

Investor 20 Presentation 16



APN NEWS & MEDIA LIMITED
ABN 95 008 637 643

Buy-out of Adshel JV and Equity Raising

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1. TRANSACTION OVERVIEW

Accelerating APN's growth strategy

Buy-out of Adshel Joint Venture

- 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
- Purchase consideration of \$268.4 million, implying an overall multiple of 12.7x EV / EBITDA (Jun-16A)¹
- In the 12 months to June 2016, Adshel generated total revenue and income of \$170 million and EBITDA of \$42 million
- Adshel is #1 in street furniture in Australia and New Zealand, operating in an attractive segment of the outdoor industry

Strategic rationale

- The acquisition continues APN's significant business transformation:
 - know the business well and understand 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

(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

1. TRANSACTION OVERVIEW (CONT'D)



Accelerating APN's growth strategy

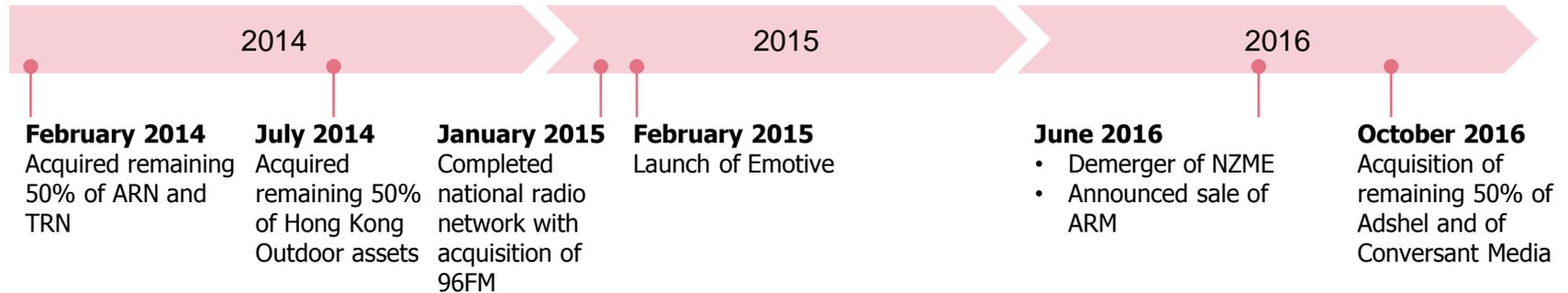
Adshel Acquisition terms / steps	<ul style="list-style-type: none">▪ Purchase price of \$268.4 million, subject to customary post-closing adjustments▪ No conditions precedent to closing, with completion today (25 October)
Acquisition of Conversant Media	<ul style="list-style-type: none">▪ APN has also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

(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

2. STRATEGIC RATIONALE

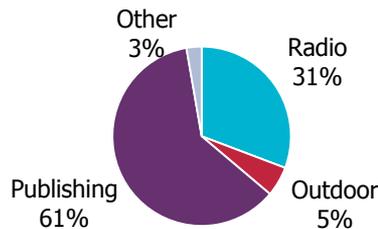
Continues APN's significant business transformation

Key strategic initiatives

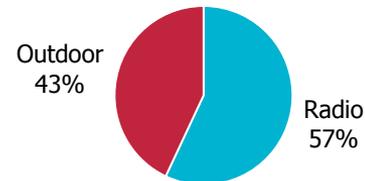


Transformation of APN's revenue mix

Dec-13¹



Jun-16 Pro forma²



(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% YTD¹ 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 Zealand¹ 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

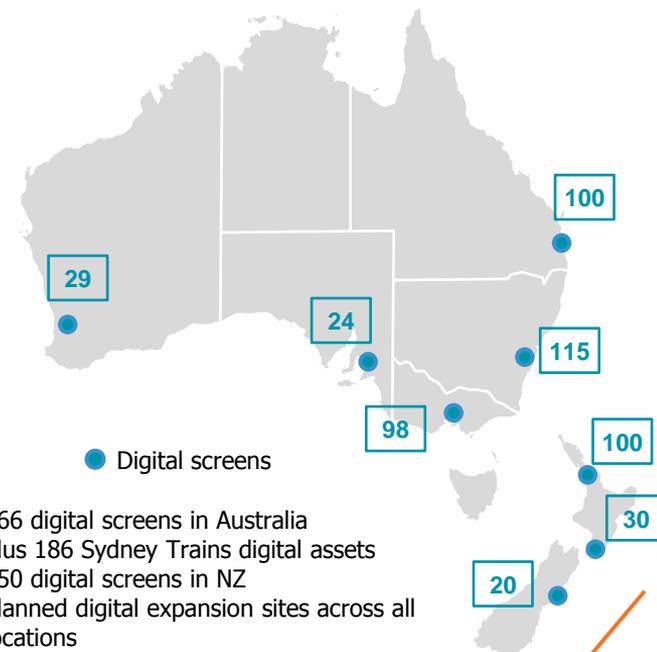


#1 position in street furniture in Australia and New Zealand

- 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 fortnight¹**
- 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



ADSHEL

With unparalleled coverage, our broadcast street furniture network reaches 92% of Australians where they live, work, shop and play.*



ADSHEL LIVE

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.*



ADSHEL RAIL

With locations across key Sydney CBD and suburban stations, Adshel Rail helps reach a diverse, high frequency audience for maximum impact and effectiveness.



ADSHEL 7-ELEVEN

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.



ADSHEL IMMERSE

The ultimate impact in creativity developed by our award-winning team, Adshel Immerse expertly brings campaign ideas to life with incredible impact and the kind of effectiveness that lasts well beyond the execution.*



ADSHEL CONNECT

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.*

*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 awareness¹
 - 40% YOY increase in direct trials¹



(1) Source: Xero

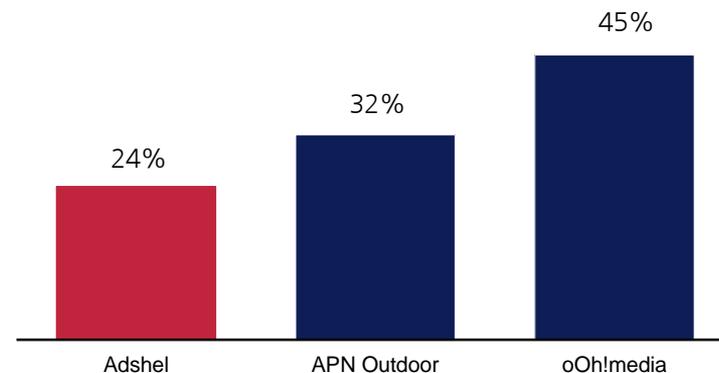
3. ADSHEL OPPORTUNITIES



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 participant¹

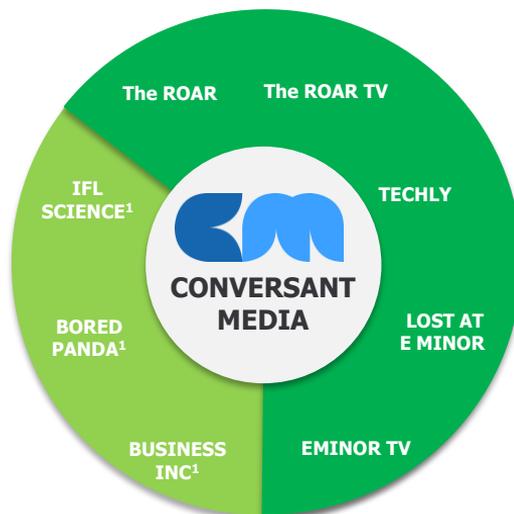
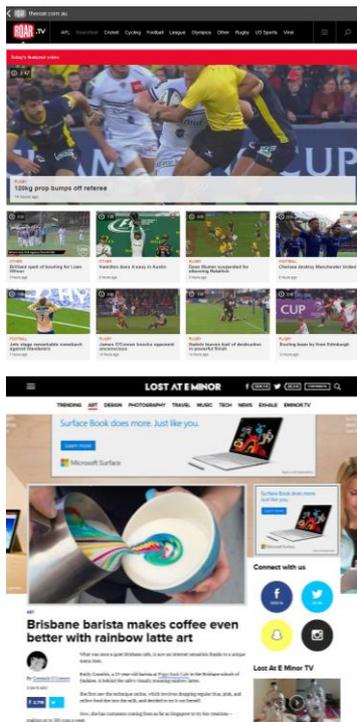


Adshel inventory	Current	2-3 yr target
Digital screens ²	516	1,500
% of total inventory	4%	13%

(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 million²
EBITDA :	\$1.1 million²
UNIQUE VISITORS:	3.8 million monthly³
REACH:	21 million monthly⁴
MONTHLY SESSIONS:	5.2 million³
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

Grow audience base

- 60% under 34 years¹
- 72% Mobile usage¹

Diversify revenues

- 100% digital revenue²
- \$0.6M in video revenues²
- \$2.2M generated from sport²

Expand digital and data capabilities

- Experts in growing digital audiences
- Track record of strong digital revenue growth
- Innovative mobile and video strategy

Optimise integration

- Cross promotion opportunities with ARN, Adshel and Emotive
- Access to established client base
- Further strengthens APN's unique 'away from home' positioning

Key terms

- \$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



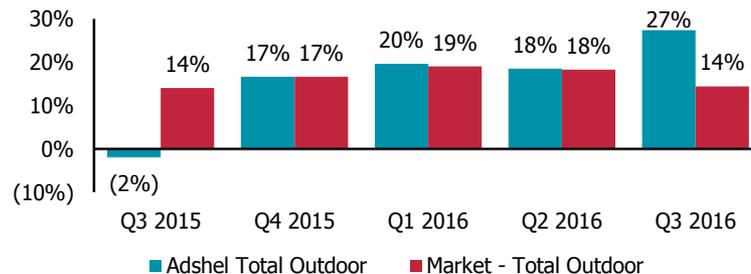
Adshel's historical earnings^{(1),(2)}

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

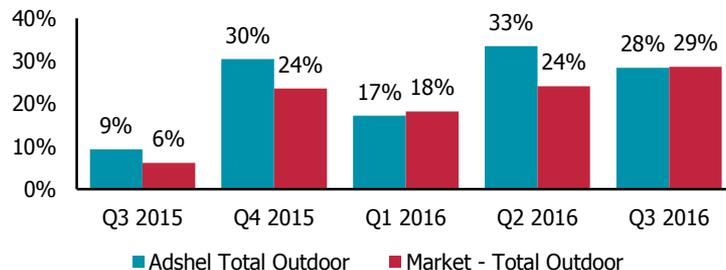
- (1) Presents the continuing operations of Adshel Australia and New Zealand. See Appendix 2 for additional information on the Basis of Preparation
- (2) Includes Adshel NZ LTM 2016 revenue and EBITDA of \$19.8 million and \$9.3 million respectively
- (3) Other revenue and income includes Adshel non-media 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⁽¹⁾

Australia



New Zealand



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

5. APN'S EARNINGS POST ACQUISITION

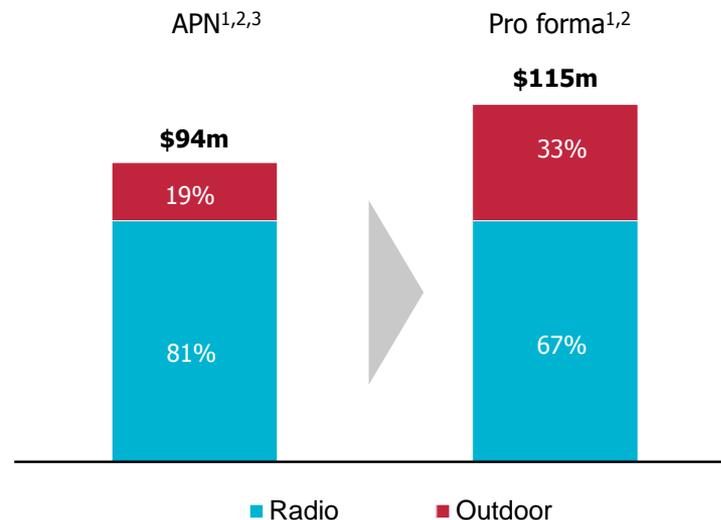
Financial Profile – Pro forma (\$m)^{(1),(2)}

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

- (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

5. FUNDING THE ACQUISITIONS

Equity Raising	<ul style="list-style-type: none"> ▪ \$273 million fully underwritten Equity Raising via: <ul style="list-style-type: none"> ▪ a \$201 million Entitlement Offer ▪ a \$72 million Institutional Placement¹
Initial funding	<ul style="list-style-type: none"> ▪ Purchase consideration to be initially funded via: <ul style="list-style-type: none"> ▪ \$43 million proceeds from the accelerated component of the Institutional Placement (Accelerated Placement)² ▪ \$126 million from Debt Bridge Facility ▪ \$99 million from APN's existing debt facilities ▪ The Debt Bridge Facility will be repaid with proceeds from the Equity Raising
Debt	<ul style="list-style-type: none"> ▪ APN will assume Adshel existing net cash of \$4 million⁴ ▪ Purchase consideration for Conversant Media⁵ (\$11.6m) to be funded through APN's existing debt facilities ▪ Pro forma leverage of 1.65x for APN (pro forma net debt / pro forma LTM EBITDA)⁶ following completion of the Equity Raising

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

(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

5. EQUITY RAISING SUMMARY

Structure	<ul style="list-style-type: none"> Fully underwritten \$273 million Equity Raising comprised of: <ul style="list-style-type: none"> \$201 million accelerated renounceable entitlement offer with retail rights trading (“Entitlement Offer”) \$72 million Institutional Placement¹ Under the Entitlement Offer, eligible shareholders are entitled to 5 New Shares for every 13 existing ordinary shares held on the record date
Offer Price	<ul style="list-style-type: none"> \$2.45 per New Share issued under the Entitlement Offer and Institutional Placement (“Offer Price”) 20% discount to theoretical ex-rights price (TERP)² of \$3.07
Institutional Offer	<ul style="list-style-type: none"> Institutional Placement¹ opens and closes on Tuesday, 25 October Institutional Entitlement Offer opens on Tuesday, 25 October and closes on Wednesday, 26 October Entitlements not taken up, and entitlements of ineligible shareholders, will be sold in the institutional shortfall bookbuild to be conducted on Wednesday, 26 October³
Retail Entitlement Offer	<ul style="list-style-type: none"> Retail Entitlement Offer opens Wednesday, 2 November and closes on Thursday, 17 November Rights trading available from Thursday, 27 October to Thursday, 10 November Entitlements not taken up, and entitlements of ineligible shareholders, will be sold in the retail shortfall bookbuild to be conducted on Tuesday, 22 November³
Ranking	<ul style="list-style-type: none"> New shares will rank equally with existing ordinary shares from their time of issue
Record date	<ul style="list-style-type: none"> 7.00pm (Sydney time) on Thursday, 27 October

- (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

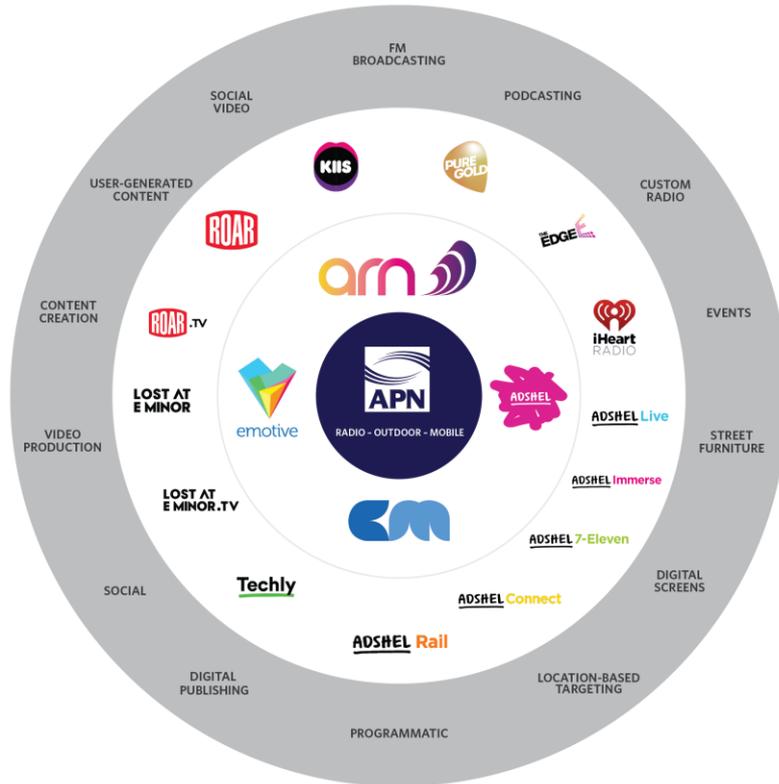
Adshel

- 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



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, or ASX's website, 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.

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.

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.

PRO FORMA HISTORICAL BALANCE SHEET

APN historical Pro forma balance sheet as at 30 June 2016

\$m	APN ¹	Adshel ²	Purchase adjustments ²	IRD Settlement ³	Sale of ARM ³	Conversant Media ³	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
Total assets	625	140	404	-	(65)	15	1,119
Payables	45	37			(3)	1	79
Borrowings ⁴	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
Total liabilities	317	52	8	-	(65)	15	326
Net assets	308	88	396	-	-	-	793
Net debt⁴	175.5						188.7
EBITDA (pre exceptional items)	97.6						114.6
Net debt / EBITDA	1.80						1.65

- (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

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 ¹	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.

Appendix 2 – Key Risks



KEY RISKS



Introduction

- Investors should be aware that there are risks associated with an investment in APN.
- Some of the principal factors which may, either individually or in combination, affect the future operating performance of APN are set out below. Some are specific to an investment in APN and the New Shares and others are of a more general nature.
- The summary of risks below is not exhaustive. This Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that APN is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of APN and the New Shares.
- The 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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



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.

INTERNATIONAL OFFERING JURISDICTIONS



Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(1) of the Prospectus Regulations.

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.

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.

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.