RAISING TIMETABLE



Event	Date (2016)
Trading halt, Institutional Placement and Institutional Entitlement Offer opens	Tuesday, 25 October
Institutional Placement closes (5.00pm Sydney time)	Tuesday, 25 October
Institutional Entitlement Offer closes	Wednesday, 26 October
Institutional Entitlement Offer shortfall bookbuild	Wednesday, 26 October
Bookbuild results announced, trading halt lifted, record date (7.00pm Sydney time), entitlements trading begins on ASX	Thursday, 27 October
Institutional Placement settlement for institutions	Monday, 31 October
Institutional Placement allotment and trading for institutions <sup>1</sup>	Wednesday, 2 November
Retail Entitlement Offer opens	Wednesday, 2 November
Institutional Entitlement Offer settlement	Thursday, 3 November
Issue and quotation of New Shares under Institutional Entitlement Offer	Friday, 4 November
Entitlements trading ends	Thursday, 10 November
Retail Entitlement Offer closes	5.00pm on Thursday, 17 November
Retail Entitlement Offer shortfall bookbuild	Tuesday, 22 November
Retail Entitlement Offer settlement	Friday, 25 November
New Shares under Retail Entitlement Offer commence trading on ASX and NZX on normal settlement basis	Tuesday, 29 November
Dispatch of holding statements	Tuesday, 29 November

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

(1) New Shares transferred under the Accelerated Placement will be transferred to investors on the Placement settlement date.

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# Appendix 2 – Key Risks



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## Appendix 2

# 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 Equity Raising is being made pursuant to provisions of the Corporations Act which allow institutional placements and 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 Equity Raising. As a result, it is important for you to carefully read and understand the information on APN made publicly available, prior to applying for New Shares under the Institutional Placement or 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 half year FY16 results announcement lodged with the ASX and NZX on 26 August 2016) and other announcements lodged with ASX and NZX (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.

### 1. Risks associated with APN

#### 1.1 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 advertisers' desired composition of spending changing.
- As a result of economic conditions and general levels of consumer and business confidence, businesses have reduced their advertising spend in recent years and are making shorter term decisions in relation to how they spend their advertising budget. Accordingly, APN has reduced visibility as to the likely future advertising spend in the media industry in Australia, New Zealand and Hong Kong.
- There can be no assurance that advertising spend in the media industries in Australia, New Zealand and Hong Kong will not contract in the future or the composition of advertisers' media spend may change further.
- A prolonged downturn in the advertising market may adversely impact APN's operating and financial performance.

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## Appendix 2

## KEY RISKS

**1.2 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.

**1.3 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.

**1.4 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 has entered into binding agreements to sell its publishing business ARM, however this transaction has not yet completed (refer to 1.8 below). APN's publishing business has been impacted by economic conditions and a shift to alternative media options, including the internet. Although APN has sought to address this issue by investing in its portfolio of digital businesses and expanding its digital capabilities within its business divisions, there can be no guarantee that growth in APN's non-publishing businesses will offset any declines in its publishing business, which could therefore adversely affect APN's operating and financial performance.
- As APN's business includes the publication, circulation and broadcast of media in different forms including online and other distribution platforms, these changes may, depending on their nature and APN's business model at that time, impact on APN's operating and financial performance.

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## Appendix 2

## KEY RISKS

**1.5 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.

**1.6 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 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) and a further write-down of ARM assets to fair value less cost to sell for the half year ended 30 June 2016 (see APN's 1H16 financial results presentation released to the ASX on 26 August 2016). Depending on APN's financial performance in the future, further impairment charges may need to be recorded.

**1.7 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.

**1.8 Sale of ARM**

- As previously announced to the ASX and NZX, APN has entered into a binding agreement to sell ARM to a subsidiary of News Corp. This sale was approved by APN shareholders on 16 September 2016, however completion of the sale is still subject to certain other conditions, including FIRB approval, ACCC approval and other required third party consents. Accordingly, there is a risk that the sale does not complete and APN will continue to own ARM. In this event, APN would need to reassess options for ARM and this may have an adverse effect on APN's financial performance.

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## Appendix 2

**KEY RISKS****1.9 Acquisition of Adshel****Change of control**

- As a result of the Adshel joint venture structure, the Acquisition may result in a technical change of control of Adshel. This could have adverse consequences for APN. For example, contracts with counterparties may be subject to review or termination in the event of a change of control. There is no guarantee that counterparties will not exercise rights that they may have as a result of any change in control. If such rights are exercised by counterparties, APN may incur significant costs, or loss of revenue, which could be material.

**Assumed liabilities**

- Under the Acquisition, APN will acquire the holding company through which Clear Channel holds its interest in the Adshel joint venture. Accordingly, APN will assume the liabilities of, including in respect of any actual contingent liabilities associated with, that holding company's past operations. This includes exposure to possible taxation or legal claims. These potential liabilities formed part of APN's due diligence review and were sought to be addressed through warranties and indemnities in the Acquisition agreement.
- There is a risk that potential liabilities were not uncovered as part of APN's review and APN may assume these liabilities, which may materialise and have an adverse impact on its financial position, financial performance and its share price.

**Reliance on information provided**

- APN undertook a due diligence review in respect of the Acquisition, which relied in part on the review of financial and other information provided by Clear Channel. Despite taking reasonable efforts, APN has not been able to verify the accuracy, reliability or completeness of the information provided against independent data.
- There is a risk that information provided by Clear Channel (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to Clear Channel's business or the operation of the holding company referred to above. Limited contractual representations and warranties have been obtained from Clear Channel in respect of the adequacy and accuracy of the materials disclosed during the due diligence process.

**Acquisition accounting**

- Following completion of the Acquisition, APN will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Adshel. The pro forma adjustments to reflect the estimated financial effect of the accounting for the business combination in this presentation are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. The inclusion of Adshel reflects provisional amounts for the assets and liabilities acquired based on historic costs other than goodwill. Post acquisition a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the balance sheet line items in Appendix 2.

**Litigation proceedings against Adshel**

- Adshel has recently become subject to a claim in relation to a proposed supply arrangement. The claimant has not quantified the amount of the claim at this stage. Adshel has filed its defence and is confident of its position in relation to the claim, and believes that the claim can be resolved without a material impact to its business or financial position. The purchase price for the Acquisition has been adjusted to reflect a contribution by Clear Channel to the management of, and potential liability in respect of, this claim. Notwithstanding this adjustment, there is however a risk that the resolution of the claim may have a material adverse impact on Adshel's financial position.

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## Appendix 2

**KEY RISKS****1.9 Acquisition of Adshel (continued)****Renewal of contracts**

- A number of Adshel's key customer contracts are up for renewal in the next 18 months. There is a risk that APN may not be able to successfully negotiate the renewal of these contracts, or that contracts are renewed on less favourable terms. This could materially adversely affect the financial performance of the Adshel business.

**1.10 Acquisition of Conversant Media****Reliance on information provided**

- APN undertook a due diligence review in respect of the Conversant Media acquisition, which relied in part on the review of financial and other information provided by Conversant Media. Despite taking reasonable efforts, APN has not been able to verify the accuracy, reliability or completeness of the information provided against independent data.
- There is a risk that information provided by Conversant Media (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to Conversant Media's business.

**Loss of key Conversant Media staff**

- Certain Conversant Media employees will be key to the ongoing operation and success of the Conversant Media business. If these employees were to depart Conversant Media, APN may not have sufficient employees, or be able to recruit additional employees in a timely manner, with relevant expertise and experience (particularly in specialist areas conducted by Conversant Media) to replace any such departing employees.
- A number of Conversant Media's key supplier contracts are up for renewal in the next 2-3 years. There is a risk that APN may not be able to successfully negotiate the renewal of these contracts, or that contracts are renewed on less favourable terms. This could materially adversely affect the financial performance of the Conversant Media business.

**1.11 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.
- Changes in government policy or legislation that affect APN or its customers may result in increased costs or capital expenditure being incurred by APN.

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## Appendix 2

## KEY RISKS

**1.12 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.

**1.13 Joint ventures**

- 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 under a joint venture arrangement.
- 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.

**1.14 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.

**1.15 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.

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## Appendix 2

## KEY RISKS

**1.16 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.

**1.17 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.

**1.18 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 1.8 regarding the proposed sale of ARM.
- APN's policy is to hold appropriate levels of debt in local 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.

**1.19 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.

**1.20 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.

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## Appendix 2

## KEY RISKS

**1.21 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.

**1.22 Taxation risk**

- The APN Group operates in multiple tax jurisdictions and is subject to review by the relevant tax authorities.

**New Zealand Branch matter**

- The ATO is auditing the licensing of New Zealand mastheads by a New Zealand Branch of an Australian APN entity. On 15 September 2016, the ATO issued an Audit Position Paper setting out its initial views on the matter. The ATO has indicated that it would challenge APN's treatment of the royalty income received by the New Zealand Branch in respect of the mastheads as being non-assessable non-exempt income for Australian tax purposes. The Position Paper provides a number of alternative grounds on which the ATO bases its position.
- APN disagrees with the position taken by the ATO and is in the process of responding to this paper. If the ATO maintains its views, APN will pursue its rights to have the matter reviewed through the available ATO internal review processes. APN anticipates this process will take several months.
- Should the ATO continue to maintain its position, amended assessments may be issued in or around February 2017.
- If amended assessments are issued, APN would have the ability to lodge an objection with the ATO and contest the assessment through litigation proceedings. If APN seeks to challenge the assessments through court proceedings, they may be required to deposit with the ATO a portion (potentially 50%) of the tax, interest and penalties assessed.
- For the years at risk (being the financial years ended 31 December 2009 to 31 December 2015 inclusive), the amount of tax in dispute is approximately A\$99 million. Interest would also apply on any tax assessed. The ATO may also seek to impose penalties in respect of the taxes in dispute.
- APN has paid income tax in New Zealand on the royalty income received by the New Zealand Branch. Should the ATO be successful, APN may be entitled to pursue a credit for a portion of the taxes paid in New Zealand in respect of the income. There is no guarantee that such a claim would be successful and any such claim may take a significant period of time to be determined.
- APN is satisfied that the APN Group's treatment of this matter is consistent with relevant taxation legislation. If however the ATO is ultimately successful, the requirement to pay the relevant tax, penalties and interest may have a material adverse effect on the operating and financial performance of APN. The extent of the impact is dependent on a number of factors, including the level of penalties applied, the time at which the amounts become finally due for payment (which may be some time from the date of this Presentation) and the financial position of APN at that time.

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## Appendix 2

## KEY RISKS

**1.22 Taxation risk (continued)****Other matters**

- The ATO is also auditing 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 as a result of this audit.
- As announced to the ASX and NZX on 24 June 2016, APN reached a binding heads of agreement with the New Zealand Internal Revenue Department (IRD) to settle various outstanding taxation matters. The matters the subject of the settlement were the Mandatory Convertible Note (MCN) transaction, the Branch financing transaction non-resident withholding tax and thin capitalisation issues, and a further matter that was under review by the IRD. Each of these matters were referred to in APN's investor presentation and Explanatory Memorandum in respect of the NZME Demerger dated 11 May 2016. The settlement amounts have been paid.

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## Appendix 2

## KEY RISKS



## 2. Risks associated with New Shares and the Entitlement Offer

### 2.1 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.

## Appendix 2

## KEY RISKS



### 2.2 Underwriting risk

- The Underwriting Agreement relating to the Equity Raising 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 their 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 Equity Raising) 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 a cleansing notice lodged by APN in respect of the Equity Raising is "defective" within the meaning of the Corporations Act;
  - there are certain delays in the timetable for the Equity Raising 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; or
  - APN withdraws the Equity Raising.
- 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 or regulatory action) will depend (amongst other things) on whether the event has or is likely to have a material adverse effect on the success or settlement of the Equity Raising, 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 proceeds expected under the Equity Raising, its financial position may change and it may need to take other steps to raise capital.

### 2.3 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, net of any applicable withholding tax. However, there is no guarantee that any value will be received for your renounced Entitlement through the bookbuild processes. There is a risk that the Australian Taxation Office (ATO) may view any amount received from the Shortfall Book build process as an unfranked dividend or ordinary income, rather than capital.
- 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 to a greater extent by not participating to the full extent in the Entitlement Offer.

## Appendix 3 – International Offering Jurisdictions



### Appendix 3

## 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.

#### 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.

#### 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 Germany, 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.

## Appendix 3

## 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.

## Appendix 3

## INTERNATIONAL OFFERING JURISDICTIONS

**Italy**

The offering of the Entitlements and the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors ("Qualified Investors"), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.
- Any offer, sale or delivery of the Entitlements or the New Shares or distribution of any offer document relating to these securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:
- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Entitlements and the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

**New Zealand**

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

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

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.

## Appendix 3

**INTERNATIONAL OFFERING JURISDICTIONS****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.

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.

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## Appendix 3

**INTERNATIONAL OFFERING JURISDICTIONS****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.

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.

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**25 October 2016**

**MARKET ANNOUNCEMENT**

**NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES**

**APN ANNOUNCES ACQUISITION OF THE REMAINING 50% OF ADSHEL AND UNDERTAKES EQUITY RAISING**

- APN moves to full ownership of Adshel for \$268.4 million, through acquisition of remaining 50% interest in the Adshel joint venture from a subsidiary of Clear Channel Outdoor
- Purchase price represents an historic EV/ EBITDA multiple of approximately 12.7x<sup>1</sup>
- The transaction continues APN's significant business transformation:
  - APN knows the Adshel business well and understands drivers of growth
  - provides Adshel with capital certainty to pursue industry growth opportunities
  - increases exposure to the structural growth trend in the out-of-home industry
  - creates a unique advertiser proposition with an integrated Radio / Outdoor / Mobile / Video offering
- Acquisition funded through a debt bridge facility, accelerated placement and APN's existing debt facilities
  - debt bridge facility to be repaid from proceeds of fully underwritten Equity Raising of \$273 million, comprised of an institutional placement and entitlement offer
- APN also announces the acquisition of digital media business, Conversant Media, for upfront cash consideration of \$11.6 million and performance based earn-outs
- Trading update provided for Adshel and ARN

**Sydney, 25 October 2016** –APN News & Media Limited [ASX, NZX: APN] (**APN**) has today announced that it has entered into a binding agreement to acquire the remaining 50% of Adshel that it does not already own (the **Acquisition**). APN will effect the transaction by acquiring Clear Channel Outdoor Pty Limited, whose sole asset is its 50% stake in Adshel Street Furniture Pty Limited (**Adshel**).

Adshel is a leading out-of-home media company, with a #1 position in street furniture in Australia and New Zealand and approximately 22,000 static and digital panels. Adshel commenced its digital roll-out with the successful launch of Adshel Live last year. There are currently 366 digital screens in Australia,

<sup>1</sup> Based on Adshel EBITDA for the 12 months to June 2016. Enterprise value includes Adshel net cash at September 2016 of approximately \$4 million.



with an additional 140 planned and 150 digital screens in New Zealand with 70 planned in 1H2017. Through Adshel Rail, there are an additional 186 digital screens across the Sydney Train Network. Investment in data, digitisation and technology will be the principal driver of Adshel's growth going forward.

Adshel allows advertisers across Australia and New Zealand to connect, engage and influence commuters where they work, live, shop and play. Originally formed in 1997 as a joint venture between APN News & Media and Clear Channel Outdoor, today Adshel is one of the most recognised names in street furniture and a key player in the out-of-home media market reaching 92% of Australians 68 times per fortnight.<sup>2</sup>

### Strategic Rationale

The Acquisition provides Adshel with the capital certainty it needs to pursue growth opportunities and greater alignment with APN, increases APN's exposure to the attractive out-of-home industry, which for the year to date has grown by 17% in Australia<sup>3</sup>, and creates a unique advertiser proposition with an integrated Radio/Outdoor/Mobile/Video platform. It also provides APN with greater ability to target advertisers with fully integrated campaigns that offer scale, accountability and content creation capabilities.

CEO and Managing Director of APN, Ciaran Davis said:

"The Acquisition of the remaining 50% of Adshel continues APN's significant transformation, placing APN in a stronger position in the Australian media industry by creating a unique proposition to deliver an integrated Radio, Outdoor, Mobile and Video offering.

"The Adshel Acquisition is consistent with the plans we have outlined to focus on our assets in high growth areas, and provides APN with an opportunity to further pursue growth in the outdoor sector. It will allow the Adshel management team to drive the strategic direction of the business and pursue opportunities that facilitate growth, including a continued focus on innovation and the progressive digitisation of the portfolio. As the demands of advertisers rapidly change, this transaction will increase the effectiveness of implementing integrated marketing campaigns at scale, across all of APN's businesses."

In the 12 months to 30 June 2016, Adshel generated revenues of approximately \$170 million and EBITDA of approximately \$42 million.

The Acquisition will be funded by a debt bridge facility, accelerated placement and APN's existing debt facilities. The debt bridge facility is to be repaid from proceeds of a fully underwritten Equity Raising of \$273 million, comprised of an institutional placement of up to approximately \$72 million and an accelerated renounceable entitlement offer with retail rights trading of approximately \$201 million (the **Equity Raising**). Following the conclusion of the Equity Raising and Acquisition, APN expects to have pro forma leverage of 1.65x for APN (pro forma net debt / pro forma LTM EBITDA).<sup>4</sup>

The Acquisition is not subject to any conditions and therefore is expected to be completed today.

<sup>2</sup> MOVE 2015, People 14yrs and older every 14 days (Adshel posting period).

<sup>3</sup> Outdoor Media Association data for the 9 months to September 2016.

<sup>4</sup> Pro forma LTM to 30 June 2016. Pro forma net debt at 30 June 2016 is after acquisition of Adshel (including Adshel's \$7m of net debt) and Conversant Media, NZ IRD settlement, and proposed sale of ARM.

### Conversant Media

APN has also entered into a binding agreement to acquire Conversant Media, which will facilitate the growth of APN's audience base through an enhanced content offering and diversification of revenues into the growing revenue streams of mobile, social and video. Subject to the satisfaction of certain conditions, this Acquisition is expected to complete at the end of this month (October 2016).

### Equity Raising

The approximately \$273 million fully underwritten Equity Raising comprises the following:

- an institutional placement of 29.4 million new fully paid ordinary shares in APN (**New Shares**) to raise approximately \$72 million (the **Institutional Placement**); and
- an approximately \$201 million, 5-for-13 accelerated renounceable entitlement offer of New Shares with retail rights trading (**Entitlement Offer**). This Entitlement Offer comprises an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component with retail rights trading (**Retail Entitlement Offer**),

each at the offer price of \$2.45 per New Share (**Offer Price**). The Offer Price represents a 27.5% discount to APN's last closing price of \$3.38 on 24 October 2016 and a 20.1% discount to the theoretical ex-rights price (**TERP**).<sup>5</sup>

The Equity Raising is fully underwritten by Credit Suisse (Australia) Limited (**Credit Suisse**) and UBS AG, Australia Branch (**UBS**) (the **Underwriters**).

### Institutional Placement

The \$72 million Institutional Placement will be conducted under a bookbuild on 25 October 2016 and will include:

- an issue of approximately 17.4 million New Shares to UBS at the Offer Price, to raise A\$43 million, which will be issued and paid for today. These New Shares will be immediately offered for sale by UBS to institutional investors as part of the bookbuild;<sup>6</sup> and
- an offer of approximately 12.0 million New Shares to institutional investors to raise \$29 million.

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

<sup>5</sup> The theoretical ex-rights price (TERP) is the theoretical price at which APN shares should theoretically 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 \$3.38 per share on 24 October 2016, being the last trading day prior to the announcement of the Entitlement Offer. TERP has been calculated to include the New Shares issued to UBS under the Institutional Placement as they are being issued on a cum entitlement basis.

<sup>6</sup> New Shares issued to UBS under this component of the Institutional Placement will be entitled to participate in the Entitlement Offer, and investors who purchase such New Shares from UBS will also be required to take up an equivalent number of entitlements under the Institutional Entitlement Offer.

### Entitlement Offer

Under the Entitlement Offer, eligible shareholders are invited to subscribe at the Offer Price for 5 New Shares for every 13 existing APN shares (**Entitlement**) held as at 7:00pm (Sydney time) on Thursday, 27 October 2016 (**Record Date**).

Approximately 82.1 million new APN shares will be issued under the Entitlement Offer. New Shares will rank equally with existing APN shares from their time of issue.

### Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place from 25 October 2016 to 26 October 2016.

Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Institutional Entitlements cannot be sold on ASX or NZX. As the Entitlement Offer is renounceable, Entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and Entitlements of ineligible institutional shareholders, will be offered for sale through an institutional shortfall bookbuild to be conducted on Wednesday, 26 October 2016 (**Institutional Shortfall Bookbuild**). Any proceeds from the sale of institutional Entitlements under the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

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

### Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia, New Zealand or Ireland on the Record Date will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on 2 November 2016 and close at 5.00pm on 17 November 2016. Eligible retail shareholders will have the opportunity to participate at the same Offer Price and offer ratio as the Institutional Entitlement Offer.

Eligible retail shareholders will be allotted Entitlements (**Retail Entitlements**) which can be traded on ASX. Retail Entitlements will not be tradeable on NZX. If eligible retail shareholders do not wish to take up all or part of their Retail Entitlements they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring them directly to another person to realise value for those Retail Entitlements ahead of the Retail Shortfall Bookbuild (referred to below). Retail Entitlements can be traded on the ASX from 27 October 2016 to 10 November 2016.

Entitlements not taken up by the close of the Retail Entitlement Offer, and Entitlements of ineligible retail shareholders, will be offered for sale through a retail shortfall bookbuild to be conducted on or about 22 November 2016 (**Retail Shortfall Bookbuild**). Any proceeds from the sale of Retail Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Entitlements may only be exercised by eligible shareholders, being persons who have a registered address in Australia, New Zealand or Ireland, and certain categories of institutional investors in Hong Kong, Singapore, United Kingdom, Switzerland, Norway, France, Italy, Ireland and Germany. Persons in

the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on ASX, or take up or exercise Entitlements purchased on ASX or transferred from another person.

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

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. APN expects to lodge the Retail Offer Booklet with the ASX and NZX and dispatch the Retail Offer Booklet and personalised Entitlement and Acceptance Forms to eligible retail shareholders on or about 2 November 2016. The Retail Offer Booklet will be made available on APN's website ([www.apn.com.au](http://www.apn.com.au)).

### Equity Raising Timetable

The indicative timetable for the Equity Raising is as follows:

Event	Date
Announcement of acquisition and capital raising	Tuesday, 25 October 2016
Trading halt commences	
Institutional Placement conducted	
Institutional Entitlement Offer opens	
Institutional Entitlement Offer closes	Wednesday, 26 October 2016
Institutional Shortfall Bookbuild	
Trading halt lifted	Thursday, 27 October 2016
Retail Entitlements commence trading on ASX (on a deferred settlement basis)	
Record Date for the Entitlement Offer (7.00pm Sydney time)	
Settlement of Institutional Placement	Monday, 31 October 2016
Issue and quotation of New Shares under Institutional Placement <sup>7</sup>	Wednesday, 2 November 2016
Retail Entitlement Offer opens	Wednesday, 2 November 2016

<sup>7</sup> Excludes New Shares on-sold by UBS, which will be transferred to purchasers on the Institutional Placement settlement date.

Retail Offer Booklet despatched	
Retail Entitlements commence trading on ASX on a normal settlement basis	Thursday, 3 November 2016
Settlement of the Institutional Entitlement Offer	
Issue and quotation of New Shares under the Institutional Entitlement Offer	Friday, 4 November 2016
Proceeds (if any) under the Institutional Shortfall Bookbuild despatched	Monday, 7 November 2016
Retail Entitlements trading ends	Thursday, 10 November 2016
Retail Entitlement Offer closes (5.00pm Sydney time)	Thursday, 17 November 2016
Retail Shortfall Bookbuild	Tuesday, 22 November 2016
Settlement of the Retail Entitlement Offer	Friday, 25 November 2016
New Shares issued under the Retail Entitlement Offer	Monday, 28 November 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	Tuesday, 29 November 2016
Dispatch of holding statements for New Shares under the Retail Entitlement Offer	Tuesday, 29 November 2016
Proceeds (if any) under the Retail Shortfall Bookbuild despatched	

### APN Trading Update

#### Adshel

- At APN's 1H16 results APN discussed expectations for Adshel in H216 reflecting first half EBITDA growth of +20%, offset by a number of one off items from the 2015 results (~\$3.5 million).
- Q3 2016 revenue growth of 27% far exceeded market growth of 14% and visibility for Q4 is good with solid forward bookings in place.
- As a result, underlying earnings growth has continued, in line with expectations.

#### ARN

- The softer start in July and August, as foreshadowed at APN's 1H16 results, continued into September despite early signs of recovery. While ratings softness early in the year improved over Surveys 5 and 6, revenue recovery is taking longer than expected, particularly in Melbourne. The radio market has also been softer than expected.

- Further cost savings have been implemented to partly offset these conditions, and a range of revenue initiatives have been put in place. Subject to the market and ratings share for the remainder of the year ARN EBITDA for the half is now expected to be down by ~\$2 million on the prior corresponding period, excluding the benefit of any licence fee reductions.

**Additional details**

Further details of the Acquisition and Equity Raising are set out in the Investor Presentation which is available on the ASX and NZX. This includes important information with respect to the Institutional Placement and Entitlement Offer, including key risks involved in an investment in APN or the New Shares.

ENDS

**Shareholder Enquiries**

For further information:

Peter Brookes, Citadel, +61 407 911 389

Helen McCombie, Citadel, +61 411 756 248





## MARKET ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

### APN SUCCESSFULLY COMPLETES INSTITUTIONAL PLACEMENT AND ENTITLEMENT OFFER

**Sydney, 27 October, 2016** – APN News & Media Limited [ASX, NZX: APN] (**APN**) today announced the successful completion of its fully underwritten institutional placement (**Institutional Placement**) and the institutional component of its 5 for 13 accelerated renounceable entitlement offer (**Entitlement Offer**).

The Placement and institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) had strong support from shareholders, raising approximately \$254 million from the issue of new fully paid ordinary shares in APN (**New Shares**) at a price of \$2.45 per New Share (**Offer Price**). The Institutional Placement was well oversubscribed and was allocated exclusively to existing APN shareholders. The Institutional Entitlement Offer raised approximately \$182 million with a take up rate of 99%.

The Institutional Entitlement Offer shortfall bookbuild attracted strong demand and cleared at \$3.01 which represents a premium of \$0.56 above the Offer Price.

Eligible institutional shareholders who elected to not take up their entitlements and certain ineligible institutional shareholders will receive \$0.56 for each entitlement sold through the Institutional Entitlement Offer shortfall bookbuild, less any applicable withholding tax.

New Shares offered under the Institutional Placement are expected to be issued and commence trading on Wednesday, 2 November 2016.<sup>1</sup> New Shares offered under the Institutional Entitlement Offer (including as part of the institutional shortfall bookbuild) are expected to be issued on Friday, 4 November and commence trading on the ASX and NZX on the same day.

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<sup>1</sup> Excludes New Shares on-sold by UBS under the Institutional Placement, which will be transferred to purchasers on 31 October 2016.



### **Retail Entitlement Offer**

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will open on Wednesday, 2 November 2016 and close at 5.00pm on Thursday, 17 November 2016.

Eligible retail shareholders with a registered address in Australia, New Zealand or Ireland will be able to subscribe for 5 New Shares for every 13 fully paid ordinary shares in APN held as at 7.00pm (Sydney time) on the Record Date of Thursday, 27 October 2016, at the same offer price of \$2.45 per New Share as the Institutional Entitlement Offer.

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. APN expects to lodge the Retail Offer Booklet with the ASX and NZX and dispatch the Retail Offer Booklet and personalised entitlement and Acceptance Forms to eligible retail shareholders on or about Wednesday, 2 November 2016. The Retail Offer Booklet will be made available on APN's website ([www.apn.com.au](http://www.apn.com.au)).

### **Shareholder Enquiries**

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

- 1300 494 781 (from within Australia);
- 0800 729 276 (from within New Zealand); or
- +61 1300 494 781 (from outside Australia and New Zealand),

between 8.30am to 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period.

### **For further information:**

Peter Brookes, Citadel, +61 407 911 389

Helen McCombie, Citadel, +61 411 756 248

### **Not for distribution or release in the United States**

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

This announcement may not be released or distributed in the United States. This



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

## 6 IMPORTANT INFORMATION

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

This Information is dated 2 November 2016 (other than the APN Investor Presentation and the Acquisition and Capital Raising Announcement, published on the ASX and NZX websites on 25 October 2016 and the Institutional Offer Completion Announcement published on the ASX and NZX on 27 October 2016) and also available at [www.apn.com.au](http://www.apn.com.au). This Information remains subject to change without notice and APN is not responsible for updating this Information.

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

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

### **THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

### **TRADING OF ENTITLEMENTS AND NEW SHARES**

It is expected that trading of Retail Entitlements on the ASX will commence at 10.00am (Sydney time) on Thursday, 27 October 2016 on a deferred settlement basis until 4.00pm (Sydney time) on Wednesday, 2 November 2016 (when those Entitlements are expected to be allotted) and from 10.00am (Sydney time) on Thursday, 3 November 2016 until 4.00pm (Sydney time) on Thursday, 10 November 2016 on a normal settlement basis. The Entitlements will not be traded on the NZX. It is expected that trading on the ASX and NZX of New Shares to be issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Tuesday, 29 November 2016 on a normal settlement basis.

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

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

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

## 6.1 ELIGIBLE RETAIL SHAREHOLDERS

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

Eligible Retail Shareholders are those persons who:

- are registered as a holder of shares as at the Record Date, being 7.00pm (Sydney time) on Thursday, 27 October 2016;
- have a registered address on the APN Share Registry in Australia, New Zealand or Ireland;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds APN ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

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

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

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

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

## 6.2 ELIGIBLE INSTITUTIONAL SHAREHOLDERS

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

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

## 6.3 RANKING OF NEW SHARES

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

## 6.4 RISKS

The APN Investor Presentation details important factors and risks that could affect the financial and operating performance of APN. You should refer to the "Key Risks" section of the Investor Presentation released to the ASX and NZX on Tuesday, 25 October which is included in Section 5 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

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

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

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

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

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

### **6.6 RECEIPT OF EXCESS RETAIL PREMIUM**

If you receive a Retail Premium payment, less any applicable withholding tax, in excess of the Retail Premium payment to which you were actually entitled based on that part of your Entitlement under the Retail Entitlement Offer which remains held by you as at close of the Retail Entitlement Offer on 5.00pm (Sydney time) on Thursday, 17 November then, in the absolute discretion of APN, you may be required to repay APN the excess Retail Premium.

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

### **6.7 NO COOLING OFF RIGHTS**

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

### **6.8 ROUNDING OFF ENTITLEMENTS**

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

### **6.9 TRADING OF RETAIL ENTITLEMENTS**

Entitlements under the Retail Entitlement Offer are tradeable and can be sold or transferred. The Entitlements will not be traded on the NZX. They are expected to be quoted on and tradeable on the ASX from Thursday, 27 October to Thursday, 10 November 2016. You may sell your Entitlements (which you do not wish to take up or let be offered for sale in the Retail Shortfall Bookbuild) in order to realise value which may attach to those Entitlements if sold at that time. If you let your Entitlement be offered for sale in the Retail Shortfall Bookbuild, you have the opportunity to receive any Retail Premium, less any applicable withholding tax (see Section 3.7). There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on the ASX and the price able to be achieved.



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

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

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

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

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

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

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

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

#### **6.10 NOTICE TO NOMINEES AND CUSTODIANS**

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

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

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

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

### 6.11 NOT INVESTMENT ADVICE

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

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser or call the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

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

### 6.12 QUOTATION AND TRADING

APN has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. A separate application for quotation to NZX is not required by the NZX Listing Rules. If the ASX does not grant quotation of the New Shares, APN will repay all Application Monies (without interest). Once issued, the New Shares will also be quoted on the NZX Main Board<sup>6</sup>.

Subject to approval being granted, it is expected that normal trading of New Shares issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Tuesday, 29 November 2016.

### 6.13 INFORMATION AVAILABILITY

If you are in Australia, New Zealand or Ireland, you can obtain a copy of this Retail Offer Booklet during the Entitlement Offer by calling the APN Shareholder Information Line on 1300 494 781 (within Australia) or +61 1300 494 781 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday, or 0800 729 276 (within New Zealand) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

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

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

### 6.14 FOREIGN JURISDICTIONS

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

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

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

The distribution of this Information (including an electronic copy) outside Australia, New Zealand and Ireland may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "Appendix 3: International Offering Jurisdictions" section of the APN Investor Presentation included in Section 5 of this Retail Offer Booklet for more information.

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

#### **New Zealand**

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

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

#### **Ireland**

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) "qualified investors" as defined in Regulation 2(I) of the Prospectus Regulations and (ii) fewer than 150 natural or legal persons who are not qualified investors.

#### **United States**

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

#### **6.15 UNDERWRITING OF THE ENTITLEMENT OFFER**

APN has entered into an underwriting agreement (**Underwriting Agreement**) with the Underwriters who have agreed to manage and underwrite the Entitlement Offer. In addition, UBS has agreed to underwrite the Institutional Placement (other than the Accelerated Placement, which was completed on Tuesday, 25 October 2016). As is customary with these types of arrangements:

- APN has agreed, subject to certain carve-outs, to indemnify each Underwriter, their respective affiliates and related bodies corporate and each of their respective directors, officers, and employees against all costs, claims, damages, liabilities or other losses or expenses of any kind it may suffer or incur in connection with the Capital Raising;
- APN and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Capital Raising;

- the Underwriters may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - any offer document (including this Retail Offer Booklet and all ASX announcements made in connection with the Capital Raising) 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 Capital Raising without each Underwriter’s consent;
  - ASIC takes certain actions in connection with the Capital Raising;
  - APN is removed from the official list of ASX, its shares are suspended from quotation, or approval for quotation of New Shares is not given by the ASX;
  - there are material financial or economic disruptions in key markets;
  - APN breaches the terms of the Underwriting Agreement; or
  - APN withdraws from the Capital Raising.

Each Underwriter will be paid in their respective agreement proportions, in relation to the Entitlement Offer:

- an underwriting fee of 1.45% (excluding GST) of the Entitlement Offer proceeds; and
- a management fee of 0.7% (excluding GST) of the Entitlement Offer proceeds.

APN may, in its absolute discretion, consider paying one or both of the Underwriters an incentive fee (in aggregate) of up to 0.35% (excluding GST) of the Capital Raising proceeds (not including the Accelerated Placement proceeds). Each Underwriter will also be reimbursed for certain expenses.

In respect of the Institutional Placement, each Underwriter will receive an underwriting fee of 1.45% (excluding GST) of the Institutional Placement proceeds and a management fee of 0.7% (excluding GST) of the Institutional Placement proceeds.

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

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

### 6.16 GOVERNING LAW

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

### 6.17 DISCLAIMER OR REPRESENTATIONS

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

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

### 6.18 WITHDRAWAL OF THE ENTITLEMENT OFFER

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

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

### 6.19 PRIVACY

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

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

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

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

## CORPORATE DIRECTORY

### **APN Shareholder Information Line**

Within Australia: 1300 494 781

Outside Australia +61 1300 494 781

Within New Zealand: 0800 729 276

Open between 8.30am to 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period.

### **Issuer**

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### **Share Registry**

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Sydney NSW 2000

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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