

INVESTMENT STATEMENT

FOR AN OFFER OF FIXED
RATE APN MEDIA BONDS BY
APN MEDIA (NZ) LIMITED

5 NOV
2010



YOUR OPPORTUNITY TO EARN RETURNS FROM NEW ZEALAND'S LARGEST MULTI MEDIA GROUP



JOINT LEAD MANAGERS



FORSYTH BARR



Northern Star

Tweed/Border
Mail Classic HITS GOOD TIMES

finda Byron Shire News

NORTHERN DOWNS NEWS

WWW.MIX1065.COM.AU

Caboolture News

ISLAND & MAINLAND News

MIX 106.3
The Community
ADVOCATE

The Western Star

Guardian

WWW.APNARM.COM.AU/DIGITAL

Dalby Herald

Advocate

HERALD

Classic HITS WFSM 101.7

WWW.4KQ.COM.AU

Weekly

WWW.APNOUTDOOR.COM.AU

ARN AUSTRALIAN RADIO NETWORK

WWW.ARN.COM.AU

Town & Country

NOVA 93.7

Daily News

CENTRAL & NORTH BURNETT

TIMES

MORNING The Bulletin

Cruise 1323 AM

echo

gold coast

mail

Noosa News

The OBSERVER

Mirror

WWW.FINDA.COM.AU

Kawana Weekly

The Ipswich

Advertiser

The Recorder

Times

Buderim Chronicle

Mirror

NewsMail

Daily Mercury

The Gympie Times

QT

Sunshine Coast Daily

97.3FM

SOUTH BURNETT
TIMES

Border Post
WWW.GRABONE.COM.AU

Nambour Weekly

WWW.QT.COM.AU

The Satellite

WWW.ADSHEL.COM.AU

ADSHL

The Daily Examiner

Central Telegraph

Ränge News

MIX 102.3

Herald

News The Reporter

GrabOne

Maroochy Weekly

WWW.WFSM.COM.AU

THE RIVERTOWN Times

MIX 101.1

MINERS MidWeek

FRASER COAST
Chronicle

BEACON

Classic HITS GOLD 104.3

...AND ONE OF AUSTRALASIA'S LARGEST MEDIA COMPANIES



CONTENTS

1	IMPORTANT INFORMATION	3	9	ANSWERS TO IMPORTANT QUESTIONS	42
2	IMPORTANT DATES	4	9.1	What sort of investment is this?	42
3	GENERAL INFORMATION	5	9.2	Who is involved in providing it for me?	42
4	INVESTMENT HIGHLIGHTS	6	9.3	How much do I pay?	44
5	CHAIRMAN'S LETTER	10	9.4	What are the charges?	44
6	SUMMARY OF THE OFFER	12	9.5	What returns will I get?	45
7	CORPORATE PROFILE	18	9.6	What are my risks?	48
7.1	The Issuer	18	9.7	Can the investment be altered?	51
7.2	Overview of APN News & Media Limited	18	9.8	How do I cash in my investment?	52
7.3	History	20	9.9	Who do I contact with enquiries about my investment?	52
7.4	Strategy	21	9.10	Is there anyone to whom I can complain if I have problems with the investment?	53
7.5	Business units	22	9.11	What other information can I obtain about this investment?	53
7.6	Performance outlook	30	10	GUARANTEE, BANK FACILITIES AND EVENTS OF DEFAULT	54
7.7	Summary financial statements	32	11	TAXATION	56
8	BOARD OF DIRECTORS AND SENIOR MANAGEMENT	38	12	GLOSSARY	58
8.1	Directors of the Issuer	38	13	GUARANTOR GROUP	60
8.2	Directors of APN News & Media Limited	39	14	APPLICATION INSTRUCTIONS AND FORM	62
8.3	Senior Management of APN News & Media Limited	41	15	DIRECTORY	69



1. IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

What sort of investment is this?	42
Who is involved in providing it for me?...42	
How much do I pay?	44
What are the charges?	44
What returns will I get?	45
What are my risks?	48
Can the investment be altered?	51
How do I cash in my investment?	52
Who do I contact with inquiries about my investment?.....	52
Is there anyone to whom I can complain if I have problems with the investment?	53
What other information can I obtain about this investment?.....	53

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

ENGAGING AN INVESTMENT ADVISER

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by one or more particular financial institutions; and

- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

WARNING STATEMENTS FOR AUSTRALIAN INVESTORS

- 1** This Offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the New Zealand Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings) Regulations 2008¹.
- 2** This Offer and the content of the offer document are principally governed by New Zealand, rather than Australian, law. In the main, the New Zealand Securities Act 1978 and the New Zealand Securities Regulations 1983² set out how the offer must be made.
- 3** There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.

- 4** The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.
- 5** Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Australian Securities and Investments Commission (ASIC). The Australian and New Zealand regulators will work together to settle your complaint.
- 6** The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.
- 7** If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- 8** The Offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

- 9** If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.
- 10** If the security or financial product is able to be traded on a financial market and you wish to trade the security or financial product through that market, you will have to make arrangements for a participant in that market to sell the security or financial product on your behalf. If the financial market is a foreign market that is not licensed in Australia (such as a securities market operated by NZX) the way in which the market operates, the regulation of participants in that market and the information available to you about the security or financial product and trading may differ from Australian licensed markets.
- 11** Application has been made to NZX for permission to list the Bonds on the NZDX, and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement. NZX is a registered exchange under the Securities Markets Act 1988.

2. IMPORTANT DATES

The dates below (other than the dates for interest payments, early redemption and maturity) are indicative only and subject to change by the Issuer at any time prior to the actual Issue Date. The Issuer has the right to extend or otherwise vary the Opening Date and the Closing Date. This may have a consequent effect on other dates.

MINIMUM INTEREST RATE AND MARGIN ANNOUNCEMENT DATE FRIDAY 12 NOV 2010	OPENING DATE³ MONDAY 15 NOV 2010	CLOSING DATE FRIDAY 10 DEC 2010	INTEREST RATE ANNOUNCEMENT DATE ('RATE SET DATE') TUESDAY 14 DEC 2010	ISSUE DATE WEDNESDAY 15 DEC 2010
EXPECTED DATE OF INITIAL QUOTATION AND TRADING ON NZDX FRIDAY 17 DEC 2010	FIRST INTEREST PAYMENT DATE TUESDAY 15 MAR 2011	SUBSEQUENT INTEREST PAYMENT DATES 15 MAR, JUN, SEPT & DEC <i>of each year until redemption.</i>	EARLIEST DATE FOR REDEMPTION BY ISSUER SATURDAY 15 DEC 2012	MATURITY DATE TUESDAY 15 MAR 2016

¹ This statement is prescribed under Australia's Corporations Regulations 2001. The full New Zealand law description for those regulations is the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008. All New Zealand legislation referred to in this Investment Statement is available for inspection at www.legislation.govt.nz.

² This statement is prescribed under Australia's Corporations Regulations 2001. The New Zealand Securities Regulations 1983 have recently been replaced by the New Zealand Securities Regulations 2009, and those regulations apply to the Offer in place of the New Zealand Securities Regulations 1983.

³ The Offer is open for acceptance from 20 November 2010 in Australia.

3. GENERAL INFORMATION

This document is an investment statement for the purposes of the Securities Act 1978 and is prepared as at and is dated 5 November 2010.

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for Bonds.

OFFER OF BONDS

This Investment Statement relates to an offer of fixed rate Bonds. The Bonds are unsecured, unsubordinated debt securities offered by APN Media (NZ) Limited ('Issuer'), a wholly-owned indirect subsidiary of Australian-incorporated APN News & Media Limited ('APN').

OTHER IMPORTANT INFORMATION

Investors should note that other important information about Bonds and the Offer is available in the Prospectus and in the Bond Trust Documents. Copies of these documents may be obtained free of charge from the Registrar. Copies of the Prospectus are also available from any of the Joint Lead Managers. Contact details for the Registrar and the Joint Lead Managers are listed in the directory at the back of this Investment Statement.

While there are Bonds outstanding, certain financial and other information about the Issuer, APN and the Guarantor Group, including the latest Annual Accounts and Semi Annual Accounts of the APN Group, may be obtained by Bondholders from the Issuer on request. In addition, once the Bonds are listed, the Issuer will be under the obligation to disclose material information concerning it to NZX pursuant to NZDX Listing Rule 10.1.

SELLING RESTRICTIONS

This Investment Statement only constitutes an offer of Bonds to the public in New Zealand and Australia and to investors in other jurisdictions where Bonds may be lawfully offered. No action has been or will be taken by the Issuer which would permit an offer of Bonds to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand and Australia). Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Bondholder, or any other person, may purchase, offer, sell, distribute or deliver Bonds, or have in its possession, publish, deliver or distribute to any person, any offering material or any documents in connection with Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. By purchasing Bonds, each Bondholder is deemed to have indemnified the Issuer, the Organising Participant, the Joint Lead Managers and the Trustee for any loss suffered by any of them by reason of any breach of the above selling restrictions.

NON-RELIANCE

Neither this Investment Statement nor the Prospectus constitutes a recommendation by the Issuer, the Organising Participant, the Joint Lead Managers, the Trustee, or any of their respective Directors, officers, employees or agents to subscribe for, or purchase, any Bonds. To the maximum extent permitted by law none of the Organising Participant, the Joint Lead

Managers, the Trustee, nor any of their respective Directors, officers, employees or agents accepts any liability whatsoever for any loss arising from this Investment Statement, the Prospectus or their contents or otherwise arising in connection with the offer of Bonds.

None of the Organising Participant, the Joint Lead Managers nor the Trustee have independently verified the information contained in this Investment Statement. In accepting delivery of this Investment Statement, the recipient acknowledges that none of the Organising Participant, the Joint Lead Managers nor the Trustee nor their respective officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for it. To the maximum extent permitted by law, they have no liability for any errors or omissions (including for negligence) in this Investment Statement, and each recipient waives all claims in that regard.

Other than the guarantee provided by the members of the Guarantor Group, none of the Issuer's Directors, the Directors of any Guarantor Group member, the Organising Participant, the Joint Lead Managers nor the Trustee nor any of their respective Directors, officers, employees or agents, nor any other person guarantees the payment of interest or principal or any other amounts due under Bonds or the amount of returns which investors may receive as Bondholders.

DEFINITIONS

Capitalised terms used in this Investment Statement have defined meanings which appear in the Glossary from page 58.

4. INVESTMENT HIGHLIGHTS

THE OFFER

ISSUER

APN Media (NZ) Limited was incorporated on 15 October 2010. The primary purpose of the Issuer is to issue the Bonds that are the subject of this Offer.

OFFER SIZE

Up to NZ\$150 million with the right to accept over-subscriptions of up to a further NZ\$50 million.

TERM

Approximately 5¼ years, being the period commencing on the Issue Date and ending on the Maturity Date, subject to early redemption in certain circumstances.

RANKING / GUARANTEE

The Bonds are unsecured, unsubordinated, fixed rate debt securities which rank equally without any preference or priority among themselves and equally with all other unsecured, unsubordinated indebtedness of the Issuer (except indebtedness preferred by law).

The Bonds are guaranteed by the members of the Guarantor Group (including APN) on an unsecured basis. The Guarantor Group does not include all members of the APN Group (in particular non-wholly owned Subsidiaries which are unable to provide a guarantee). Please refer to sections titled 'Guarantee' and 'Guarantor Group' on page 47 and section 10 of this Investment Statement for further information.

Further, APN must comply with its negative pledge obligation, the restriction on incurrence of prior ranking indebtedness and ensure that, as at each Balance Date, the ratio of Net Senior Debt to EBITDA does not exceed 4.00 to 1, subject to adjustment in accordance with the terms of the Guarantee in the event of a material change in GAAP.

INTEREST RATE

The Interest Rate for the Bonds will be a fixed rate per annum equal to the higher of:

- a) the Minimum Interest Rate; and
- b) the sum of:
 - (i) the Margin; and
 - (ii) the Swap Rate applicable as at the Rate Set Date.

The Minimum Interest Rate and Margin will be confirmed at the commencement of the Offer Period. The sum of the Margin plus the Swap Rate will be determined on the Rate Set Date at the close of the Offer Period, when the Swap Rate is determined.

EARLY BIRD INTEREST

Investors will receive interest at the rate of 5% per annum on subscription monies paid in respect of the Bonds for the period from (and including) the date on which subscription monies are received by the Registrar and deposited into the trust account which has been opened for the Offer to (but excluding) the Issue Date. Accrued Early Bird Interest will be paid to relevant applicants as soon as practicable after the Issue Date.

INTEREST PAYMENTS

Interest payments are to be paid quarterly in arrears and on any Early Redemption Date (if applicable).

MINIMUM APPLICATION

NZ\$5,000 and multiples of NZ\$1,000 thereafter.

LISTING AND QUOTATION

An application has been made with NZX for the Bonds to be listed on the NZDX.

THE ISSUER AND THE GUARANTOR GROUP

The Issuer, APN Media (NZ) Limited, is a wholly owned indirect subsidiary of APN News & Media Limited ("APN"). APN and a number of its wholly owned subsidiaries guarantee the Bonds on the basis described elsewhere in this Investment Statement.

APN is the parent company of the largest multi media group in New Zealand and one of the largest in Australia, with revenue of over A\$1 billion⁴.

The APN Group publishes leading newspapers and magazines, both in print and online, broadcasts across more than 140 metropolitan and regional radio stations, and is the region's largest outdoor advertising operator. APN is listed on both the ASX and NZSX with a market capitalisation of A\$1.20 billion as at 3 November 2010.

More than 40% of the APN Group's revenue was derived from New Zealand in the 2009 financial year through a number of high profile newspapers, magazines and radio stations including The New Zealand Herald, New Zealand Woman's Weekly, New Zealand Listener, Newstalk ZB and Radio Sport.

The APN Group's Net Debt as at 30 June 2010 has reduced to A\$697 million from its peak of A\$904 million as at 31 December 2008 due to a debt reduction programme (which included a A\$99 million equity placement). As at 30 June 2010, Net Debt to EBITDA for the 12 months ending 30 June 2010 was less than 3.0 times and EBITDA interest coverage was 4.75 times.

In the context of a difficult economic environment, APN significantly reduced its cost base over the past 18 months. In turn this should result in substantial earnings momentum as the economic and advertising cycles return to growth. In particular, the current year to date has seen a significant recovery in certain of APN's key markets, suggesting a strong financial result for the 2010 financial year.

APN expects to drive further growth through its multi media strategy, offering customers cross-platform advertising through publishing, radio, outdoor and online media.

⁴. APN Group for the 12 months ended 30 June 2010.

KEY HIGHLIGHTS

OPERATING SINCE 1968

- and including publishing businesses that were established in the mid-19th century, the APN Group to date has proven its ability to maintain market position and profitability over its 42 year history

CORE BUSINESS STRATEGY

- centred on an integrated multi media approach to advertising, which aims to maximise revenue and build a competitive advantage in each of APN's markets

MARKET LEADING POSITIONS

- across a number of media channels in New Zealand and Australia. The APN Group's cross-platform capabilities have been gaining increasing resonance across its publishing, online, radio, magazine and outdoor channels. The APN Group is in the process of restructuring its sales teams, to grow new products and cross-platform sales

ACHIEVED REVENUES

- of A\$1 billion in the 12 months to 30 June 2010 and is well positioned to leverage the expected advertising sector recovery

WIDELY DIVERSIFIED EARNINGS

- across both geographic regions and products, resulting in a robust earnings profile

STRONG BALANCE SHEET

- with shareholders' funds in excess of A\$1 billion as at 30 June 2010. The APN Group's programme of debt reduction continues, with Net Debt below A\$700 million and Net Debt/EBITDA below 3x as at 30 June 2010

A STRONG AND CAPABLE BOARD AND MANAGEMENT TEAM

- as proven through the APN Group's resilient performance during the global financial crisis

NEW ONLINE PLATFORMS INCLUDE:

- The APN Group has increased its focus on cross-platform capabilities via its new Content Strategy and Integration team and also accelerated its investments in new online platforms and technology to drive growth



FINDA

Finda network focuses on local commerce to connect businesses and consumers. It provides user generated content from community groups and local councils and covers over 10,000 events. Traffic has been up 160% year to date (as at 30 June 2010)



SELLA

Sella.co.nz is a freemium online auction platform with paid upsell capabilities (users can pay to increase the visibility of their products). As at 30 June 2010, it had over 285,000 listings and over 280,000 users. Sella is now integrated with Facebook and other social media sites to drive growth

APN GROUP'S RECENT CROSS-PLATFORM PITCHES

- APN's ability to pitch across multiple channels is a key factor in our aim to become the leading multi media company in each of our local markets. The table below presents some examples of the APN Group's recent cross-platform pitches for some of the leading brands operating in the New Zealand market. This reflects the future vision for APN: to become the leading multi media company in each of our local markets

	PRESS	DIGITAL	OUTDOOR	MAGS	RADIO	PRINT
TELCO	█	█	█	█	█	█
HARDWARE	█	█	█	█	█	█
RETAILER	█	█	█	█	█	█
TELCO	█	█	█	█	█	█
EDUCATION	█	█	█	█	█	█
MOTORING	█	█	█	█	█	█
OUTDOOR	█	█	█	█	█	█
TOURISM	█	█	█	█	█	█

APN'S AUSTRALIAN REGIONAL PLATFORM

- APN's Australian regional platform has been further strengthened through its agreement with Fairfax to act as an exclusive reseller of online classifieds Domain.com.au, MyCareer.com.au and Drive.com.au in most of APN's regional markets in northern NSW and Queensland

MyCareer
Incorporating search4jobs

Drive
BUYING AND SELLING
VEHICLES ONLINE

Domain
REALESTATE MARKET LEADER



GRABONE

GrabOne.co.nz is an online group buying coupon business. It was launched in Auckland as a 50:50 joint venture in June 2010, with 60,000 coupons and \$1 million in revenue achieved in its first month. The business has recently extended to Wellington, Hamilton, Christchurch and eight other markets and further rollout is planned. GrabOne.co.nz has also been launched in Australia in October 2010



TECHNOLOGY INVESTMENT

The APN Group has continued to invest in technology to enable media content to be accessed across multiple platforms from analogue to digital and mobile devices. This has included providing free news applications across the iPhone, Android and Nokia smartphones



The New Zealand Herald was the first to market with its New Zealand Herald iPad application, which was supported by significant sponsorship deals. The design of the application has won plaudits from the industry and been lauded as the model for other media companies to follow

5. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors of APN News & Media Limited, it gives me great pleasure to offer you the opportunity to invest in APN Media Bonds.

Many of you will be familiar with leading APN brands such as The New Zealand Herald, New Zealand Listener, NewstalkZB, New Zealand Woman's Weekly and RadioSport. The APN Group is the largest multi media group in New Zealand and one of the largest multi media groups in Australia. New Zealand constitutes more than 40% of the APN Group's revenue. The group publishes leading newspapers and magazines, both in print and online, broadcasts across more than 140 metropolitan and regional radio stations, and is the region's largest outdoor advertising operator. The APN Group also runs an expanding portfolio of online properties that connect local businesses and consumers across a range of different platforms.

The APN Group is an established and successful business built around a portfolio of premium media brands. The Board and management are committed to driving further growth through both ongoing investments in existing and new businesses and the development of a multi media platform, offering cross-platform advertising opportunities through publishing, radio, outdoor and online media with the ultimate aim of becoming the leading multi media operator across each of our markets.

The financial strength of the underlying business is evidenced by our resilient financial performance during the challenging economic conditions of the global financial crisis. Because of its cost initiatives over the past 18 months, the APN Group expects to be able to leverage the benefits of its reduced cost base as the economic and advertising cycles return to growth. We believe that this growth, in conjunction with APN's improved balance sheet as a result of last year's equity raising, presents Bond investors with an attractive and robust investment proposition.

We announced in July 2010 that after more than eight years as Chief Executive, Brendan Hopkins advised he wishes to leave APN at the end of 2010. After an extensive search, the Board has appointed Brett Chenoweth as APN's new Chief Executive from January 2011. The Board looks forward to a continuation of the strong performance of our existing assets and further development of our multi media strategy under Brett's leadership.

This issue of APN Media Bonds is primarily being undertaken as a capital management initiative to diversify the APN Group's funding sources. It is intended that the net proceeds raised through this Offer will be used primarily to reduce debt under the APN Group's existing Bank Facilities. There will be no increase in APN's overall debt as a result of this Issue.

To ensure the investment meets your specific objectives we encourage you to read this Investment Statement and consult with your financial or other professional adviser before making a decision.

We look forward to your participation in this Offer.

Yours faithfully



GAVIN O'REILLY

Chairman – APN News & Media Limited

6. SUMMARY OF THE OFFER

For a more complete description of the APN Media Bonds, see 'Answers to important questions' from page 42.

ISSUER

The Issuer, APN Media (NZ) Limited, is a wholly-owned indirect subsidiary of APN News & Media Limited ('APN'). A description of the Issuer is set out under *Corporate Profile* on page 18.

GUARANTORS

The Bonds, and all payments to be made in respect of them, will be guaranteed by the members of the Guarantor Group on an unsecured, unsubordinated basis. The Guarantor Group is comprised of APN and certain wholly owned subsidiaries of APN. A description of the Guarantor Group is set out under *Corporate Profile* from page 18. A full list of the members of the Guarantor Group is set out in section 13 of this Investment Statement.

A more detailed summary of the Guarantee can be found under the headings 'Guarantee' and 'Guarantor Group' on page 47 and in section 10 of this Investment Statement.

STATUS AND DESCRIPTION

The Bonds constitute unsecured, unsubordinated, fixed rate debt obligations of the Issuer and will rank equally without any preference or priority among themselves and equally with all other unsecured, unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

The obligations under the Guarantee constitute unsecured, unsubordinated obligations of the Guarantor Group and will rank equally with all unsecured, unsubordinated indebtedness of the Guarantor Group, except indebtedness preferred by law.

MATURITY DATE

15 March 2016 unless redeemed earlier.

MAXIMUM PRINCIPAL AMOUNT

The maximum aggregate Principal Amount of the Bonds which may be issued is \$200 million (comprising up to \$150 million initial Principal Amount and up to \$50 million of Bonds which may be issued in respect of oversubscriptions).

OVERSUBSCRIPTIONS

If there are oversubscriptions for Bonds, then up to a further aggregate Principal Amount of not more than \$50 million may also be issued.

If the Principal Amount of Bonds applied for is greater than the Principal Amount of Bonds available to applicants, the Joint Lead Managers in consultation with the Issuer reserve the right to scale applications in their discretion. Scaling may not necessarily be pro-rata. No successful applicant will be allocated more Bonds than the Principal Amount for which that applicant has applied.

INTEREST RATE

The Bonds will carry a fixed rate of interest, payable quarterly in arrears.

The Bonds will bear interest at the Interest Rate, being the fixed rate per annum equal to the higher of:

- a) the Minimum Interest Rate; and
- b) the sum of:
 - (i) the Margin; and
 - (ii) the Swap Rate applicable as at the Rate Set Date.

The Minimum Interest Rate and the Margin will be confirmed at the commencement of the Offer Period. The sum of the Margin and the Swap Rate will be determined at the close of the Offer Period on the Rate Set Date, when the Swap Rate is determined. Accordingly, while investors can be certain that the Interest Rate will be no less than the Minimum Interest Rate, the final Interest Rate will not be known until after the Offer has closed.



For further details about interest rate setting, refer to *What returns will I get?* on page 45.

INTEREST PAYMENT DATES

Interest is payable quarterly in arrears on the 15th of March, June, September and December of each year until redemption and on any Early Redemption Date (if applicable). Each interest payment will be made to the Bondholder on the Register as at the Record Date.

EARLY BIRD INTEREST

Each subscriber for Bonds will receive interest at the rate of 5% per annum on the subscription monies paid in respect of the Bonds for the period from (and including) the date on which the subscription monies are received by the Registrar and deposited into the trust account which has been opened for the Offer to (but excluding) the Issue Date.

Early Bird Interest will be paid to relevant applicants as soon as practicable following the Issue Date.

EARLY REDEMPTION BY ISSUER

The Issuer may make a full or pro rata partial redemption of the Bonds at any time on or after 15 December 2012 and prior to the Maturity Date. Any early redemption will be at the sole discretion of the Issuer and, for each Bond, will be for the Early Redemption Amount plus the Early Redemption Premium (if applicable).

If at any time the aggregate Principal Amount of all Bonds outstanding is less than NZ\$50 million the Issuer may elect to compulsorily redeem all of the Bonds then outstanding. In these circumstances, the Bonds will be redeemed for the Early Redemption Amount plus the Early Redemption Premium (if applicable).

The Bonds may also be redeemed early following a Change of Control or an Event of Default. See page 46 for further details of early redemption in those circumstances.

The terms governing the early redemption of Bonds are set out in full in the Supplemental Trust Deed. Further information on the early redemption of Bonds is set out on page 46.

EARLY REDEMPTION PREMIUM

If the Issuer voluntarily redeems some or all of the Bonds prior to the Maturity Date, including if the Issuer elects to redeem Bonds following a Change of Control, an additional amount, the Early Redemption Premium, will be paid to Bondholders equal to:

- a) 3.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the second anniversary but before the third anniversary of the Issue Date;
- b) 2.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the third anniversary but before the fourth anniversary of the Issue Date; and
- c) 1.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the fourth anniversary but before the fifth anniversary of the Issue Date.

There will be no Early Redemption Premium if the Early Redemption Date falls on or after the fifth anniversary of the Issue Date, or if the Bonds are redeemed early at the election of the Bondholder following a Change of Control, or as the result of an Event of Default.

CURRENCY

New Zealand Dollars.

6. SUMMARY OF THE OFFER

DENOMINATION AND MINIMUM APPLICATION AMOUNT

\$1.00 per Bond. The minimum investment amount per application is \$5,000 and multiples of \$1,000 thereafter.

The Issuer may accept all or part of any application, or refuse any application, in its absolute discretion.

TRANSFER OF BONDS AND MINIMUM HOLDING

Bondholders may transfer their Bonds, but the Issuer will not register the transfer of any Bonds if it is not a multiple of \$1,000 of Bonds or the transfer would result in the transferor or the transferee holding less than the minimum holding of \$5,000 of Bonds.

The Issuer has obtained a waiver from NZDX Listing Rule 11.1.1 permitting it, for the term of the Bonds, to restrict such transfers.

ISSUE PRICE

\$1.00 per Bond (being the Principal Amount of each Bond).

FINANCIAL UNDERTAKINGS

Debt to EBITDA: APN must ensure that as at each Balance Date the ratio of Net Senior Debt to EBITDA does not exceed 4.00 to 1, subject to adjustment in accordance with the terms of the Guarantee in the event of a material

change in GAAP. A breach of this covenant will constitute an Event of Default.

Negative pledge: No member of the APN Group may create or permit to subsist any Security over any of its assets other than any Permitted Security Interest.

Restriction on priority indebtedness: In addition, APN will not permit the aggregate of the following to exceed 10% of Total Assets:

- (i) all outstanding financial indebtedness of APN or any of its Subsidiaries which is secured by a Permitted Security Interest which is not one of the specific security interests listed in the definition of that expression in the Guarantee (itself being indebtedness not permitted to exceed more than 5% of Total Assets); and
- (ii) all outstanding financial indebtedness of all of APN's Subsidiaries other than, amongst other financial indebtedness, that which is owing by any member of the Guarantor Group and subordinated debt.

EVENTS OF DEFAULT

Events of Default include non-payment of interest within three Business Days of the due date, non-payment of principal within three Business Days of the due date and non-payment of any other amount due in respect of any Bond within 10 Business Days of the due date.

The Events of Default and their consequences are more fully described under the heading *Events of Default* on page 54.

USE OF PROCEEDS

The issue of APN Media Bonds is primarily being undertaken as a capital management initiative to diversify the APN Group's funding sources. It is intended that the net

proceeds raised through this Offer will be used primarily to reduce debt under the APN Group's existing Bank Facilities.

WHO MAY APPLY

Bonds are offered to investors in New Zealand and Australia and investors in other jurisdictions where Bonds may be lawfully offered.

Any application monies received in respect of an application which is not accepted by the Issuer, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as is reasonably practicable after the Issuer decides not to accept the application and, in any event, within five Business Days of the Closing Date.

Instructions on how to apply for Bonds are contained on page 44 under *How much do I pay?*

LISTING AND QUOTATION

Application has been made to NZX for permission to list Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this Investment Statement have been duly complied with. However, Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Investment Statement. NZX is a registered exchange under the Securities Markets Act 1988.

FIRM ALLOCATIONS

All Bonds may be reserved for Firm Allocation subscription by clients of the Joint Lead Managers and other Primary Market Participants. The aggregate



number of Bonds so reserved will be determined by the Issuer, in consultation with the Joint Lead Managers, on or before the Opening Date.

FORM OF BONDS

Bonds will be entered onto the register maintained by the Registrar. No certificates of title in respect of Bonds will be issued to Bondholders. Title passes by transfer and registration. The Issuer and the Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date, and for the repayment of the Principal Amount of Bonds when they are redeemed.

NEW ZEALAND TAXATION

Interest paid on Bonds to a Bondholder who is resident in New Zealand for New Zealand income tax purposes or who is engaged in business in New Zealand through a fixed establishment in New Zealand and is acquiring Bonds for the purpose of that business (each a 'NZ Bondholder') will be income that is taxable at the Bondholder's relevant tax rate, and may be required to be spread under the financial arrangement rules.

Resident Withholding Tax will be deducted at the applicable rate from interest paid on Bonds to a NZ Bondholder. Resident Withholding Tax will not be deducted if a NZ Bondholder holds a valid RWT Exemption Certificate (and has provided a copy to the Registrar).

Where Approved Issuer Levy is payable by the Issuer in relation to any payment of interest to a Non-Resident Bondholder in relation to the Bonds, the amount of interest paid to that Bondholder will not have deducted from it any amount on account of the amount of Approved Issuer Levy paid or payable by the Issuer.

Each Bondholder indemnifies the Issuer or the Registrar (as the case may be) in respect of any payment which the Issuer or the Registrar becomes liable to make for or on account of tax payable by that Bondholder in relation to any Bond. The Issuer or the Registrar (as the case may be) may deduct any indemnity payment from future amounts payable to that Bondholder.

A more detailed description of the applicable New Zealand taxes is set out under *Taxation* on pages 56 and 57.

APPLICATIONS

Investors wishing to subscribe for Bonds should use the Application Form at the back of this Investment Statement. Applications may also be made through the Organising Participant or the Joint Lead Managers. Applications for Bonds and accompanying payment must (if payment is not made through the NZClear System) be received by the Registrar by 5.00pm on the Closing Date (being 10 December 2010).

Applicants accepting a Firm Allocation from a Primary Market Participant or approved financial intermediary must return a completed Application Form (with payment) to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar before 5.00pm on the Closing Date (10 December 2010).

Applications may be lodged with any Primary Market Participant, the Organising Participant, any of the Joint Lead Managers, or any other channel approved by NZX. Applications should be lodged as soon as possible, but in any event, in time for it to be forwarded to the Registrar before 5.00pm on the Closing Date.

Full application instructions are set out under *How much do I pay?* on page 44.

ORGANISING PARTICIPANT

ANZ National Bank Limited.

JOINT LEAD MANAGERS

ANZ National Bank Limited,
Bank of New Zealand,
Forsyth Barr Limited and
Goldman Sachs & Partners New Zealand Limited.

TRUSTEE

The New Zealand Guardian Trust Company Limited.

REGISTRAR

Link Market Services Limited.

NO UNDERWRITING

The Offer is not underwritten.

GOVERNING LAW

New Zealand.

CHARACTERISTICS THAT DEFINE THE APN GROUP INCLUDE:

A HUGELY DIVERSIFIED MULTI
MEDIA BUSINESS

THE NEW ZEALAND HERALD –
THE LEADING NEW ZEALAND
NEWS BRAND ACROSS ALL
CHANNELS

UNRIVALLED PRESENCE IN
ITS CHOSEN PUBLISHING
MARKETS – SERVING LOCAL
AND REGIONAL AUDIENCES
AND ADVERTISERS

THE LARGEST RADIO
OPERATOR IN NEW ZEALAND
AND KEY PLAYER IN
AUSTRALIA WITH MORE
THAN 140 REGIONAL AND
METRO STATIONS ACROSS
10 NETWORKS



WAITING FOR?

MAXIMUM KICK AND BUDGET

THE SECOND LARGEST
OUTDOOR ADVERTISING
OPERATOR IN NEW ZEALAND
AND THE LARGEST IN
AUSTRALIA

RAPIDLY EMERGING AS
AN ONLINE PLAYER IN
NEW ZEALAND AND
AUSTRALIA

7. CORPORATE PROFILE

7.1 THE ISSUER

The Issuer for the Offer is APN Media (NZ) Limited, a wholly owned direct subsidiary of Wilson & Horton Limited and a wholly owned indirect subsidiary of APN.

APN and Wilson & Horton Limited are both members of the Guarantor Group.

The Issuer was incorporated on 15 October 2010 and has not yet commenced business. The primary purpose of the Issuer is to issue the Bonds that are the subject of this Offer.

The obligations of the Issuer to pay interest, principal and all other amounts in respect of the Bonds when due are guaranteed by the Guarantor Group. The Guarantor Group is identical to the group guaranteeing the obligations under APN's Bank Facilities, except that the Issuer is not a member of the Guarantor Group.

The Issuer will also become a member of the group of companies that guarantee the APN Group's obligations under the MOF and the other Bank Facilities.

More information about the Guarantor Group is set out in the section titled *Guarantee* on page 47 and the members of the Guarantor Group as at the date of this Investment Statement are listed in section 13.

7.2 OVERVIEW OF APN NEWS & MEDIA LIMITED

APN News & Media Limited ('APN') is the parent company of the largest multi media group in New Zealand and one of the largest in Australia. APN's aim is to be the leading multi media company in each of its local markets.

The APN Group publishes leading newspapers and magazines, both in print and online, broadcasts across more than 140 metropolitan and regional radio stations, and is the region's largest outdoor advertising operator. The APN Group also runs a portfolio of online properties that connect local businesses and consumers across a range of different platforms. APN is listed on the ASX and NZSX with a market capitalisation of A\$1.20 billion as at 3 November 2010. APN has a significant presence in both New Zealand and Australia, with New Zealand operations representing more than 40% of revenue. Key New Zealand brands include The New Zealand Herald, Herald on Sunday, nzherald.co.nz, New Zealand Listener and New Zealand Woman's Weekly.

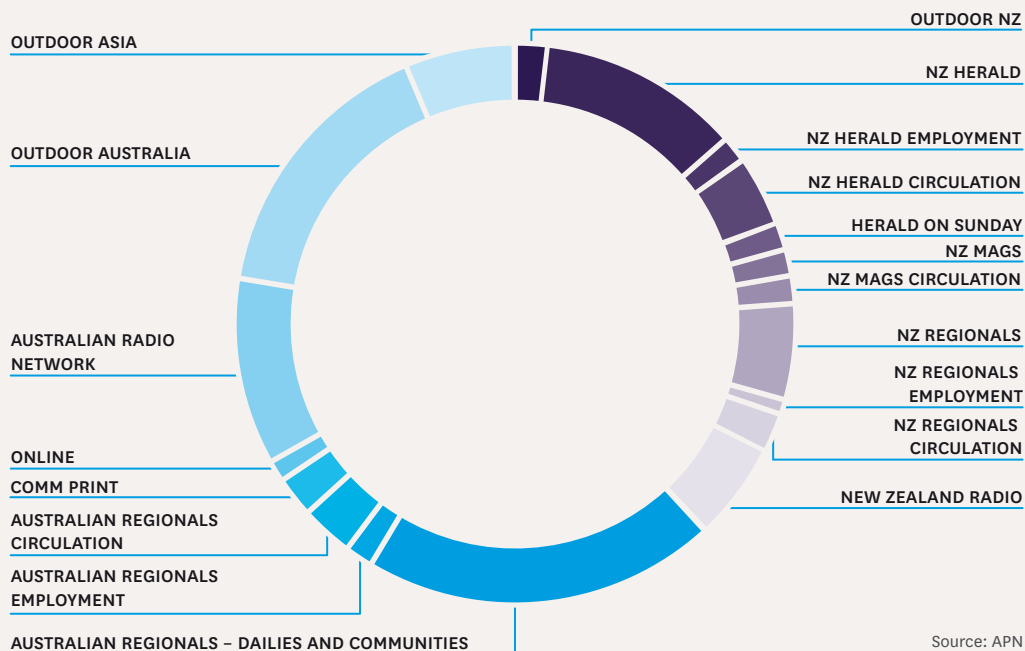
PUBLISHING & ONLINE



RADIO STATIONS



REVENUE BY BUSINESS UNIT **FY 2009** TOTAL A\$1.04 BN



OUTDOOR ADVERTISING



ASIA

- Outdoor advertising
 - Hong Kong
 - Indonesia

AUSTRALIA

- 14 regional daily publishing centres
- 65 non-dailies
- 12 metropolitan radio stations
- transit, street furniture, posters, large format
- finda.com.au and regional news network online

NEW ZEALAND

- The New Zealand Herald
- 7 regional dailies, 40 non-dailies
- 129 radio stations
- large format, street furniture
- consumer magazines and printing
- nzherald.co.nz and other online advertising sites
- IdeaHQ 50%

7.3 HISTORY

Many of the publishing businesses that are now part of the APN Group are long-established and have existed since the mid to late 19th century. The table below summarises the recent history of the APN Group.

1968 > 1988 > 1992 >

↘ A number of newspaper families consolidated their publishing interests to form Provincial Newspapers of Queensland (PNQ)

↘ PNQ was acquired by Independent News & Media PLC (previously known as Independent Newspapers Plc) and its associates of Ireland

↘ PNQ listed on the ASX and changed its name to Australian Provincial Newspapers
↘ Australian Provincial Newspapers subsequently changed its name to APN News & Media Limited

1997 > 2001 > 2002 >

↘ APN expanded its radio interests with the purchase of a 33% interest in TRN, New Zealand's largest radio operator

↘ In December 2001, APN acquired the Wilson & Horton Limited publishing business in New Zealand for A\$809 million (excluding debt). The acquisition included The New Zealand Herald, seven regional daily newspapers, 40 non-daily newspapers and magazines, commercial and security printing operations, outdoor advertising and a one-third interest in TRN

↘ In July 2002, APN acquired the Wairarapa Times-Age in Masterton, New Zealand
↘ In December 2002, APN equalised its radio interests in TRN with partner Clear Channel

2005 > 2007 > 2009 >

↘ New divisional structure established to include APN Online

↘ APN acquired the remaining 50% of The Toowoomba Chronicle having acquired the initial 50% in 1988
↘ APN acquired the Finda business in New Zealand

↘ In February 2009, APN sold its New Zealand based Online business directory Finda.co.nz to New Zealand Yellow Pages business Yellow. The sale included the Finda, Wises maps, menus.co.nz, UBD and APNData businesses in New Zealand



1995

- *APN entered the radio sector when it formed ARN, a joint venture with Clear Channel of the United States*
- *APN entered the outdoor advertising sector with the acquisitions of Buspak and Cody Outdoor in December 1995*

2004

- *In June 2004, APN listed on the NZSX*
- *In October 2004, APN launched the Herald on Sunday in New Zealand*

2010

- *In February 2010, APN agreed with Fairfax Media to become the exclusive reseller of www.domain.com.au, www.mycareer.com.au and www.drive.com.au in most of APN's regional Australian markets*
- *In September 2010 APN and Pacific Magazines signed a licensing agreement under which APN will publish the weekly titles *New Idea* and *That's Life* and the monthly title *Girlfriend*.*

7.4 STRATEGY

APN's aim is to become the leading multi media company in each of its local markets. The company's strategy can be summarised as follows:

- development of a multi media platform, offering cross-platform advertising through publishing, radio, outdoor and online media;
- drive operational efficiencies from each of its businesses to further maximise its strong market position during the advertising recovery;
- continue to grow its business organically through new product introductions and value accretive acquisitions; and
- implement business strategies in each of its major segments to support market leadership.

APN's multi media strategy is critical to its overall strategic direction. By seeking to be the leading operator in each of its regions across multiple channels, APN's aim is to maximise its share of the local advertising market. Online extensions of existing core brands have added additional revenue opportunities, and innovative new products – online, in publishing, on radio and through outdoor – have further broadened the product offering.

By offering advertising clients multiple channels to consumers, and a range of integrated campaigns, APN is simultaneously maximising revenue potential as well as building its local competitive advantage.

The APN Group has serviced these customer needs through different channels (e.g. publishing, online, radio, etc.) which in the past have operated largely independently. As these product boundaries are becoming blurred with the introduction of an increasing field of digital media experiences, the APN Group has moved to adapt its business to be less arranged around products and more arranged around audiences.

Specifically APN has reorganised the senior executive group to establish a content strategy and integration role with a 'whole of group' responsibility.

APN considers this change to be an important step in achieving its goal of becoming a more integrated media group and the leading multi media company in each of the APN Group's local markets.

7.5 BUSINESS UNITS

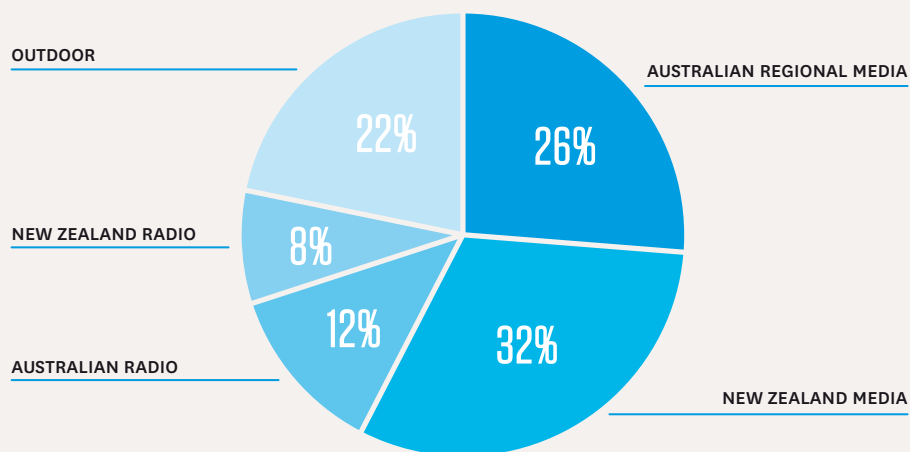
THE APN GROUP'S OPERATIONS ARE PRIMARILY CONDUCTED IN NEW ZEALAND AND AUSTRALIA.

7.5.1 OVERVIEW

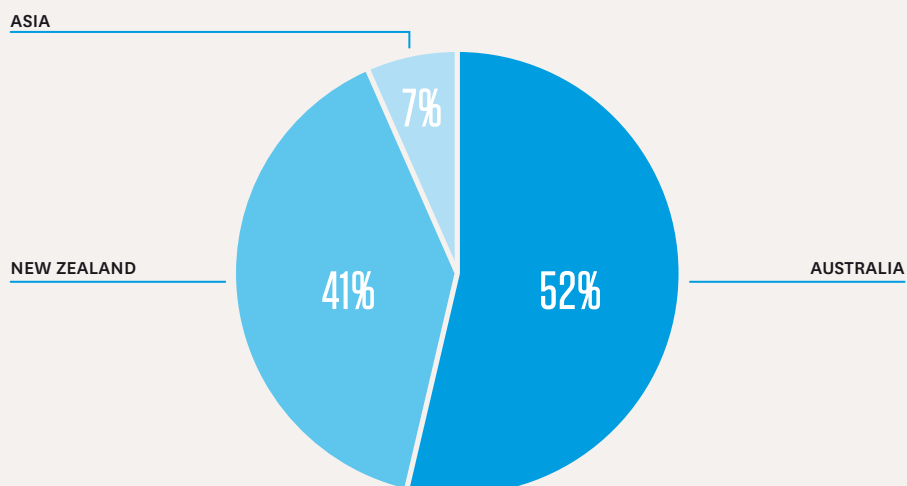
APN operates across the following media channels:

- ▶ publishing – online and printed newspapers and magazines
- ▶ radio broadcasting
- ▶ outdoor advertising

REVENUE BY SEGMENT **FY 2009**



REVENUE BY GEOGRAPHY **FY 2009**



Source: APN 2009 Annual Report

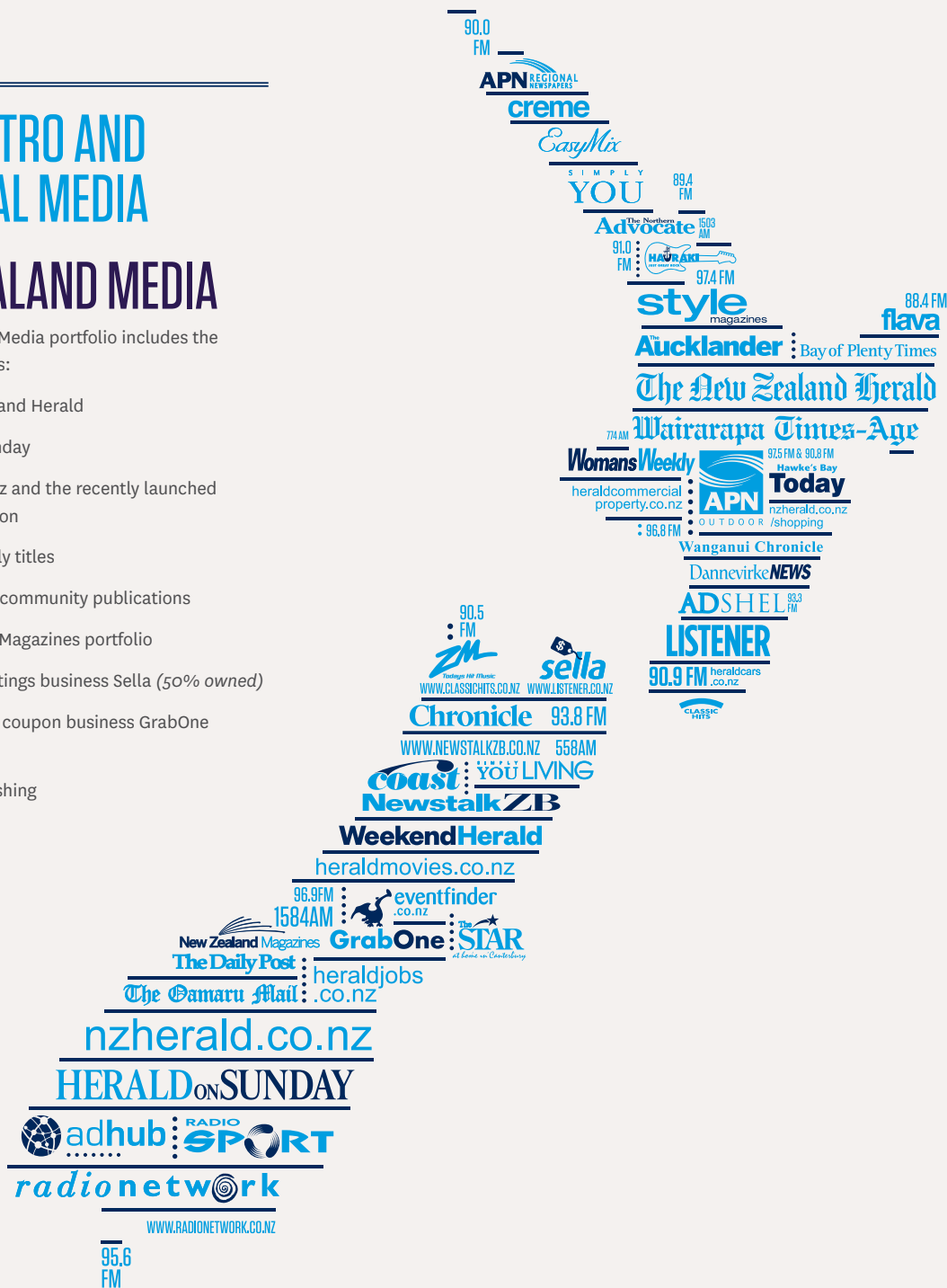


7.5.2 METRO AND REGIONAL MEDIA

NEW ZEALAND MEDIA

The New Zealand Media portfolio includes the following products:

- ↳ The New Zealand Herald
- ↳ Herald on Sunday
- ↳ nzherald.co.nz and the recently launched iPad application
- ↳ 7 regional daily titles
- ↳ more than 45 community publications
- ↳ New Zealand Magazines portfolio
- ↳ 'freemium' listings business Sella (50% owned)
- ↳ group-buying coupon business GrabOne (50% owned)
- ↳ custom publishing
- ↳ events



The New Zealand Herald HERALD on SUNDAY The Oamaru Mail Wairarapa Times-Age Bay of Plenty Times

GrabOne sella Simply YOU The Aucklanders creme Womans Weekly LISTENER Chronicle

Wanganui Chronicle The Daily Post The STAR Hawke's Bay Today

THE NEW ZEALAND HERALD,

established in November 1863, is the flagship of the New Zealand business and is the largest circulating daily publication in New Zealand by a considerable margin. This leading metropolitan newspaper increased its daily brand audience across newspaper and online channels (measured by Nielsen Media Research) to more than 750,000 people in the 12 months to 30 June 2010. The New Zealand Herald is the most read daily news brand in New Zealand, attracting more readers than all other metropolitan newspapers in New Zealand combined. Over a week, the Herald brand now connects with 1.2 million New Zealanders, an annual increase of 102,000.

THE HERALD ON SUNDAY

was launched in October 2004 and recorded readership of 396,000 in the year to 30 June 2010, an increase of 24,000 (6.5%) readers year-on-year, further extending the paper's lead in its core circulation area north of Taupo. The Herald on Sunday has 54,000 more readers than any other Sunday newspaper in the key Auckland market and 66,000 more readers in the Northern Region.

OVERALL, 74% OF AUCKLANDERS AGED 15+ READ AT LEAST ONE APN PRODUCT EACH WEEK.

NEW ZEALAND REGIONAL PUBLISHING OPERATES

seven regional daily titles including the successful Bay of Plenty Times, Hawke's Bay Today and The Northern Advocate. These APN regional titles remain a principal source of local news and are instrumental in connecting local communities and their advertisers. In the latest readership survey to 30 June 2010, Hawke's Bay Today increased its reach to 58,000 readers, an increase of 2,000 on the previous year. The Bay of Plenty Times also added 2,000 readers to 48,000. The combined stable of APN's regional newspapers now connect with 7,000 more New Zealanders, driving an increased share of regional newspaper readership for the APN Group. The transfer of daily editorial production of regional titles to a centralised facility in Auckland continues to deliver better quality together with meaningful cost savings.

NEW ZEALAND MAGAZINES

has a strong and growing stable of market leading titles. The iconic New Zealand Woman's Weekly has a readership of 807,000 and continues to lead the market of weekly magazine titles, while the New Zealand Listener has grown readership by 4,000 to a total of 266,000. Youth title Creme now has 149,000 readers, while Simply You and Simply You Living have both achieved solid increases on the previous period. Simply You is up by 9,000 readers to 108,000 and Simply You Living has added 8,000 to achieve 70,000. Latest circulation results indicate a strengthening of magazine sales after a difficult economic period, with all New Zealand Magazines' titles increasing audited sales since the previous period. The success of the magazine portfolio is underpinned by the quality of content, which has led to

strong subscriber support. On 1 September 2010, New Zealand Magazines acquired the licence to publish Pacific Magazines' three core titles New Idea, That's Life and Girlfriend in New Zealand.

THE NZHERALD.CO.NZ WEBSITE

continues as one of the most popular news websites in New Zealand, attracting over one million unique browsers a week, 30% of whom are from outside the country, representing a sound future commercial opportunity.

THE HERALD WAS FIRST TO MARKET WITH A NEWS APPLICATION FOR THE LAUNCH OF APPLE'S IPAD IN THE NEW ZEALAND MARKET,

attracting a significant sponsorship deal with Mercedes, together with launch advertising partners Vodafone, Air New Zealand and Yellow. The design of the application has won plaudits from the industry and been lauded as the model for other media companies to follow.

Management's continued focus on costs will be highly beneficial over the long term for the business and especially over the expected upswing in the advertising market.



APN'S AIM IS TO GROW ITS POSITION AS THE LEADING NEW ZEALAND NEWS BRAND ACROSS ALL CHANNELS.

The New Zealand Herald can offer a growing audience to advertisers, whether it is in paper, online, via iPad, smart phone or any other mobile device. The New Zealand Media division is increasingly pitching multiple platform campaigns to major advertisers.

In addition to existing media categories, APN is also able to offer innovative new advertising platforms.

APN's 'free listing' website, sella.co.nz, continues to demonstrate the potential for a 'freemium' model, which is based on an initial free basic listing and then progressive up selling. Sella now offers more than 285,000 listings and more than 280,000 active members. 'Free listings' is expected to become an increasingly popular segment of the online classified market and APN is well positioned to build a significant presence in this sector.

APN'S JOINT VENTURE IDEAHQ HAS ALSO LAUNCHED A NEW ONLINE CHANNEL

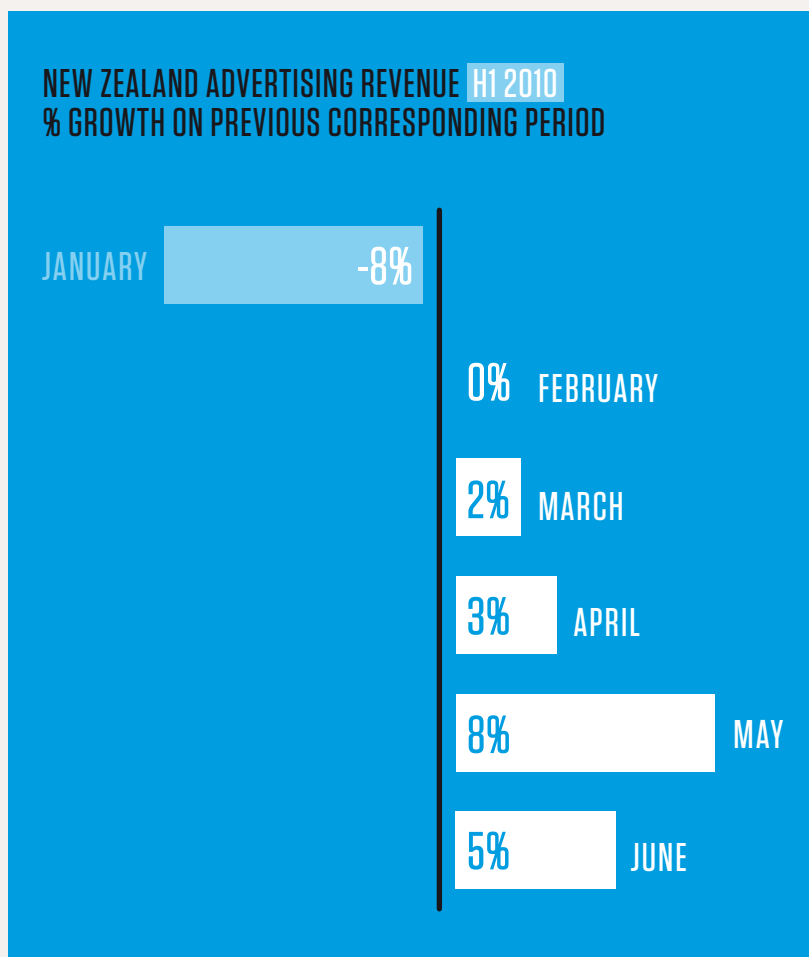
for retail advertisers through GrabOne, a group buying coupon business. Clients offer discounted products online and users register to receive the coupon, but the discount only applies once sufficient people register for the deal. The site uses social media outlets such as Facebook and Twitter for users to encourage others to register for the coupons.

NEW ZEALAND MEDIA REPORTED REVENUES OF A\$156.4 MILLION AND OPERATING PROFITS OF A\$34.0 MILLION FOR THE SIX MONTHS ENDED 30 JUNE 2010.

While revenue growth was flat, EBIT on a local currency basis was up 15%, pointing to the ongoing strong cost management in the business – costs were down 3.4% for the half.

Trading improved as the first half of 2010 progressed and the second quarter produced encouraging indicators, particularly with an improvement in national advertising.

Source: APN



AUSTRALIAN REGIONAL MEDIA

With a footprint that extends from the Coffs Coast in northern New South Wales all the way to Cairns in Far North Queensland, Australian Regional Media offers the greatest reach and frequency of any publisher in the region. The APN Group's growing regional portfolio includes:

- 14 regional daily publishing centres
- a fast growing online audience
- 60 non-daily and community titles
- magazines
- custom publishing
- events



APN'S REGIONAL PUBLISHING OPERATES

across key regions including central Queensland, Wide Bay and Burnett, Sunshine Coast, Toowoomba, Ipswich, Warwick, Lismore, Grafton, Coffs Harbour and Tweed Heads. These markets have experienced significant economic growth in recent years due to the commodity driven resources boom in northern and central Queensland. Major infrastructure projects have also driven employment growth, along with general population and demographic trends which have seen significant interstate migration to Queensland.

APN's portfolio of daily and non-daily newspapers reach over 1.1 million regional consumers every week – from Mackay to Coffs Harbour – and deliver 66% penetration across APN's primary markets. Furthermore, the majority of APN's daily titles are the no.1 reaching daily newspapers within their relevant regional markets. The success of APN's regional titles is driven by a combination of informative local content and trusted local brands.

PARTICULAR FOCUS IS BEING PLACED ON CROSS-PLATFORM MULTI MEDIA SALES.

The Regional News Network of local news-based websites increased unique browsers year-on-year by an average of 82% in the first half of 2010, creating additional commercial opportunities. Integrated sales across newspapers and news-sites also encompass the online finda communities. As part of their overall media consumption regional consumers are increasingly seeking local information online, which has led to advertisers recognising the importance of a cross-platform approach to communicating with consumers. The finda local community websites are a key growth platform, designed to be a one stop shop for local news, events and business information.

The Chronicle **Advocate** **Northern Star** **The Daily Examiner** **Daily News**

Chronicle **Gympie Times** **NewsMail** **Daily Mercury** **The OBSERVER** **OT** **Tweed Daily News**

style **CITYLIFE** **The Bulletin** **Sunshine Coast Daily** **finda** **GrabOne**



APN has reached an agreement with Fairfax Media to become the exclusive reseller of www.domain.com.au, www.mycareer.com.au, and www.drive.com.au in most of APN's regional Australian markets.

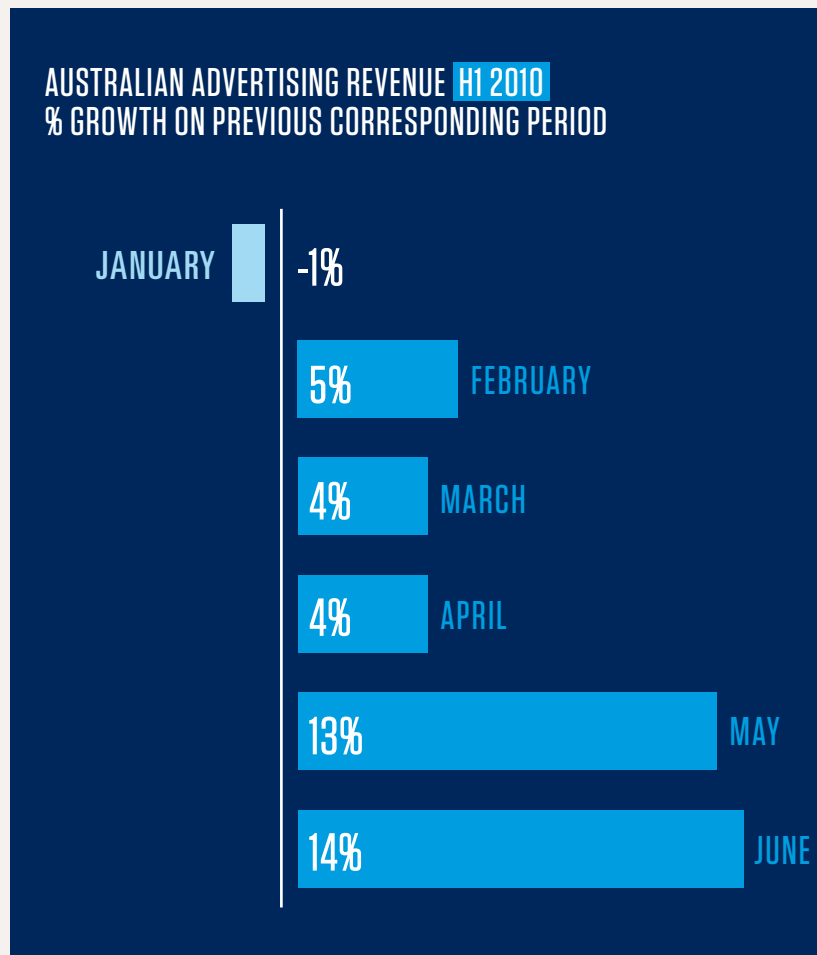
This represents an important step in APN's online strategy, delivering local advertisers for the first time a regional presence across publishing and online, and also access to world class technology platforms with national reach.

The strength of APN's relationship with local advertisers and readers helped in mitigating the effects of a sharp downturn in the Queensland economy over the course of 2009. For the first half of 2010, revenue was up 7% and EBIT grew by 12%. Advertising revenues recovered particularly well in May and June, up 13% and 14% respectively over the prior corresponding period. National advertising was strong and recorded double digit revenue growth, with good momentum into the second half of 2010. Employment and real estate advertising also rebounded, in line with improving economic conditions and the recovery of resource-based industries in local markets.

The centralisation of key functions over the last few years combined with strong control of headcount and all discretionary expenditure has prepared the business well for the current recovery in advertising markets.

AUSTRALIAN REGIONAL MEDIA REPORTED REVENUES OF A\$140.5 MILLION AND OPERATING PROFITS OF A\$28.9 MILLION FOR THE SIX MONTHS ENDED 30 JUNE 2010.

Source: APN



7.5.3 RADIO

APN owns 50% of The Radio Network ('TRN') in New Zealand and 50% of the Australian Radio Network ('ARN') in conjunction with joint venture partner Clear Channel, which is one of the largest radio broadcasters in the United States.



THE RADIO NETWORK

In New Zealand, TRN broadcasts across 129 AM and FM licences, covering the entire country. TRN broadcasts programmes across eight networks:

- ↳ NewstalkZB – news and talkback ranging from current affairs to sport, a wide audience base
- ↳ Classic Hits – New Zealand’s largest network of stations covering 25 markets with a format based on the 80’s, 90’s and today
- ↳ ZM – contemporary hit music network
- ↳ Coast – timeless songs (or old time favourites) station targeting Baby Boomers
- ↳ Radio Hauraki – rock music station
- ↳ Easy Mix – easy listening music
- ↳ Radio Sport – national sports talk and commentary
- ↳ Flava – Hip Hop & RnB station

Together, they cover all age groups and listener tastes and offer advertisers complementary formats that provide excellent reach to clearly definable markets. TRN entertains and informs more than 1.3 million listeners across New Zealand each week and has a 45% audience share of the national audience aged 10+.

TRN boasts the top-rated talk and music stations in the major markets of Auckland and Wellington, and in eight of 13 markets, TRN has greater than 45% audience share. The seamless transition of new host Mike Hosking on New Zealand’s top talk network NewstalkZB illustrates the remarkable strength of the brand given the immense popularity of retired former host Paul Holmes, who became a New Zealand radio institution over the past two decades in the role.

Radio in New Zealand has experienced difficult trading conditions over the past 24 months, and the first half of 2010 was no exception. However, trading so far in the second half of 2010 has been more positive, with resurgence in national advertising in particular. Growth in the banking, insurance and supermarkets categories has been positive and bookings are beginning to lengthen, providing optimism for a stronger end to 2010.

TRN reported revenues of A\$40.2 million and operating profits of A\$4.5 million in the six months ended 30 June 2010.

AUSTRALIAN RADIO NETWORK

ARN is a major radio player in the highly competitive metropolitan market. ARN broadcasts across 12 metropolitan FM and AM stations on two main networks:

- ↳ Classic Hits – focus is on the 35-54 age group
- ↳ MIX – focuses predominantly on the 25-44 age group

ARN RADIO STATIONS REACH JUST UNDER FOUR MILLION LISTENERS ACROSS AUSTRALIA EACH WEEK.

The Australian radio industry proved to be the most resilient of the major media formats in 2009. The metropolitan radio market as a whole held up well through 2009 and was down only 3% for the year, performing much better than most other media.



ARN continues to invest in its programmes across its stations and achieved solid overall ratings gains in the target audience of 25-54 year-olds during the first half of 2010, growing listener numbers and time spent listening. New on-air talent and a fresh approach to music programming have helped reinvigorate the product and attract new clients.

Market growth returned in 2010. For the first half of 2010, while ARN's revenue share was challenged, good progress and significant investment was made in content and new talent to continue to re-build audience share. Innovative programming and fresh promotions saw advertising share stabilise across the second quarter.

Advertisers are seeing the benefits of the renewed focus on content across multiple platforms, including digital brand extensions of existing stations. ARN launched a smartphone application that allows users to access any of the network's suite of stations through their Nokia, Android or iPhone mobile telephone. The application has been downloaded more than 30,000 times, and provides additional distribution of the network's digital programming.

Digital radio has been launched in Australia following the lead of European and American markets. ARN has embraced this new form of transmission and is exploring opportunities to broaden its audience reach through digital platforms as the medium becomes more accepted in the community. ARN is also actively developing online initiatives as a strategic means of further promoting ARN brands. Online features such as video and podcasting have been utilised to broaden the brand experience for advertisers and listeners alike. Management believes these new developments will deliver clear sales and programming benefits as the target audience spends more time online. In fact, there has already been satisfying advertiser support for a number of integrated radio and online campaigns.

ARN reported revenues of A\$61.0 million and operating profits of A\$21.3 million in the six months ended 30 June 2010.

7.5.4 OUTDOOR

APN operates outdoor advertising sites predominantly in Australia, New Zealand and in Hong Kong and Indonesia. APN outdoor is a major player in Australia in each of the four main categories – large format, posters, transit and street furniture.

Outdoor advertising operators generally own or lease sites and then rent that space to advertisers who commonly use this medium for brand building purposes. The inventory of sites has increased over recent years as the advertising medium has evolved from the traditional two dimensional billboards.

The Adshel street furniture business which operates in Australia and New Zealand is owned in joint venture with Clear Channel.

In Australia, APN is a leading supplier of outdoor advertising with a portfolio of more than 2,800 large-format billboard and poster sites spanning motorways and local communities. APN also has more than 29,000 transit advertising panels and is the leading supplier of bus format advertising in Australia's five major cities.

APN is also the second largest outdoor advertising operator in New Zealand with a network of more than 500 roadside billboard and poster sites. The company has a presence in every major metropolitan city and has an expanding inventory across street, rail, shopping centre and airport locations.

The rollout of digital billboards continues, with several new sites at Sydney Airport, adding to the stock of quality inventory at one of Australia's busiest transport hubs.

The outdoor segment is a high fixed-cost business as site rentals represent the majority of the cost base. Managing the contract expiry profile of the portfolio is a key area of focus by APN management. The expiry profiles of APN's contracts are well diversified across geographic regions and platforms with no single contract representing a substantial proportion of total revenue.

APN has been instrumental in the development of MOVE (Measurement of Outdoor Visibility and Exposure) which was launched in Australia in February 2010. MOVE is a major audience measurement initiative by the outdoor industry which aims to bring greater accountability to the outdoor medium through accurate third-party audience measurement. MOVE measures 60,000 panels across Australia and supplies advertisers with detailed audience data. This development is expected to provide advertisers with increased confidence when selecting outdoor campaigns.

APN Outdoor reported revenues of A\$109.4 million and operating profits of A\$6.9 million in the six months ending 30 June 2010.



ADSHEL



Buspak
Activating Brands

7.5.5 ONLINE

APN aims to be the leader in online publishing in its key regional and metropolitan markets in New Zealand and Australia. The APN Group develops and manages a combination of online extensions of existing APN media brands, new online properties and strategic investments in digital businesses.

The nzherald.co.nz website is currently regarded as one of the premium online brands in Australasia. The site attracts high volumes of traffic and has won numerous accolades, including Best News Website at the Qantas Media Awards in 2007, 2008 and 2009. In 2009, the site attracted record traffic and advertising support and is now one of the most popular news websites in the country.

In addition to the direct expansion of existing print publications onto the online medium, APN is also actively developing methods of distributing its quality content via innovative new platforms. The fruits of this strategy are demonstrated in the strong take-up of the Herald's new mobile offering, which now has more than 60,000 unique users each week. APN is also well placed to take advantage of new technologies such as the iPad and Kindle once they gain prominence in the marketplace. The Herald was first to market with a news application for the launch of Apple's iPad in the New Zealand market, attracting a significant sponsorship deal with Mercedes, together with Vodafone, Air New Zealand and Yellow. More than 24,000 consumers are now using the iPad application. The design of the application has won plaudits from the industry and been lauded as the model for other media companies to follow.

The free listing website, sella.co.nz, continues to demonstrate the potential for a 'freemium' model, which is based on an initial free basic listing and then progressive up selling. 'Free listings' are expected to become an increasingly popular segment of the online classified market and APN is well positioned to build a significant presence in this sector.

In Australia there is also a promising opportunity for APN to leverage its relationships with advertisers and its quality local content into the digital environment. Regional consumers are increasingly seeking local information online, which has led to advertisers recognising the importance of a cross-platform approach to communicating with consumers. A key growth platform is the finda.com.au local community websites which are designed to be a one stop shop for local news, events and business information.

APN Online is committed to new digital product opportunities through both organic initiatives and via partnerships. This was demonstrated by the recent alliance with Fairfax Media under which APN becomes an exclusive reseller of property, car and employment online classifieds in most of APN's Australian regional markets.

Revenues derived from APN's online activities are not reported in its statutory and public disclosures under a discrete 'online' division but instead are included in the revenues for each of the relevant business segments.



nzherald.co.nz



7.6 PERFORMANCE OUTLOOK

Coming out of the global financial crisis, the APN's Group's earnings growth gained momentum throughout the first half to 30 June 2010. Revenue was flat and EBIT of the APN Group was up 10% on the prior corresponding period. On a like-for-like basis adjusting for certain outdoor asset sales and other key changes⁵, revenue was up 5% and EBIT was 19% ahead of the prior corresponding period. Trading improved as the first half progressed: first quarter revenue growth of 2% and EBIT growth of 16% accelerated to revenue growth of 8% and EBIT growth of 22% in the second quarter. This return to growth momentum, coupled with APN management's cost control initiatives across all of its business divisions, has put APN in a firm position to leverage the upturn in advertising spend.

For APN, advertising growth (like-for-like) in May (+14%) and June (+12%) marked a strong comeback led by national advertising, which has been reflected in APN businesses with high exposure to the national market, especially outdoor.

The advertising recovery is well underway in Australia, with many markets returning to pre-global financial crisis levels. The recovery in New Zealand has been more moderate; however, the second quarter was significantly better than the first quarter of 2010.

Trading since June 2010 has seen ongoing good growth in APN's Australian markets, and in New Zealand the recovery has now extended to radio and outdoor, which had not seen any growth in the first half. The fourth quarter is traditionally the APN Group's best trading period and forward

5. 'Like-for-like' basis reflects the impact of the sale of the Kurnia Outdoor business in Malaysia, and the cancellation of outdoor contracts taken in-house by the respective transit companies in New Zealand and Hong Kong.

6. Source: Australian Financial Review, 'Marketing & Media', 2 August 2010.



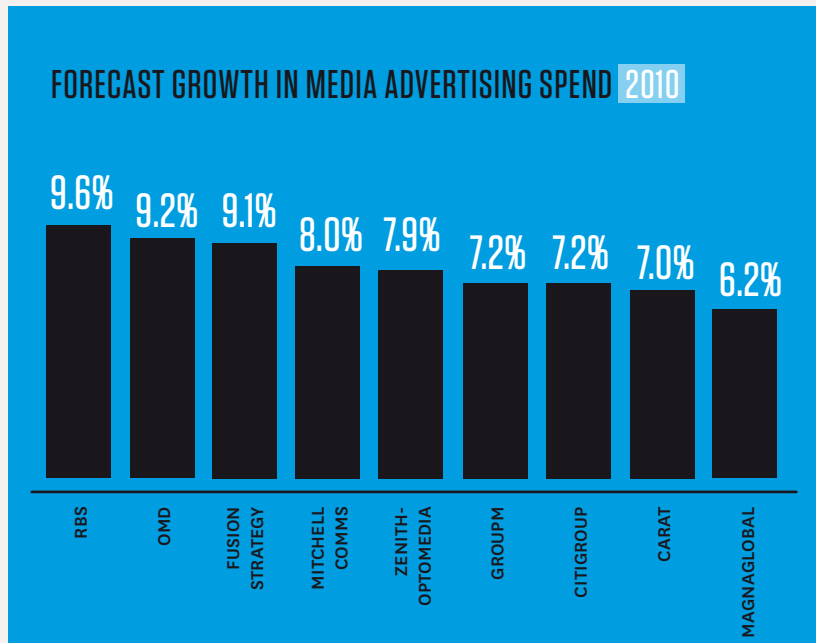
Source: Australian Financial Review, '30 Seconds', 26 July 2010

bookings remain strong, although year-on-year growth may moderate as there was some improvement in the fourth quarter of 2009. APN is confident, as outlined at the interim results announcement, that the second half will see a return to more traditional trading patterns and therefore a seasonally higher second half result.

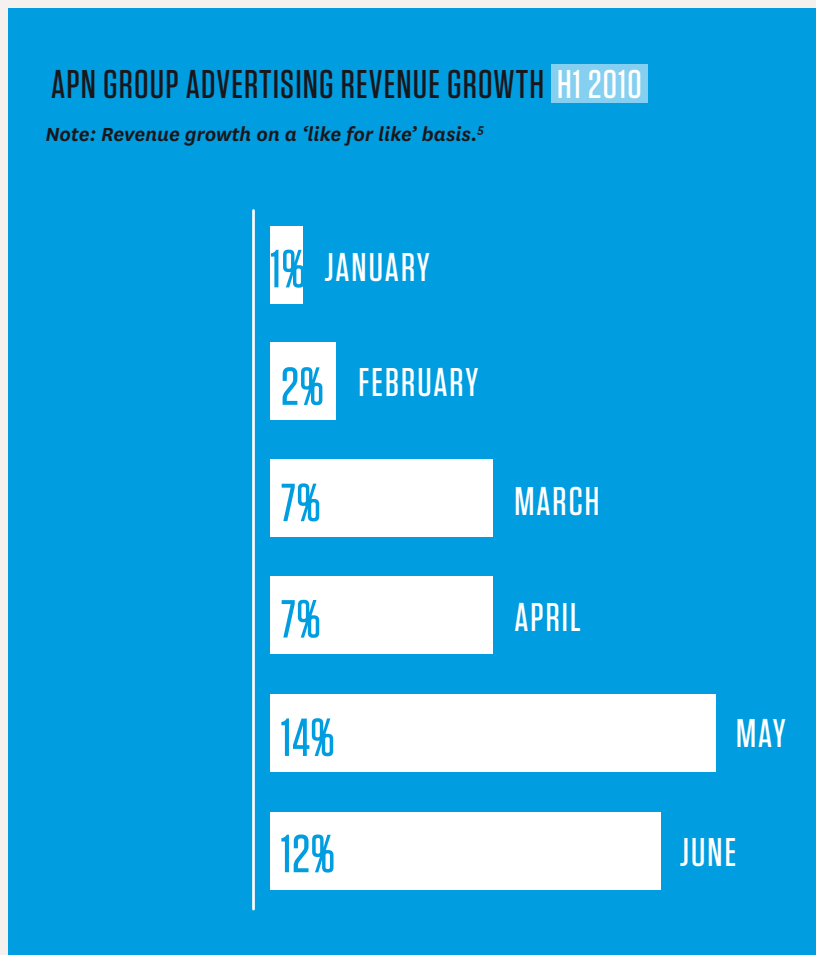
Over recent months a number of advertising agencies and research analysts have raised their growth forecasts. Media executives and industry commentators have also been highlighting the improving market outlook on the back of a strong economy.

The chart top right summarises the media industry's outlook on Australian advertising spend. Advertising agencies and media research analysts are all forecasting high single digit growth for 2010 which is expected to continue into 2011 and beyond.

The PricewaterhouseCoopers Australian Entertainment and Media Outlook 2010-2014 report also predicts that, after declining nearly 10% in 2009, the sector's revenue will climb 6.6% during 2010 and post a compound annual growth rate of 5.3% over the period 2010-2014⁶.



Source: APN



7.7 SUMMARY FINANCIAL STATEMENTS

The summary financial statements set out in this section are for the APN Group. Investors should be aware that the Issuer and the members of the Guarantor Group are the only entities liable to pay interest on the Bonds and repay the Principal Amount of the Bonds and the Guarantor Group companies are the only members of the APN Group that guarantee the Issuer's indebtedness. Not all members of the APN Group are Guarantors as at the date of this Investment Statement. The members of the Guarantor Group as at the date of this Investment Statement are listed in section 13 of this Investment Statement.

In the event that a Guarantor Group member defaults in the due and punctual payment of Bond Monies payable to Bondholders or the Trustee, each Guarantor Group member has jointly and severally agreed, immediately upon demand by the Trustee, to pay all amounts then due and unpaid in respect of such Bond Monies.

Although potentially subject to change in the future, as at 30 June 2010, the Guarantor Group financial position was similar to the financial position of the APN Group when considered on the basis of asset support and the ability to fund interest payments. The variance between the aggregate amount of the total tangible assets together with the total value of the income producing intangible assets for the Guarantor Group and the APN Group as at 30 June 2010 was not more than 10%.

The variance between the aggregate earnings before interest and tax, but excluding minority interests for the APN Group, and the aggregate earnings before interest and tax of the Guarantor Group, including APN's share of net profit after tax of non-wholly owned Subsidiaries, for the year ending 30 June 2010, was not more than 9%.

We draw your attention to the Prospectus which contains additional information including pro forma balance sheets and profit and loss statements of the APN Group and the Guarantor Group, and a comparison of the basis of asset support and the ability to fund interest payments in terms of asset and earnings variances.

The summary financial statements set out below for the APN Group are prepared in compliance with FRS 43 *Summary Financial Statements*. The APN Group financial statements, from which the summary financial statements have been derived, have been prepared in accordance with Australia's Corporations Act 2001 and Australian IFRS and have been audited for all periods except for 30 June 2010. There are no differences between Australian IFRS

and New Zealand IFRS that significantly impact the summary financial statements of the APN Group set out below. All numbers presented are in Australian dollars. The specific disclosures included in the summary financial statements have been extracted from the full financial statements of the APN Group. Copies of the full annual financial statements for the APN Group are available on APN's website (www.apn.com.au).

The audited financial statements of the APN Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 were approved for issue by the Directors of APN on 13 March 2006, 30 March 2007, 28 March 2008, 24 March 2009 and 26 March 2010 respectively. The summary financial statements set out below were authorised for issue by the Directors on 3 November 2010.

The auditors' reports on the financial statements of the APN Group for all years represented were unqualified and did not refer to any explanatory paragraphs in the audit report which highlight matters that are regarded as relevant to a proper understanding of the basis of the auditors' opinion.

The audited financial statements of the APN Group for all years represented contain an explicit and unreserved statement of compliance with Australian IFRS.

The summary financial statements contain summary information only and therefore cannot be expected to provide as complete an understanding as provided by the full financial statements. The unaudited 'last 12 months' figures to 30 June 2010 have been included to provide a meaningful comparison against prior full years and give an indication of the beginnings of the market recovery. Reviewed half year accounts were lodged with the ASX and NZX in August 2010.



PROFIT & LOSS

APN News & Media Limited and Controlled Entities Consolidated Income Statements

	UNAUDITED GROUP 12 MONTHS 30 JUN 10 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 09 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 08 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 07 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 06 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 05 A\$'000
Revenue before finance income	1,033,279	1,030,666	1,193,398	1,314,573	1,292,877	1,337,869
Other income (including exceptional gains)	10,390	19,643	28,530	25,666	37,872	7,107
Expenses before finance costs (including impairment and other exceptional costs)	(849,429)	(870,092)	(1,137,828)	(1,031,979)	(1,028,863)	(1,048,469)
Finance income	1,520	1,689	3,300	5,982	8,784	19,085
Finance costs	51,473	(52,234)	(78,833)	(69,341)	(71,906)	(84,012)
NET FINANCE COSTS	(49,953)	(50,545)	(75,533)	(63,359)	(63,122)	(64,927)
Share of profits of associates	2,754	3,254	6,484	6,829	4,930	12,947
PROFIT BEFORE INCOME TAX EXPENSE	147,041	132,926	15,051	251,730	243,694	244,527
Income tax expense	(25,880)	(14,624)	(6,275)	(45,723)	(45,196)	(58,638)
PROFIT FROM CONTINUING OPERATIONS	121,161	118,302	8,776	206,007	198,498	185,889
Loss from discontinued operations	-	(1,830)	(2,954)	-	-	-
PROFIT FOR THE YEAR	121,161	116,472	5,822	206,007	198,498	185,889
Profit attributable to minority interest	(23,011)	(23,844)	(29,794)	(38,571)	(38,975)	(36,229)
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY	98,150	92,628	(23,972)	167,436	159,523	149,660

The profit and loss information set out above is for the APN Group, rather than the Guarantor Group.

BALANCE SHEET

APN News & Media Limited and Controlled Entities Consolidated Balance Sheet

	UNAUDITED GROUP 30 JUN 10 A\$'000	AUDITED GROUP 31 DEC 09 A\$'000	AUDITED GROUP 31 DEC 08 A\$'000	AUDITED GROUP 31 DEC 07 A\$'000	AUDITED GROUP 31 DEC 06 A\$'000	AUDITED GROUP 31 DEC 05 A\$'000
Current Assets						
Cash and cash equivalents	41,633	32,727	58,721	88,814	70,681	68,934
Receivables	163,708	176,640	195,980	246,380	223,702	235,909
Inventories	8,960	9,569	20,476	21,988	21,939	30,193
Tax assets	1,046	754	906	5,628	24,861	26,532
Other	26,181	23,967	31,964	29,998	28,120	25,144
Assets held for sale	12,207	15,072	-	-	-	-
TOTAL CURRENT ASSETS	253,735	258,729	308,047	392,808	369,303	386,712
Non-Current Assets						
Receivables	5,316	4,224	4,895	9,289	7,174	8,047
Other financial assets	26,510	27,130	22,628	37,334	22,696	17,296
Investments accounted for using the equity method	40,239	39,190	35,384	29,155	25,703	19,488
Property, plant and equipment	259,809	266,934	290,909	298,863	292,605	288,937
Intangible assets	1,617,692	1,604,436	1,661,603	1,813,369	1,740,614	1,784,717
Deferred Tax	-	-	-	-	-	35,375
TOTAL NON-CURRENT ASSETS	1,949,566	1,941,914	2,015,419	2,188,010	2,088,792	2,153,860
TOTAL ASSETS	2,203,301	2,200,643	2,323,466	2,580,818	2,458,095	2,540,572
Current Liabilities						
Payables	120,996	118,327	150,298	178,296	197,295	199,546
Derivative financial instruments	2,030	814	5,770	2,093	3,418	4,280
Interest bearing liabilities	21,244	20,280	155,620	94,768	89,414	87,232
Current tax provisions	10,816	6,267	6,480	18,941	5,299	4,371
Provisions	6,043	7,760	20,639	7,530	14,108	12,220
Liabilities directly associated with assets held for sale	12,005	10,356	-	-	-	-
TOTAL CURRENT LIABILITIES	173,134	163,804	338,807	301,628	309,534	307,649
Non-Current Liabilities						
Payables	2,934	3,272	4,528	5,162	5,558	6,613
Interest bearing liabilities	717,663	762,700	807,567	840,905	801,593	752,356
Deferred tax liabilities	119,342	113,310	121,586	156,001	166,909	214,188
Provisions	1,026	1,021	1,586	1,352	2,159	2,320
TOTAL NON-CURRENT LIABILITIES	840,965	880,303	935,267	1,003,420	976,219	975,477
TOTAL LIABILITIES	1,014,099	1,044,107	1,274,074	1,305,048	1,285,753	1,283,126
Net Assets	1,189,202	1,156,536	1,049,392	1,275,770	1,172,342	1,257,446
Equity						
Contributed equity	1,032,803	1,024,815	920,802	916,572	817,579	918,155
Reserves	(35,882)	(43,550)	(28,268)	13,467	25,497	42,647
Accumulated losses/Retained profits	(33,002)	(48,172)	(76,375)	101,772	86,559	44,342
Total parent entity interest	963,919	933,093	816,159	1,031,811	929,635	1,005,144
Minority interest	225,283	223,443	233,233	243,959	242,707	252,302
TOTAL EQUITY	1,189,202	1,156,536	1,049,392	1,275,770	1,172,342	1,257,446

The balance sheet information set out above is for the APN Group, rather than the Guarantor Group, as permitted by the Securities Act (APN Media (NZ) Limited) Exemption Notice 2010. Additional information in relation to the exemption is set out in the Prospectus.



CHANGES IN EQUITY

APN News & Media Limited and Controlled Entities Statements of Changes in Equity

	UNAUDITED GROUP 12 MONTHS 30 JUN 10 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 09 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 08 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 07 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 06 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 05 A\$'000
Opening balance	1,082,315	1,049,392	1,275,770	1,172,342	1,257,446	1,253,367
Total comprehensive income	143,926	90,331	(38,452)	193,392	178,246	192,293
Transactions with equity holders						
Share buy back	-	-	-	(58,500)	(139,585)	(134,866)
Option expense	-	-	(1,578)	585	3,100	1,474
Contributions of equity	8,693	104,013	4,230	157,493	39,009	89,456
Dividends paid	(23,812)	(58,850)	(154,175)	(152,223)	(117,306)	(109,805)
Equity transactions with non controlling interests	(21,920)	(28,350)	(36,403)	(37,319)	(48,568)	(34,473)
CLOSING BALANCE	1,189,202	1,156,536	1,049,392	1,275,770	1,172,342	1,257,446

The changes in equity information set out above is for the APN Group, rather than the Guarantor Group.

CASHFLOW STATEMENT

APN News & Media Limited and Controlled Entities Consolidated Cashflow Statement

	UNAUDITED GROUP 12 MONTHS 30 JUN 10 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 09 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 08 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 07 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 06 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 05 A\$'000
Cash flows from operating activities						
Receipts from customers	1,160,795	1,170,414	1,418,808	1,448,208	1,434,528	1,473,808
Payments to suppliers and employees	(944,356)	(986,220)	(1,134,913)	(1,156,436)	(1,125,373)	(1,157,946)
Dividends received	661	745	1,081	1,277	707	701
Interest received	1,519	1,689	3,300	5,982	5,521	17,609
Interest paid	(48,073)	(48,420)	(83,655)	(71,769)	(68,161)	(66,678)
Income taxes (paid)/refunded	(18,874)	(18,834)	(30,679)	(15,935)	(47,587)	(35,529)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	151,672	119,374	173,942	211,327	199,635	231,965
Cash flows from investing activities						
Payments for property, plant and equipment	(15,949)	(17,111)	(62,761)	(65,596)	(60,985)	(35,869)
Payments for goodwill	(159)	(159)	(3,651)	(87,182)	(4,077)	(2,504)
Payments for software	(1,129)	(449)	(4,637)	(2,336)	(1,488)	(1,997)
Payments for other intangible assets	(103)	(543)	(3,752)	(9,019)	(9,426)	(3,947)
Payments for investments	(473)	(2,646)	(456)	(13,618)	(4,059)	-
Payments for purchase of controlled entities	-	-	(5,871)	-	(500)	(9,949)
Proceeds from sale of property, plant and equipment	4,174	4,707	20,908	29,766	30,631	4,566
Proceeds from sale of associates	2,670	2,670	-	-	-	11,700
Proceeds from sale of controlled entities	10,615	23,627	-	-	-	-
Other	2,598	262	-	2,439	(1,295)	200
Construction in progress pending resale	-	-	-	-	(28,764)	-
Proceeds on sale of assets constructed for resale	-	-	-	-	28,764	-
Proceeds from sale of Security Printing business	-	-	-	-	32,100	-
NET CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES	2,244	10,358	(60,220)	(145,546)	(19,099)	(37,800)
Cash flows from financing activities						
Loans repaid by/(advanced to):						
- Director related entities	(173)	(178)	(559)	-	-	-
- Associates	1,044	2,962	(2,656)	-	-	-
- Other entities	1,017	1,886	1,377	(3,698)	11,950	31,849
Share buy-back	-	-	-	(58,500)	(139,585)	(134,866)
Proceeds from borrowings	349,119	368,326	295,059	506,299	311,786	411,042
Repayments of borrowings	(449,817)	(536,103)	(250,348)	(311,506)	(215,525)	(400,144)
Payments for borrowing costs	(3,294)	(3,092)	(1,511)	(140)	(1,409)	(4,193)
Principal repayment under finance leases	(2,303)	(945)	(103)	(83)	(73)	(1,273)
Proceeds from issues of shares	(139)	96,464	1,832	11,327	12,449	5,922
Dividends paid to shareholders	(15,816)	(52,145)	(151,777)	(152,223)	(117,306)	(100,526)
Net payments to minority interest	(21,934)	(28,350)	(36,405)	(37,195)	(38,152)	(42,233)
Proceeds from short-term construction financing	-	-	-	-	28,764	-
Repayment of short-term construction financing	-	-	-	-	(28,764)	-
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES	(142,296)	(151,175)	(145,091)	(45,719)	(175,865)	(234,422)
Change in cash and cash equivalents	11,620	(21,443)	(31,369)	20,062	4,671	(40,257)
Cash and cash equivalents at beginning of the year	30,002	58,721	88,814	70,681	68,934	108,292
Effect of exchange rate changes	11	(4,551)	1,276	(1,929)	(2,924)	899
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41,633	32,727	58,721	88,814	70,681	68,934

The cash flow information set out above is for the APN Group, rather than the Guarantor Group.



SUPPLEMENTARY INFORMATION

	UNAUDITED GROUP 12 MONTHS 30 JUN 10 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 09 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 08 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 07 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 06 A\$'000	AUDITED GROUP 12 MONTHS 31 DEC 05 A\$'000
EBITDA	237,097	230,235	319,502	345,604	335,312	335,942
EBIT	196,994	188,954	278,544	308,259	300,785	296,506
Net Debt	697,274	750,253	904,466	846,859	820,326	770,654
Net Debt/EBITDA (times)	2.9	3.3	2.8	2.5	2.5	2.3
Interest cover ratio (times)	4.8	4.6	4.2	5.5	5.3	5.2
Net Debt/Net Debt + Total Parent Entity Interest (Equity)	42%	45%	53%	45%	47%	43%

Note: Historic EBITDA and EBIT numbers in the table above are the same as those presented to APN's banking group for covenant purposes. These earnings numbers exclude non-recurring items.

The supplementary information set out above relates to the APN Group, rather than the Guarantor Group.

- > The APN Group's performance in 2009 was heavily impacted by the global financial crisis, with revenues declining just over 15% from the prior year. This had a significant impact on EBITDA and EBIT performance of the APN Group, although this was partially mitigated through cost saving measures.
- > In 2008, an impairment charge of \$153 million was recognised against intangible and other assets. This, together with some other non-recurring costs resulted in a reported profit for the year of \$6 million.
- > In June 2009, APN issued 99 million shares via a pro-rata entitlement offer to shareholders raising \$96 million after issue costs. Proceeds were used to repay debt.

8. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

8.1 DIRECTORS OF THE ISSUER

John Maasland

Mr Maasland has been a Board Member of APN since December 2003. Mr Maasland has extensive business experience in the media industry and in New Zealand, and serves on a number of private and public company boards. He is Chairman of Hellaby Holdings Ltd (Director since April 2008) and a Director of Deleat's Group Ltd (since October 2004). He is a member of the Council of AUT University and was also Chairman and a Trustee of the Royal New Zealand Ballet (October 1998 to October 2007) and Chairman of Auckland International Airport Ltd (October 2006 to November 2007).

Phillip Eustace

Mr Eustace is Finance Director for APN New Zealand and was formerly CFO for Wilson & Horton Limited. He has over 15 years of media experience. In that time he has held the role of Divisional CEO of Print and Group Services. He is Director of a number of New Zealand APN Group subsidiary companies and a Director of the Newspaper Publishers Association in New Zealand and related industry Boards. He is a CA and Chartered Secretary and held a number of senior finance roles in various multinational companies prior to joining APN.

Peter Myers

Mr Myers was appointed APN's CFO in 2003. He has over 25 years of media experience including nine years at Australia's Network Ten and previously 10 years with Northern Star Holdings Limited, which at the time had interests in Australian regional and metropolitan newspapers, radio and television. He is a CPA and a member of the Australian Institute of Company Directors and has previously held a number of public company Directorships including regional television broadcaster, Telecasters Australia Ltd.



8.2 DIRECTORS OF APN NEWS & MEDIA LIMITED

The Board of Directors of APN set the strategic plan and govern its operations. APN's Board members have had extensive experience in numerous industry sectors. Board members also come from various backgrounds and professions contributing different skills to the APN Board. APN announced on 12 July 2010 that after more than eight years as Chief Executive, Brendan Hopkins advised that he wishes to leave the company at the end of 2010. The new CEO Brett Chenoweth was announced by the APN Board on 14 October 2010. Brett will officially commence his appointment on 1 January 2011.

Gavin O'Reilly BScBA (Hons)
(Non-executive Chairman)

Mr O'Reilly was appointed to the Board in 2004. He has been Group Chief Executive Officer of Independent News & Media PLC since May 2009, having served as its Group Chief Operating Officer since December 2001. He joined the international media group in 1993 and has held various roles. He formerly worked in London for the global advertising group DDB Needham. In the late 80s, he also worked in stockbroking in London and Asia. He is President of the WAN-IFRA, the World Association of Newspapers and News Publishers, Chairman of Dromoland Castle Hotel and serves on the Board of Independent News & Media PLC (since May 1997), PT Abdi Bangsa (Indonesia), Norkom PLC, TVC PLC, and numerous charitable foundations including the Ireland Funds.

Ted Harris AC, F.INST.D, FAIM, FAICD
(Non-executive Director)

Mr Harris was Managing Director and Chief Executive Officer of the Ampol Group from 1977 to 1987 and Chairman of

Australian Airlines from 1987 to 1992. Mr Harris has been a Board Member of the Company since March 1992 and Deputy Chairman since December 1994. He is currently Chairman of Thakral Holdings (Director since 1994) and the Australian Radio Network and President of St Vincent's Clinic Foundation. He is Life Governor of the Melanoma Foundation and a Life Member of the Australian Sports Commission. He was Chairman of the Zoological Parks Board of NSW from 1973 to 1990. Mr Harris started his career as a broadcaster and journalist with the Macquarie Broadcasting Service and he is a former Commissioner of the ABC. He was Trustee for the Walkley Awards from 1976 to 1980. He was previously Chairman of Gazal Corporation Limited (Director 1989 to 2004) and Deputy Chairman of Metcash Limited (Director 1994 to 2007).

Brendan Hopkins BA
(Chief Executive - outgoing)

Mr Hopkins was appointed Chief Executive in August 2002 and has been a Board Member since that time. He has over 20 years' experience managing media

businesses in a number of countries. He is a Freeman of the City of London, Honorary Vice President of the British Vascular Foundation, Patron of the European Australian Business Council, a Governor of The Australian Ireland Fund, a member of the Board of the Australian Chamber Orchestra and Chairman of The Newspaper Works (the Australian newspaper industry body). He was previously a director of Independent News & Media PLC from April 1990 to November 2008.

Brett Chenoweth
(Chief Executive - incoming)

Mr Chenoweth, whose appointment is effective on 1 January 2011, has more than 18 years of professional experience working exclusively in the areas of media, technology, telecommunications and online businesses. Mr Chenoweth is currently Managing Director and Head of Asia-Pacific for The Silverfern Group, a New York-based specialist merchant bank. Mr Chenoweth has held senior strategy, business development and operational roles at Telecom New Zealand, ecorp, ninemsn and Village Roadshow Pictures.

8. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

He is also a Director and founder of Gizmo Corporation, a leading Australian IT services company. Mr Chenoweth holds a Bachelor of Laws and a Bachelor of Economics degree from the University of Queensland and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Donal Buggy *BComm, FCA*

(Non-executive Director – outgoing)

Mr Buggy has been a Board Member since October 2003 and will retire from the APN Board as from 31 December 2010. A chartered accountant, he was appointed Chief Financial Officer and Director of Independent News & Media PLC in 2002. He joined Independent News & Media PLC in 1996 as Group Finance Manager and was appointed Group Financial Controller in 1999. Mr Buggy was previously audit manager with an international accounting firm. He is also a Director of a number of Independent News & Media PLC subsidiaries, including Independent News & Media (Australia) Limited, News & Media NZ Limited and Independent News & Media (South Africa) Pty Limited.

Pierce Cody

(Non-executive Director)

Mr Cody was appointed to the Board in 2003. Mr Cody founded Cody Outdoor Australasia and was formerly the Chief Executive of APN Outdoor, after selling Cody Outdoor to APN in 2001. Mr Cody has more than 27 years' experience in the advertising industry. Mr Cody founded Macro Wholefoods Market, Australia's largest organic and natural food retailer. In 2009 Mr Cody sold 85% of the business to Woolworths Australia. Mr Cody is a Life Governor and Director of The Australian Ireland Fund. During 1999-2007, Mr Cody was a non-executive Director of Adcorp Australia Ltd. Prior to that he was a Trustee of the Gallery of NSW.

Peter Cosgrove

(Non-executive Director)

Mr Cosgrove has been a Board Member since December 2003. Founder of the Buspak group of companies in Australia, New Zealand and Hong Kong, he has more than 20 years' experience in the outdoor advertising industry. He is non-executive Chairman of Buspak Hong Kong (since June 2003), as well as non-executive

Deputy Chairman of Clear Media Limited (Director since April 2001), which is listed on the Stock Exchange of Hong Kong. He is Chairman of GlobeCast Australia Pty Limited (since June 2002), a broadcasting company. He was previously a Director of Independent News & Media PLC (April 1988 to June 2009).

Vincent Crowley *BA, FCA*

(Non-executive Director)

Mr Crowley was appointed to the Board in March 2009. He was Chief Executive of APN from 2000 to 2002, having previously held the position of Finance Director from 1996 to 2000. A chartered accountant, he joined Independent News & Media PLC in 1990, became a Director in 1997 and was appointed Chief Executive of Independent News & Media – Ireland in August 2002. In June 2009, he retired from the Board of Independent News & Media PLC. In December 2009, he was appointed Group Chief Operating Officer of Independent News & Media PLC. Mr Crowley was previously an audit manager with an international accountancy firm. He is also a Director of a number of Independent News & Media PLC subsidiaries and associated companies.

Kevin Luscombe *AM, FAICD, FAIM, CPM*

(Non-executive Director)

Mr Luscombe has been a Board Member since October 1997. Following a successful corporate career in Australia and the USA, and Board roles in several South East Asian companies, he founded a marketing and research consultancy in 1976. In 1980, he started the advertising agency Luscombe & Partners, sold it to Clemenger BBDO in 1998, and joined their Board. He is Executive Chairman of the management consultancy Growth Solutions Group. He is also a Director of Landis+Gyr (since September 2002) and Melbourne Food and Wine (since August 2004). In 1998, he was appointed Adjunct Professor at the Graduate School of Management, Swinburne University. He was the recipient of the 2001 Sir Charles McGrath Award for marketing excellence.

John Maasland *MA (Cantab)*

(Non-executive Director)

Mr Maasland has been a Board Member since December 2003. Mr Maasland has extensive business experience in the

media industry and in New Zealand, and serves on a number of private and public company boards. He is Chairman of Hellaby Holdings Ltd (Director since April 2008) and a Director of Deleat's Group Ltd (since October 2004). He is a member of the Council of AUT University and was also Chairman and a Trustee of the Royal New Zealand Ballet (October 1998 to October 2007) and Chairman of Auckland International Airport Ltd (October 2006 to November 2007).

Cameron O'Reilly *BA (Hons) Oxon*

(Non-executive Director – outgoing)

Mr O'Reilly will retire from the APN Board as from 31 December 2010. Mr O'Reilly is the Founder and Chief Executive Officer of Landis & Gyr Holdings (formerly Bayard Group). He was Chief Executive of APN from May 1996 to July 2000, having previously held the position of Deputy Chief Executive. Mr O'Reilly has been a Board Member since 1988. He is on the Board of The Australian Ireland Fund and was previously a Director of Independent News & Media PLC (May 1992 to June 2009) and IRESS Market Technology Ltd (October 2001 to September 2006).

John Harvey

(Non-executive Director – incoming)

Mr Harvey's appointment will take effect from 1 January 2011. He has over 37 years of professional experience as a chartered accountant and a company Director. Mr Harvey was a partner in PricewaterhouseCoopers for 23 years and held a number of management and governance responsibilities for PwC in New Zealand, including the position of Auckland Managing Partner from 1998 to 2006, retiring in June 2009. He has advised Audit Committees and Boards generally in the area of corporate governance. Mr Harvey is currently a Director of DNZ Property Fund Limited, Kathmandu Holdings Limited, MARAC Finance Limited, Port Otago Limited, and New Zealand Opera Limited, and is an Adviser to the Board of Resource Coordination Partnership Limited. He holds a Bachelor of Commerce degree from the University of Canterbury and is a member of the Institute of Directors of New Zealand.



8.3 SENIOR MANAGEMENT OF APN NEWS & MEDIA LIMITED

APN has appointed a diversely skilled and strong senior management team with extensive experience in the media industry. In addition to current CEO Brendan Hopkins and incoming CEO Brett Chenoweth other key executives are:

Peter Myers CPA, BBus
(Chief Financial Officer)

Peter was appointed APN's CFO in 2003. He has over 25 years of media experience including nine years at Australia's Network Ten and previously 10 years with Northern Star Holdings Limited, which at the time had interests in Australian regional and metropolitan newspapers, radio and television. He is a CPA and a member of the Australian Institute of Company Directors and has previously held a number of public company Directorships including regional television broadcaster, Telecasters Australia Ltd.

Martin Simons

(Group Publishing Chief Executive)

Martin has more than 35 years experience as a reporter, editor and manager with APN and Wilson & Horton. He previously held Chief Executive roles with both New Zealand Publishing and Australian Regional Newspapers before being appointed as Group Publishing Chief Executive in 2008. He started his career as a journalist with The Daily Mercury in Mackay and was appointed Editor at The Queensland Times in Ipswich in 1986. From 1992 to 1998, Martin filled General Manager and Regional Manager roles with the Regional Newspaper Group and first moved to New Zealand in 1998 when he was appointed Chief Executive of Wilson & Horton Regional Newspapers. He is also responsible for the company's print division.

Richard Herring MBA (Monash)
(Group Radio and Outdoor Chief Executive)

Richard has more than 25 years of experience in sales, joining Cody Outdoor in 1995 as National Sales Director. He was appointed General Manager in 1998 and Chief Executive in 2001. He has a strong sales background in radio and television, starting his career in media sales at Australia's Nine Network. He has also held senior sales positions with the Ten Network and Austereo.

Warren Lee BA (Hons), LLB (Sydney)
(Group Director Content Strategy and Integration)

From an initial background as a mergers and acquisitions lawyer with Freehills in Australia, Warren has acquired more than 20 years experience working in, and advising on, existing and new media. He has served as Director of Business Development at Australia's Ten Network, served in similar roles at FOXTEL and News Limited and immediately prior to joining APN was a Director at boutique investment bank, Grant Samuel.

Rob Lourey BBus, Assoc Dip Personnel Mgt
(Group Human Resources Director)

Rob is APN's Group Human Resources Director, appointed in June 2008 and based in Sydney, Australia. He has many years experience in a number of sectors including manufacturing and financial services. In his current role, Rob is responsible for the Group's human resource function encompassing organisation development, performance management, reward and succession planning.

9. ANSWERS TO IMPORTANT QUESTIONS

The purpose of this section is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for the Bonds. Applicants should note that other important information about the Offer is set out in the registered Prospectus.

9.1 WHAT SORT OF INVESTMENT IS THIS?

The Bonds to be issued by the Issuer are debt securities denominated in New Zealand dollars.

The Bonds, which will be issued under, and be subject to the provisions of, the Bond Trust Documents, constitute unsecured, unsubordinated debt obligations of the Issuer.

The Bonds are fixed rate interest bearing investments for a fixed period with interest payable quarterly in arrears. The Maturity Date for the Bonds is 15 March 2016.

Each Bond will rank equally without any preference or priority amongst themselves and equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

The Bonds will be guaranteed by the companies that are from time to time members of the Guarantor Group, which will include, at all times, APN. The members of the Guarantor Group as at the date of this Investment Statement are set out in section 13 of this Investment Statement. The Guarantor Group does not include all members of the consolidated group (in particular non-wholly owned Subsidiaries which are unable to provide a guarantee). The obligations under the Guarantee constitute unsecured, unsubordinated obligations of the members of the Guarantor Group which will rank equally with all other unsecured, unsubordinated obligations of the Guarantor Group (except for indebtedness preferred by law).

We draw your attention to the Prospectus which contains additional information including pro forma balance sheets and profit and loss statements of the APN Group and the Guarantor Group, and a comparison of the basis of asset support and the ability to fund interest payments in terms of asset and earnings variances.

Other than the guarantee provided by the members of the Guarantor Group, none of the Issuer's Directors, the Directors of any member of the Guarantor Group, the Organising Participant, the Joint Lead Managers, the Trustee, nor any of their respective Directors, officers or employees, nor any other person, guarantees the repayment of the Principal Amount of Bonds, the payment of interest or any other amounts due under the Bonds or the amount of returns which investors may receive as Bondholders.

This issue of APN Media Bonds is primarily being undertaken as a capital management initiative to diversify the APN Group's funding sources. It is intended that the net proceeds raised through this Offer will be used primarily to reduce debt under the APN Group's existing Bank Facilities.

NZDX listing

Application has been made to NZX for permission to list the Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this Investment Statement have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Investment Statement. NZX is a registered exchange under the Securities Markets Act 1988.

9.2 WHO IS INVOLVED IN PROVIDING IT FOR ME?

Issuer

APN Media (NZ) Limited, a wholly owned indirect subsidiary of APN, is the Issuer of the Bonds. The Issuer was incorporated for the primary purpose of issuing the Bonds. Other than its functions and duties relating to the Bonds, the Issuer's only expected activity is to be a member of the group of companies which guarantees the APN Group's obligations under the Bank Facilities.



The Issuer's address is:

46 Albert Street
Auckland 1010
New Zealand

Directors

The name and address of each of the current Directors of the Issuer is set out below:

- ✎ JOHN MAASLAND
Auckland, New Zealand
- ✎ PHILLIP EUSTACE
Auckland, New Zealand
- ✎ PETER MYERS
Riverview, NSW, Australia

The Directors may be contacted care of the Issuer, 46 Albert Street, Auckland 1010, New Zealand.

Promoters

APN and each Director of APN is a Promoter of the Offer for the purposes of the Securities Act 1978.

The address of APN's principal place of business in New Zealand is:

46 Albert Street
Auckland 1010
New Zealand

The name and address of each Director of APN as at 3 November 2010 is set out below:

- ✎ GAVIN O'REILLY
Dublin, Ireland
- ✎ TED HARRIS
Vaucluse, NSW, Australia
- ✎ BRENDAN HOPKINS
Woolloomooloo, NSW, Australia
- ✎ DONAL BUGGY
Dublin, Ireland

- ✎ PIERCE CODY
Point Piper, NSW, Australia
- ✎ PETER COSGROVE
Bellevue Hill, NSW, Australia
- ✎ VINCENT CROWLEY
Dublin, Ireland
- ✎ KEVIN LUSCOMBE
Brighton, Victoria, Australia
- ✎ JOHN MAASLAND
Auckland, New Zealand
- ✎ CAMERON O'REILLY
Kangaroo Valley, NSW, Australia

The Directors of APN may be contacted care of the Issuer, 46 Albert Street, Auckland 1010, New Zealand.

Trustee

The Trustee of the Bonds is The New Zealand Guardian Trust Company Limited. The role of the Trustee in respect of the Bonds is governed by New Zealand law and it assumes no additional obligations under Australian law as a consequence of the Offer being made in Australia as well as New Zealand. The Trustee's address is: Guardian Trust House
Level 3
15 Willeston Street
PO Box 913
Wellington
New Zealand

Registrar

The Registrar of the Bonds is Link Market Services Limited. The Registrar's address is:
PO Box 91976
Auckland 1142
New Zealand

Description of activities

The Issuer was incorporated on 15 October 2010 and has not yet commenced business. The primary purpose of the Issuer is to issue the Bonds that are the subject of this Offer. The Issuer will also be a member of the group of companies that guarantees the obligations of the APN Group under the MOF and the other Bank Facilities.

Other than becoming a member of the group which guarantees the APN Group's obligations in respect of the MOF and the other APN Group Bank Facilities, the Issuer's only activities are those necessary or incidental to the issuing of Bonds, complying with its obligations at law and under the transaction documents in relation to the offer of Bonds and such other business or activity approved by APN. Under the terms of the Master Trust Deed, the Issuer may not carry on any material activities other than the raising of money and investing that money in other members of the APN Group, whether as debt or equity. The Issuer will become a guaranteeing subsidiary of APN for the purpose of the MOF and the other Bank Facilities.

This issue of the Bonds is primarily being undertaken as a capital management initiative to diversify the APN Group's funding sources. It is intended that the net proceeds raised through this Offer will be used primarily to reduce debt under the APN Group's existing Bank Facilities.

Information about APN and the business activities of the APN Group are contained in the *Corporate Profile* section of this Investment Statement.

9.3 HOW MUCH DO I PAY?

Minimum investment

The Issue Price of each Bond is \$1.00. The minimum amount you can invest is \$5,000, and in multiples of \$1,000 thereafter. There is no limit on the maximum investment you may make, but applications must be for a Principal Amount of no less than \$5,000, otherwise the application will not be accepted.

Applications and payment

Applications must be made on the Application Form contained in this Investment Statement, and in accordance with the instructions contained in this Investment Statement. This Investment Statement does not constitute an offer of Bonds in any jurisdiction other than New Zealand and Australia. Please refer to the section headed *Selling restrictions* on page 5 for further details about where the Bonds may lawfully be sold.

You must pay for the Bonds applied for in New Zealand dollars by either personal or bank cheque, or by direct debit as set out in the Application Form. Cheques must be drawn on a New Zealand branch of a registered bank and submitted with the completed Application Form. Cheques must be made payable to 'APN Bond Offer', crossed 'Not Transferable' and must not be post-dated. Funds must be available as cleared funds in your account.

Please read the Application Form and the *Application instructions* on page 62 carefully and sign the application form.

For direct debit payments, you **cannot specify a date** that you wish the direct debit to be made from your account. Funds must be available in your account for value the day that the Registrar activates the direct debit. You must also ensure that your account is able to be direct debited. If unsure you must check with your bank. You must be authorised on that account as a signatory for a direct debit transaction.

Dishonoured cheques or failed direct debits may result in your application being rejected.

Institutions who normally settle via NZClear can do so by making arrangements prior to the Closing Date and settlement with the Registrar. Such application can be settled up to and including the Issue Date.

Where to send your Application Form and payment

Completed Application Forms, together with the completed cheque for payment (if payment is not made by direct debit or NZClear) must be sent to the address of the Registrar set out in the Application Form.

Applications may also be made through the Organising Participant, or the Joint Lead Managers. Applications for Bonds and accompanying payment must (if payment is not made through the NZClear System) be received by the Registrar by 5.00pm on the Closing Date (being 10 December 2010).

Applications may be lodged with any Primary Market Participant, the Organising Participant, any of the Joint Lead Managers, or any other channel approved by NZX. Applications should be lodged as soon as possible in time for it to be forwarded to the Registrar before 5.00pm on the Closing Date. Alternatively, applicants can send their completed Application Form directly to the Registrar before the Closing Date.

Applicants accepting a Firm Allocation from a Primary Market Participant or approved financial intermediary must return a completed Application Form (with payment) to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar before 5.00pm on the Closing Date.

Right to refuse applications

The Issuer reserves the right to refuse any application or to accept an application in part only, without providing a reason. If the Issuer refuses an application or accepts an application in part, all or the relevant balance of the application monies will be refunded as soon as practicable. No interest will be paid on any application monies that are refunded to the applicant.

No cooling off

There is no cooling off period in relation to the Bonds. Consequently, once an application has been lodged, it cannot be withdrawn, unless the Issuer determines otherwise in its sole discretion.

9.4 WHAT ARE THE CHARGES?

Applicants pay no fees or charges to invest in the Bonds other than the Issue Price.

A fee or commission may be charged if the Bonds are purchased or sold on the secondary market (if one develops). The Issuer takes no responsibility for the pricing actions of secondary market participants and any fee or commission is to be directly negotiated between the Bondholder and the relevant secondary market participant.

Issue expenses in relation to the Bonds, including brokerage, legal, accounting, registry, printing, distribution and promotion expenses, Organising Participant, Joint Lead Manager and other fees to be incurred are payable by the Issuer. The Issuer is also required to pay any ongoing Trustee fees and expenses, including legal expenses.

The Issuer will pay brokerage on new applications of 0.75% to Primary Market Participants for applications carrying that Primary Market Participant's stamp. NZX participants will also be paid a Firm Allocation fee of 0.5% in respect of Bonds allocated pursuant to the Firm Allocation.



9.5 WHAT RETURNS WILL I GET?

Overview

The information set out in this section should be read in conjunction with the information set out in the following section *What are my risks?*. Certain events could reduce or eliminate the returns intended to be derived from holding the Bonds.

Nature of the returns

The returns you will receive on your Bonds will depend on the Interest Rate applicable to your Bonds, the term of your investment and any taxes applicable to the investment.

If you do not hold your Bonds to the Maturity Date, the returns you receive on your Bonds may be reduced. This is described in more detail below and in the section *How do I cash in my investment?*.

It is not possible to quantify as at the date of this Investment Statement the exact amount of returns you will receive, and therefore no such amount can be promised by the Issuer.

Interest rate

The Bonds will carry a fixed rate of interest payable quarterly in arrears.

The Bonds will bear interest at the Interest Rate, being the fixed rate per annum equal to the higher of:

- a) the Minimum Interest Rate; and
- b) the sum of:
 - (i) the Margin; and
 - (ii) the Swap Rate applicable as at the Rate Set Date.

The Minimum Interest Rate will be confirmed prior to the commencement of the Offer Period. The sum of the Margin plus the Swap Rate will be determined at the close of the Offer Period, when the Swap Rate is known. Accordingly, while investors can be certain that the Interest Rate will be no less than the Minimum Interest Rate, the final Interest Rate will not be known until after the Offer has closed. Further details are set out below.

The Interest Rate will be set on the Rate Set Date and announced by the Issuer to NZX and through the Organising Participant on or before the Issue Date.

The Margin will be a percentage rate per annum determined by the Issuer in consultation with the Joint Lead Managers. The Margin will be announced, along with the Minimum Interest Rate, shortly before the commencement of the Offer Period and will not subsequently change. This announcement will be made through the Organising Participant and NZX, or you can get this information from your broker or financial adviser.

The Swap Rate will be the interpolated mid market rate for an interest rate swap of a term matching the period between the Issue

Date and the Maturity Date, as converted to a quarterly fixed rate interest payment basis, calculated by the Organising Participant according to market convention. Please refer to the definition of *Swap Rate* in section 12 of this Investment Statement for further details on the basis for its calculation.

Payment of interest

Interest will be calculated on the Principal Amount of each Bond from (and including) the Issue Date and is payable in arrears on each Interest Payment Date. The first Interest Payment Date is 15 March 2011 and subsequent Interest Payment Dates are the 15th of each March, June, September and December that fall during the term of the investment, the Maturity Date and (if applicable) any Early Redemption Date.

Except for interest paid on any Early Redemption Date, interest will be paid in arrears on each Interest Payment Date in equal amounts on the following basis:

$$\text{Interest Payment} = \frac{\text{Principal Amount of Bond} \times \text{Interest Rate}}{4}$$

A final interest payment will be made on the Early Redemption Date, if the Bonds are redeemed early, on the following basis:

$$\text{Interest Payment} = \text{Principal Amount of Bond} \times \text{Interest Rate} \times \frac{D}{365}$$

where:

D = the number of days from, and including, the most recent Interest Payment Date (or, if none, the Issue Date) to, but excluding, the Early Redemption Date (whichever is applicable).

In addition, the Issuer will pay to each original subscriber for the Bonds (and notwithstanding any transfer of any Bond that may have occurred) interest on the subscription monies for such Bonds at the rate of 5% per annum for the period from (and including) the date on which subscription monies for such Bonds are received by the Registrar and deposited into the trust account which has been opened for the Offer to (but excluding) the Issue Date. Accrued Early Bird Interest will be paid to relevant applicants as soon as practicable after the Issue Date.

Redemption by Bondholders

The Principal Amount of each Bond will be repaid by the Issuer to the Bondholder on the Maturity Date. The Issuer is not obliged to repay the Bonds prior to the Maturity Date unless redeemed earlier in accordance with the Bond Trust Documents. Bondholders have no right to require redemption of any of their Bonds except in certain circumstances following an Event of Default or a Change of Control (see below).

This means that Bondholders have no ability to cash in their investment, except by selling their Bonds in the secondary market (if one develops) or in other very limited circumstances.

Early redemption by Issuer

The Issuer may make a full or partial redemption of the Bonds at any time on or after 15 December 2012 and prior to the Maturity Date. Any early redemption will be at the sole discretion of the Issuer. For each Bond redeemed, the Issuer will, on the Early Redemption Date, pay to the Bondholder the Early Redemption Amount for the Bond plus the Early Redemption Premium (if applicable).

The Issuer will give 25 days' written notice to Bondholders and the Trustee of the Early Redemption Date.

Where there is any partial early redemption of the Bonds:

- such redemption payment must be made pro rata to each Bondholder's proportion of the aggregate Bond Monies;
- a minimum of NZ\$50 million of Bonds must remain on issue; and
- if, in relation to the Bonds held by a Bondholder, partial redemption would result in the Principal Amount of Bonds held by that Bondholder falling below \$5,000, the Issuer must on the Early Redemption Date redeem all of the Bonds held by that Bondholder for the Early Redemption Amount, plus the Early Redemption Premium (if applicable).

If at any time the aggregate Principal Amount of all Bonds outstanding is less than NZ\$50 million, the Issuer may elect to compulsorily redeem all of the Bonds then outstanding by giving notice to each Bondholder of the redemption and the intended Early Redemption Date, such date to be not earlier than 20 days nor later than 40 days after the date of the notice. If notice is given, the Issuer will redeem the Bonds for the Early Redemption Amount plus the Early Redemption Premium (if applicable).

Early Redemption Premium

If the Issuer voluntarily elects to redeem some or all of the Bonds prior to the Maturity Date, including if the Issuer elects to redeem Bonds following a Change of Control, an additional amount, the Early Redemption Premium, will be paid to Bondholders on the Early Redemption Date in respect of each Bond that is redeemed early. The Early Redemption Premium will be an amount equal to:

- (a) 3.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the second anniversary but before the third anniversary of the Issue Date;
- (b) 2.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the third anniversary but before the fourth anniversary of the Issue Date; and
- (c) 1.00% of the Principal Amount of the Bonds redeemed if the Early Redemption Date is on or after the fourth anniversary but before the fifth anniversary of the Issue Date.

There will be no Early Redemption Premium if the Early Redemption Date falls on or after the fifth anniversary of the Issue Date.

Redemption following Change of Control

Following a Change of Control, the Issuer will within 10 days give notice to Bondholders and the Trustee electing to either redeem all or not redeem any of the outstanding Bonds. If the Issuer elects to redeem all of the Bonds following a Change of Control it will pay Bondholders the Early Redemption Amount plus the Early Redemption Premium (if applicable) on the Early Redemption Date specified by the Issuer, which is to be at least 60 days but not more than 120 days after the Issuer's notice.

If the Issuer elects not to redeem all of the Bonds following a Change of Control, each Bondholder may elect to require the Issuer to redeem all of that Bondholder's Bonds for the Early Redemption Amount on that Early Redemption Date. No Early Redemption Premium will be payable if the Bondholder elects to require the Issuer to redeem Bonds following a Change of Control.

It is important to note that a change in control of APN does not automatically result in a Change of Control as defined in the Supplemental Trust Deed. The definition in the Supplemental Trust Deed requires that, for so long as the MOF is in place, the financiers under the MOF shall have required early repayment of outstanding amounts under the MOF following such a change in control.

Redemption following Event of Default

If an Event of Default under the Bond Trust Documents occurs, the Trustee may in its discretion, and will immediately upon being directed to do so by an Extraordinary Resolution passed by Bondholders, declare the Early Redemption Amount for each Bond to be immediately due and payable by the Issuer, and the Issuer will immediately pay that amount to the Trustee who will then distribute the relevant amount to each Bondholder. No Early Redemption Premium will be payable upon redemption of the Bonds following an Event of Default.

Payments

Interest payments will be made to the person registered as the Bondholder as at the Record Date for the payment. Payments will be made to the bank account nominated by the Bondholder on the Application Form or such other bank account as the Bondholder may advise the Registrar in writing from time to time, provided notice is given prior to the Record Date for the payment. If no bank account is nominated or advised, then payments will be made by cheque to the address of the Bondholder recorded in the Register. If a payment date is not a Business Day, payment will be made on the next day which is a Business Day.

Key factors that determine returns

The key factors that determine the returns on the investment are:

- the Interest Rate;
- whether the investment is held until the Maturity Date;
- the effect of taxes;



- fluctuations in the price of the Bonds if sold on the secondary market;
- the financial condition of the Issuer, APN and the other members of the Guarantor Group; and
- the other risk factors described under the heading *What are my risks?*.

Taxation

Returns will be affected by taxes. Please refer to the section titled *Taxation*.

Person legally liable to pay returns

The person legally liable to pay principal and interest on the Bonds is the Issuer. If the Issuer fails to pay amounts that are due, the Guarantor Group members will be liable for making the payment upon demand by the Trustee.

Transferring Bonds

If Bondholders transfer any Bonds, the price obtained for them may differ from the amount paid to purchase them. This may be because changes in market interest rates can affect the market value of Bonds (refer to the section *What are my risks?*).

The Bonds may only be transferred in multiples of \$1,000 in Principal Amount and no transfer may be made if it results in the transferor or the transferee holding Bonds the Principal Amount of which is less than \$5,000 in aggregate. Bondholders should contact their broker or financial adviser if they wish to sell or transfer Bonds.

The Issuer will not compensate Bondholders for any loss incurred if Bondholders choose to sell their Bonds.

Applicants should not attempt to sell the Bonds until they know whether, and how many, Bonds have been issued to them. Neither the Issuer, the Organising Participant, the Joint Lead Managers, the Trustee nor any of their respective Directors or employees or any other person accepts any liability or responsibility should any applicant for the Bonds attempt to sell or otherwise deal with any Bonds before receiving a statement recording the number of Bonds (if any) issued to them.

NZX waiver

The Issuer has obtained a waiver from NZX of the prohibition on the restrictions on transfer contained in NZDX Listing Rule 11.1.1. The waiver permits the Issuer, for the term of the Bonds, to restrict transfers of Bonds if the transfer is not of a multiple of NZ\$1,000 or the transfer would result in a transferor or transferee holding Bonds with an aggregate Principal Amount of less than \$5,000.

Guarantee

The Bonds are guaranteed by the companies that are from time to time members of the Guarantor Group under the Guarantee, including at all times APN. The Guarantor Group members as at

the date of this Investment Statement are listed in section 13 of this Investment Statement.

The Guarantor Group members each jointly and severally and unconditionally and irrevocably guarantee on an unsecured and unsubordinated basis to the Trustee and the Bondholders, the due and punctual payment of all monies payable on or in relation to the Bonds as and when the same shall become due and payable in accordance with the terms and conditions of the Bonds or under the Bond Trust Documents.

In the event that a Guarantor Group member defaults in the due and punctual payment of Bond Monies payable to Bondholders or the Trustee, each Guarantor Group member has jointly and severally agreed, immediately upon demand by the Trustee, to pay all amounts then due and unpaid in respect of such Bond Monies.

The Bonds are not secured by any mortgage or other charge over the assets of the Issuer or any of the other Guarantor Group members. Other than the guarantee provided by the Guarantor Group members, none of the Issuer's Directors, the Directors of any Guarantor Group member, the Organising Participant, the Joint Lead Managers, nor the Trustee, nor any of their respective Directors, officers or employees or agents, nor any other person, guarantees the repayment of the Principal Amount of Bonds, the payment of interest or any other amounts due under the Bonds or the amount of returns which investors may receive as Bondholders.

The Guarantor Group members (other than APN) are associated persons of APN, each being a wholly-owned Subsidiaries of APN.

Guarantor Group

A company that is, or is required to become, a guarantor under a Bank Facility must also become a member of the Guarantor Group.

Although potentially subject to change in the future (except APN), as at 30 June 2010 the Guarantor Group financial position was not materially different from the financial position of the APN Group when considered on the basis of asset support and the ability to fund interest payments.

The Guarantor Group companies are the only members of the APN Group that guarantee the Issuer's indebtedness.

Whilst APN guarantees the Bonds and the Bond Trust Documents contain a negative pledge restriction, a restriction on the level of prior ranking indebtedness and a financial covenant to govern the credit structure and provide support of interest and principal obligations on the Bonds from the APN Group earnings and assets there are some non-wholly subsidiaries which do not form part of the Guarantor Group. Accordingly investors should note there is a variance between the aggregate amount of the total tangible assets together with the total value of the income producing intangible assets for the Guarantor Group and the APN Group as at 30 June 2010 which is not more than 10% and there is a variance between the aggregate earnings before interest and tax, but excluding minority interests for the APN Group, and the aggregate earnings before interest and tax of the Guarantor Group, including APN's

share of net profit after tax of non-wholly owned Subsidiaries, for the year ending 30 June 2010, which is not more than 9%.

We draw your attention to the Prospectus which contains additional information including pro forma balance sheets and profit and loss statements of the APN Group and the Guarantor Group, and a comparison of the basis of asset support and the ability to fund interest payments in terms of asset and earnings variances.

9.6 WHAT ARE MY RISKS?

As with any investment, there is a risk that Bondholders will not recover the sum which is paid for the Bonds and/or not receive the returns described above under *What returns will I get?* as a result of the risks described in this section.

Risks associated with investing in debt securities generally

The principal risks for Bondholders are that:

- they may be unable to recover from the Issuer all or any of the Principal Amount of Bonds;
- they may not receive timely, or any, interest payments on Bonds, and therefore may not receive the returns described above under the heading *What returns will I get?* from page 45; or
- they may not be able to recover all or any amounts owing under the Guarantee.

These circumstances could arise if the Issuer or any member of the Guarantor Group becomes insolvent for any reason, or is placed in receivership, liquidation, voluntary administration or statutory management (or any similar process under the laws of any relevant jurisdiction), or is otherwise not able to meet its debts as they fall due.

As Bonds are unsecured, unsubordinated debt obligations, in a liquidation or statutory management of the Issuer or a Guarantor Group member, claims of Bondholders will rank equally with the all other unsecured, unsubordinated debt obligations of the Issuer and the members of the Guarantor Group (except any obligations preferred by law) but behind secured or prior ranking claims (should any exist at the relevant time), although each of these are restricted by negative pledge and restriction on prior ranking indebtedness covenants in the Bond Trust Documents.

Bondholders' rights to repayment will be equal to those of all other unsecured creditors of the Issuer and the Guarantor Group (except for those creditors preferred by law), including (at the date of this Investment Statement) the lenders under the MOF and the other APN Group Bank Facilities.

Insolvency

Bondholders will not be liable to pay any money to any person as a result of the insolvency of the Issuer, APN or any other members of the APN Group.

Transfer risk

If Bondholders transfer their Bonds before they are redeemed (as described under the headings *What returns will I get?* on page 45 and *How do I cash in my investment?* on page 52), the price at which they are able to sell their Bonds may be less than the price paid for them.

This is because changes in market interest rates and other factors can affect the market value of Bonds. For example, if market interest rates go up, the market value of Bonds may go down, and vice versa.

The price at which Bondholders are able to sell their Bonds may also be affected by a deterioration, whether real or perceived, in the creditworthiness of the Issuer, the members of the Guarantor Group or the APN Group, a lack of persons wishing to buy Bonds, or the lack of an established market or demand for Bonds.

Secondary market liquidity and yield considerations

It is intended that Bonds will be listed on the NZDX. However, while the Directors of the Issuer are of the view that a secondary trading market for Bonds will develop over time, there can be no assurance of the liquidity of such a market. Consequently, investors may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market. Depending on market conditions and other factors, investors seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those that may be available to other investors.

The secondary market for Bonds also will be affected by a number of other factors independent of the creditworthiness of the Issuer and the Guarantor Group. These factors may include the time remaining to the maturity of Bonds, the outstanding amount of Bonds, the amount of Bonds being sold in the secondary market from time to time, any legal restrictions limiting demand for Bonds, the availability of comparable securities, and the level, direction and volatility of market interest rates generally.

Due to the factors outlined above, Bonds may not be readily saleable, their value may fluctuate over time, and such fluctuations may be significant and could result in significant losses to the investor. This is particularly the case for investors whose circumstances may not permit them to hold Bonds until maturity.

Assumption of further indebtedness

APN must ensure that as at each Balance Date the ratio of Net Senior Debt to EBITDA does not exceed 4.00 to 1, subject to adjustment in accordance with the terms of the Guarantee in the event of a material change in GAAP. A breach of this covenant will constitute an Event of Default. Under the Bond Trust Documents, APN agrees to ensure that no member of the APN Group may create or permit to subsist any Security over any of its assets other than any Permitted Security Interest.



In addition, APN must not permit the aggregate of the following to exceed 10% of Total Assets:

- (i) all outstanding financial indebtedness of APN or any of its Subsidiaries which is secured by a Permitted Security Interest which is not one of the specific security interests listed in the definition of that expression in the Guarantee (itself being indebtedness not permitted to exceed more than 5% of Total Assets); and
- (ii) all outstanding financial indebtedness of all of APN's Subsidiaries other than, amongst other financial indebtedness, that which is owing by any member of the Guarantor Group and subordinated debt.

Provided these covenants are complied with, there is no prohibition under the terms of the Bond Trust Documents on the Issuer or the Guarantor Group members from time to time assuming, issuing or guaranteeing further indebtedness.

Enforcement

Bondholders are not entitled to enforce any of their rights or remedies under the Bond Trust Documents directly against the Issuer unless the Trustee fails to enforce such rights or remedies within a reasonable period after having become bound to do so in accordance with the Master Trust Deed.

Early redemption by Issuer

If the Issuer exercises its option to make a full or pro rata partial redemption of Bonds prior to the Maturity Date, the returns the Bondholders will receive for those Bonds will be different from the returns they would have received if those Bonds were repaid on the Maturity Date. Further information on early redemption of Bonds is set out in the section headed *Early redemption by Issuer* on page 46 of this Investment Statement.

Composition of Guarantor Group

A company that is, or is required to become, a guarantor under a Bank Facility must also become a member of the Guarantor Group. However, the criteria under each Bank Facility which determine whether a company is required to be a guarantor under that Bank Facility are subject to change without the consent of the Trustee or Bondholders. Consequently, other than APN which is provided as a permanent guarantor under the Guarantee, companies which are required to be within the Guarantor Group as at the date of this Investment Statement may not continue to be so required. The Trustee and the Bondholders do not therefore have control over the composition of the Guarantor Group.

Risks related to the Issuer, the Guarantor Group and the APN Group

Economic conditions

APN's business and its performance are subject to changes in the New Zealand, Australian and parts of the Asian economies at large. Global economic conditions may have direct and consequential

adverse effects for those economies, APN and the Guarantor Group, including (but not limited to) on:

- ↳ level of economic activity and the resultant impact on advertising market conditions;
- ↳ unemployment levels and the amount of consumer discretionary spend;
- ↳ consumer and business sentiment;
- ↳ interest rates, inflation and currency exchange rates;
- ↳ labour costs;
- ↳ fiscal and monetary policy of central banks; and
- ↳ other changes in economic conditions which may affect the revenue or costs of the APN Group.

Adverse changes to these general economic factors may have an adverse impact on the operating and financial performance of the APN Group.

Geographic exposure to Australia and Asia

A proportion of the APN Group's EBITDA is derived from its Australian publishing, radio and outdoor operations. An investment in the Bonds will include exposure to fluctuations in the Australian economic cycle and to fluctuations in the Australian and New Zealand dollar exchange rate and Australian interest rates.

The APN Group also derives a proportion of its EBITDA from transit and premium billboard outdoor advertising operations in Hong Kong and Indonesia. An investment in the Bonds will therefore also include exposure to economic and currency fluctuations in any of these countries.

Competition in the media sector

The media sectors in New Zealand, Australia and Asia can be 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 online and other distribution 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 generally may have an adverse effect on APN's operating and financial performance.

Advertising cycle

The APN Group's revenues and earnings are predominantly derived from cover price sales and advertising in newspaper publishing, radio broadcasting, outdoor advertising and through online platforms. The APN Group is therefore exposed to fluctuations in the advertising markets in New Zealand, Australia and, to a lesser degree, in Asia. This in turn is influenced, in part, by the general condition of the economy, which by its nature is cyclical and subject to change. A prolonged downturn in the advertising market is likely to adversely impact the APN Group's operating and financial performance.

9. ANSWERS TO IMPORTANT QUESTIONS

Changes in the nature of the publishing, broadcasting and advertising industries

The APN Group's business may be affected by changes in the nature of the publishing, outdoor broadcasting and advertising industries, including changes to demand for online and other existing media products and services. As the APN Group's business includes the publication and circulation of media in different forms including online and other distribution platforms, these changes may, depending on their nature and the APN Group's business model at that time, impact on the APN Group's operating and financial performance.

Loss of licences

A loss of one or more broadcasting licences could have a material adverse effect on the APN Group, its business and prospects. The APN Group has no reason to expect cancellation of any of its licences.

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, including in the current financial year ending 31 December 2010.

Joint ventures

Ownership of the APN Group's joint venture operations in radio (the Australian Radio Network in Australia and The Radio Network in New Zealand) and in certain outdoor advertising businesses (including Adshel in Australia and New Zealand and Buspak in Hong Kong) is shared equally with Clear Channel Communications, Inc ('Clear Channel'). The Group also has investments in various online assets via joint ventures.

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 the APN Group and its joint venture partners. In addition, matters which affect joint venture partners may therefore also affect the APN Group.

Guarantor Group

As at 30 June 2010, the Guarantor Group financial position was similar to the financial position of the APN Group when considered on the basis of asset support and the ability to fund interest payments. Whilst APN guarantees the Bonds and the Bond Trust Documents contain a negative pledge restriction, a restriction on the level of prior ranking indebtedness and a financial covenant to govern the credit structure, the financial position of the Guarantor Group could change relative to the APN Group.

Debt refinancing risk

Certain Bank Facilities will need to be refinanced at various maturity dates. The inability to refinance these facilities on satisfactory terms could adversely affect APN's financial performance.

Strategy execution

The APN Group may not be able to execute effectively the current strategies for its businesses including the leveraging of publishing and online opportunities, cost savings and continuous operational improvements.

Recruitment and retention of key personnel

The publishing, broadcasting, outdoor and online 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. The APN Group has established a reputation in the industry that attracts talented personnel. However, the APN Group competes with other companies in the media sector to recruit and retain key executives and professional staff. There is no assurance that the APN Group will be able to recruit or retain skilled and experienced employees on acceptable terms. A loss of key personnel, or the inability to attract new qualified personnel, may detrimentally impact the APN Group's operating and financial performance.

Technology risk

The media sector is subject to rapid and significant change in technology and the impact of this change on the APN Group 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, or anticipated use, of existing technology may have a material adverse effect on the operating and financial performance of the APN Group.

Additionally, failure of 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.

Asset impairment risk

Under Australian accounting standards, intangible assets that have an indefinite useful life are not subject to amortisation and are reviewed annually or whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable for impairment. Assets which are considered to have indefinite lives include goodwill, mastheads and Australian radio licences.

Changes to the carrying amounts of assets of the APN Group (for example mastheads) could have an adverse impact on the reported financial performance of the APN Group in the period any impairment provision is recorded and could increase volatility of reported earnings in cases where there is a reversal of impairment provisions is required that were recorded in previous periods.

Credit risk

Credit market conditions and the operating and financial performance of the APN Group will affect borrowing costs as well as the APN Group's capacity to repay, refinance or increase its debt. The APN Group is subject to covenants in its debt facilities, including interest coverage and leverage tests. If APN or a member



of the APN Group were to breach any of these covenants, its debt could be immediately declared repayable and there is no guarantee that the APN Group would have sufficient cash flow to meet its repayment obligations or be able to source refinancing on acceptable terms.

Regulatory risk

The APN Group 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.

Risks related to changes in taxation law

Future changes in taxation law in New Zealand or Australia, including changes in interpretation or application of the law by the courts or taxation authorities in New Zealand or Australia, may affect taxation treatment of an investment in Bonds, or the holding or disposal of Bonds. Bondholders are encouraged to seek their own professional tax advice in connection with their investment.

Further, changes in taxation law, or to the way taxation law is interpreted in the various jurisdictions in which APN operates, may impact APN's future tax liabilities.

Advertising agency counterparty risk

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 (rather than individual clients) in circumstances where agencies encounter financial difficulties.

Divestment and acquisition activities

From time to time the APN Group evaluates acquisition and divestment opportunities. Any acquisition and/or divestment would lead to a change in the sources of the APN Group's earnings and could increase the volatility of its earnings. Integration of new businesses into the APN Group may be costly and may not generate expected earnings and may occupy a large amount of management's time.

9.7 CAN THE INVESTMENT BE ALTERED?

Terms of this Offer

The terms of this Offer, the terms and conditions on which investors may apply for Bonds and the terms and conditions of Bonds themselves may be altered by an amendment to the Bond Trust Documents in the manner described below.

Bond Trust Documents

The terms and conditions of the Bond Trust Documents may be altered with the approval of Bondholders (or a Class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders (whether convened by the Issuer, the Trustee or Bondholders) and, in limited circumstances, with the

approval only of the Trustee and the Issuer as more particularly described below.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders (or Bondholders of a relevant Class) duly convened and held in accordance with the rules and procedures for meetings of Bondholders set out in the schedule to the Master Trust Deed at which at least 75% of the persons voting at the meeting voted in favour of the resolution or, if a poll is duly demanded, then at least 75% of the votes cast on such a poll, voted in favour of the resolution.

In addition, anything that may be done by Bondholders by a resolution or Extraordinary Resolution passed at a meeting of Bondholders may be done by a resolution in writing signed by not less than 75% of the Bondholders having the right to vote on that resolution, holding in aggregate Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

An Extraordinary Resolution is binding on all Bondholders (or, if for a Class, on all Bondholders of the relevant Class), whether or not they were present at such meeting. Any Bonds for the time being held by the Issuer or any other member of the APN Group will not whilst so held confer any right to vote.

The Trustee and the Issuer may, without the consent of Bondholders, agree to alter the Bond Trust Documents in the limited circumstances specified in the Master Trust Deed. These circumstances include:

- ↳ amendments of a minor, formal administrative or technical nature;
- ↳ amendments that are to correct any manifest error;
- ↳ amendments that are to comply with the requirements or a modification of the requirements of any applicable law;
- ↳ amendments that are necessary for the purpose of obtaining or maintaining the quotation of Bonds on any stock exchange;
- ↳ amendments that reflect an exemption granted to the Issuer, or an exemption that is applicable to the Issuer, in relation to any obligation imposed upon the Issuer by or pursuant to the Securities Act 1978, the Securities Regulations 2009, the Financial Reporting Act 1993 or the listing rules of any stock exchange which is materially the same as or analogous to any obligation of the Issuer under the Bond Trust Documents; and
- ↳ amendments in respect of any of the provisions of the Bond Trust Documents relating to reporting to the Trustee, the Trustee's fees, expenses and indemnities or the exercise of the Trustee's powers.

The above circumstances are also subject to the general requirement that the Issuer and the Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Bondholders generally.

In addition, the Trustee may temporarily vary the provisions of the Bond Trust Documents for such period and on such terms as:

- may be deemed appropriate provided that the Trustee is satisfied that the interests of the affected Bondholders generally will not be materially prejudiced; or
- may be agreed by the Trustee to reflect an exemption of the nature referred to above as an amendment that can be made without Bondholder approval.

Any amendment to the Bond Trust Documents will be binding on all Bondholders and will only be effective if it is in writing and signed by the Issuer and the Trustee.

9.8 HOW DO I CASH IN MY INVESTMENT?

Maturity Date

The Principal Amount of Bonds will be repaid by the Issuer on the Maturity Date (being 15 March 2016) or any earlier redemption date chosen by the Issuer in accordance with the procedure described under the heading *Early redemption by Issuer* on page 46.

Redemption by Bondholders

Bondholders have no right to require redemption of Bonds, except through the Trustee in the case of an Event of Default or following a Change of Control of the Issuer in the event that the Issuer elects not to redeem Bonds. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except by selling their Bonds in any secondary market or otherwise in these very limited circumstances. Further details on the early redemption rights of Bondholders are set out in the sections headed *Redemption by Bondholders* on page 45, *Redemption following Change of Control* on page 46 and *Redemption following Event of Default* on page 46.

Early redemption by Issuer

The Issuer may make a full or pro rata partial redemption of Bonds at any time after the second anniversary of the Issue Date and prior to the Maturity Date. Further information on early redemption of Bonds by the Issuer is set out in the section headed *Early redemption by Issuer* on page 46.

In addition, following a Change of Control, the Issuer may elect to redeem all Bonds. Further information on redemption by the Issuer in these circumstances is set out in the section headed *Redemption following Change of Control* on page 46.

Transfer of Bonds

Bondholders are entitled to sell or transfer their Bonds at any time subject to the terms of the Bond Trust Documents and applicable securities laws and regulations.

A Bondholder may transfer any Bond held by it by:

- a written instrument of transfer in any commonly used form that complies with the standard form and procedures of the Registrar; or
- means of the securities transfer system operated by NZX (in respect of any Series of Bond, that is listed on any exchange operated or owned by NZX); or
- instructing the Registrar to transfer the Bond into the name(s) of the transferee(s) through NZClear; or
- any other method of transfer of marketable securities that is not contrary to any law and that may be operated in accordance with any listing rules (if applicable) and that is approved by the Issuer.

Applicants should not attempt to sell Bonds until they know whether, and how many, Bonds have been issued to them. To the maximum extent permitted by law, none of the Issuer, the Guarantor Group members, the Organising Participant, the Joint Lead Managers, the Trustee, nor any of their respective Directors or employees, nor any other person, accepts any liability or responsibility should any applicant for Bonds attempt to sell or otherwise deal with any Bonds before receiving a statement recording the number of Bonds (if any) issued to them.

A Bondholder may transfer part of its interest in a Bond. However, no transfer of Bonds or any part of a Bondholder's interest in a Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with an aggregate Principal Amount of less than \$5,000 or integral multiples other than \$1,000. The Issuer has obtained a waiver from NZX of Listing Rule 11.1.1 permitting it to refuse to register any transfer that breaches these requirements.

It is expected that there will be a secondary market for Bonds. However, the Issuer, the Trustee and the Joint Lead Managers give no assurances as to the existence or characteristics of such secondary market. Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bondholder's Bonds effected through a financial intermediary.

9.9 WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries about Bonds can be directed to the Issuer (attention: The Directors) at the address set out in the Directory or to the Registrar:

Link Market Services Limited

Address: Level 16, Brookfields House, 19 Victoria Street, Auckland

Toll free telephone: 0800 333 974 (within New Zealand)



Telephone: +64 9 375 5998 (from outside of New Zealand)
Facsimile: +64 9 375 5990
Email: lsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com

9.10 IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Any complaints about the investment in the Bonds can be directed to the Issuer (attention: The Directors) at the address set out in the Directory or to the Registrar at the address set out above or to the Trustee:

The New Zealand Guardian Trust Company Limited
Address: Guardian Trust House, Level 3, 15 Willeston Street, Wellington, New Zealand
Telephone: +64 4 495 7900
Facsimile: +64 4 472 3593
Email: ct-wellington@nzgt.co.nz
Attention: Relationship Manager – Corporate Trusts

There is no ombudsman to whom complaints about Bonds can be directed.

9.11 WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Prospectus and Bond Trust Documents

Additional information about the Issuer and Bonds is contained or referred to in the Prospectus and the Bond Trust Documents. Copies of the Prospectus can be obtained from the Registrar or any Joint Lead Manager. Copies of the Bond Trust documents can be obtained from the Registrar. No fee will be charged for the provision of these documents. Contact details for the Registrar and each Joint Lead Manager are set out in the *Directory* on page 69.

Copies of the Prospectus, the Bond Trust Documents, and other documents of, or relating to, the Issuer are filed on a public register which may be viewed on the Companies Office website (www.companies.govt.nz). Copies of the publicly-filed documents may also be obtained (on payment of a fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726.

Annual information and NZX disclosure

The Issuer will prepare an annual report (which will contain the audited annual financial statements of the Issuer) and an interim report (which will contain the unaudited half yearly financial statements of the Issuer). These reports are likely to be made available to investors electronically and in printed form on written request.

Following listing of the Bonds on the NZDX, the Issuer will be required to make announcements of its half yearly and annual results to NZX and to disclose to NZX any material information concerning it to NZX pursuant to NZDX Listing Rule 10.1 or as required by the NZDX Listing Rules from time to time. These announcements will be available to be viewed on NZX's website www.nzx.com.

On request information

Bondholders are entitled to request from the Issuer copies of the following documents:

- ↳ the most recent annual report of the Issuer (when available);
- ↳ the most recent annual financial statements of the Issuer (when available) and all documents that are required to be incorporated in, attached to, or accompany those financial statements in accordance with the Financial Reporting Act 1993;
- ↳ the most recent annual or half yearly consolidated financial statements of APN, and other documents or statements that are required by the exemption referred to below;
- ↳ the Bond Trust Documents (and any amendments to them); and
- ↳ the Prospectus for the Bonds.

Such requests should be made in writing to the Issuer at the address stated in the *Directory* at the end of this Investment Statement.

The Issuer must provide any such information to the Bondholder who has requested it free of charge within five Business Days of the Issuer receiving the request.

The Issuer is exempt from the requirement to provide the Bondholders on request certain information about the members of the Guarantor Group by virtue of the Securities Act (APN Media (NZ) Limited) Exemption Notice 2010. Further details of the exemption are set out in section 6.19 of the Prospectus (pages 51 and 52).

10. GUARANTEE, BANK FACILITIES AND EVENTS OF DEFAULT

Guarantee by APN Guarantor Group

The members of the Guarantor Group (which includes APN) have entered into a deed of guarantee and indemnity dated on 3 November 2010 ('Guarantee') in favour of the Trustee (as trustee for the Bondholders).

Under the Guarantee, the members of the Guarantor Group unconditionally and irrevocably guarantee on an unsecured basis all of the Issuer's payment obligations under the Bond Trust Documents. In addition, the Guarantor Group undertakes that (among other things) it will not:

- **Core business:** Change its core business, in the case of APN only, and APN will not permit any of its subsidiaries to engage in a business that is not a core business. 'Core business' means any business of printing, publishing, broadcasting, advertising, media, communications and entertainment (including any investment (direct or indirect) in any such business) and includes all businesses carried on as incidental to any of the businesses referred to above;
- **Arms length transactions:** It will not enter into financial arrangements with any of its non-wholly owned Subsidiaries other than on an arms-length commercial basis;
- **Negative pledge:** Create or permit to exist any security interest over its assets other than as provided for in the Guarantee; or
- **Priority indebtedness:** Allow prior ranking debt to exceed 10% of Total Assets. Please see section headed *Assumption of further indebtedness* on page 48 for more information about this undertaking.

Guarantee sharing and enforcement

Proceeds of any enforcement of the Guarantee will be distributed among the Bondholders on an equal basis in proportion to the respective amounts owing to them.

Composition of Guarantor Group

A company that is, or is required to become, a guarantor under a Bank Facility must also become a member of the Guarantor Group. However, the criteria under each Bank Facility which determine whether a company is required to be a guarantor under that Bank Facility are subject to change without the consent of the Trustee or Bondholders. Consequently other than APN which is provided as a permanent guarantor under the bond Guarantee, companies which are required to be within the Guarantor Group as at the date of this Investment Statement may not continue to be so required.

The Trustee and the Bondholders do not therefore have control over the composition of the Guarantor Group.

A member of the Guarantor Group, but not APN Itself, can resign as a guarantor upon notification by APN to the Trustee in the form of a resignation letter as set out in the Guarantee. Any guarantor specified in such notice will cease to be a member of the Guarantor Group and will be automatically released from its obligations under the Guarantee (without the need for the execution or delivery of any other document by the Trustee, the other members of the Guarantor Group, the Bondholders or any other person) if, as at the date of such notice, after giving effect to such release such guarantor has ceased to be a guarantor under the Bank Facilities. Once a company resigns from the Guarantor Group, it will cease to be liable to make any payments to Bondholders in respect of the Bonds.

Events of Default

The Bond Trust Documents provide for certain events of default as described below.

- **Non-payment:** Failure to make any payment of scheduled interest (within three Business Days), scheduled Principal Amount (within three Business Days) or other amount (within 10 Business Days) of the due date.
- **Breach of financial covenant:** A failure by APN to ensure that as at each Balance Date the ratio of Net Senior Debt to EBITDA of the APN Group does not exceed 4.00 to 1, subject to adjustment in accordance with the terms of the Guarantee in the event of a material change in GAAP.
- **Other breach:** Any breach by the Issuer or APN of any other undertakings or obligations under the Bond Trust Documents that, if capable of remedy, is not remedied within 21 days of the Issuer or APN becoming aware of that breach and such default has or is likely to have a material adverse effect.
- **Misrepresentation:** Any breach of a representation or warranty by the Issuer or APN in a material respect which, where capable of remedy, is not remedied within 21 days of the Issuer becoming aware of the breach.
- **Cross-default:** If any borrowed money indebtedness of A\$50 million (or equivalent) or more of the Issuer or any member of the Guarantor Group is not paid when due or within any originally applicable grace period or is required to be repaid prior to its stated maturity as a result of an event of default.

- ↘ **Cessation of business:** The Issuer, APN or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations.
- ↘ **Insolvency events:** The Issuer, APN or any Material Subsidiary ceases business, becomes insolvent, is placed in receivership, administration or statutory management, or is subject to similar insolvency events.

Multi-option Club Facility

APN's wholly owned subsidiaries, Biffin Pty Limited and Wilson & Horton Limited ('Borrowers'), are party to a multi-option facility agreement ('MOF') under which the lenders have provided debt facilities of up to NZ\$428.6 million and AUD\$739.6 million. Both Biffin Pty Limited and Wilson & Horton Limited are members of the APN Guarantor Group.

A summary of the principal terms of the MOF is set out below:

- ↘ The facility may be used by the Borrowers to assist with the general funding requirements of APN and its subsidiaries.
- ↘ APN and/or the guarantors under the MOF give undertakings including provision of financial information, notification, compliance with laws, and a covenant not to allow security to exist over their assets except for a number of permitted security interests.
- ↘ APN is required to ensure that the APN Group is complying with financial covenants relating to:
 - (i) interest cover (i.e., EBITDA as a multiple of interest costs);
 - (ii) gearing (i.e., Net Debt as a percentage of capitalisation); and
 - (iii) senior debt service coverage (i.e., Total Senior Debt as a multiple of EBITDA).
- ↘ The MOF's events of default include payment default, breach of financial covenant, breach of other obligations, cross-acceleration of financial indebtedness in relation to an amount of A\$50 million or more (including non-payment by the Issuer of the Bond Monies or the Trustee declaring the Bond Monies immediately due and payable by reason of default), insolvency-related events, Material Adverse Change and other default events, subject to various grace periods and cure rights. Review events under the MOF include the following within specific timeframes:
 - a change in control of APN; and

- a person (other than Independent News & Media (Australia) Limited, News & Media NZ Limited and their related bodies corporate) beneficially holding 35% or more of the issued ordinary shares of APN.
- ↘ If an event of default occurs and is not remedied within the specified timeframes, the lenders under the MOF may declare that:
 - the commitments under the facilities are cancelled,
 - funds drawn together with accrued interest will be immediately due and payable and commitments cancelled; and/or
 - the funds drawn to be payable by demand.

If an event of review occurs under the MOF then APN and its lenders are required to negotiate in good faith to determine the effect of the event of review on APN and its guarantors and their ability to comply with their obligations under the MOF documents. If those negotiations do not lead to a satisfactory outcome within 60 days then the majority financiers (as defined in the MOF) may terminate the facilities and require repayment of all outstanding amounts under the MOF within 120 days of notice to that effect.

Consequences of Events of Default

Upon the occurrence of any Event of Default, the Trustee may at its discretion, and if directed to do so by an Extraordinary Resolution of Bondholders shall, declare the Bond Monies to be immediately due and payable by notice in writing to the Issuer, whereupon such amount shall become immediately due and payable.

11. TAXATION

11.1 Introduction

The returns on the Bonds will be affected by taxes. If a law requires the Issuer (which for the purposes of this section of this Investment Statement includes the Registrar acting on the Issuer's behalf) or the Trustee to deduct an amount in respect of taxes from a payment to a Bondholder, then the Issuer or the Trustee will deduct the amount for the taxes and pay it to the relevant authority. Neither the Issuer nor the Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction.

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by the Issuer to be correct as at the date of this Investment Statement. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Bonds. At the date of this Investment Statement certain taxation changes have been enacted to come into force on 1 April 2011. There may be other taxation changes in the future which affect your position. You should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Bondholders (including those residing outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Bondholder in respect of Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. If a Bondholder's personal circumstances change in respect of the above matters then that Bondholder must advise the Registrar of that change.

In this section:

- Bondholders who are residents in New Zealand for taxation purposes are referred to as 'Resident Bondholders';
- Bondholders who are not residents in New Zealand for taxation purposes but who are engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as 'New Zealand Branch Bondholders'; and
- Bondholders who are neither residents in New Zealand for taxation purposes nor engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as 'Non-Resident Bondholders'.

11.2 Resident Withholding Tax

For Resident Bondholders and New Zealand Branch Bondholders, Resident Withholding Tax ('RWT') will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Tax Act.

As at the date of this Investment Statement, individual Bondholders who are subject to RWT and have provided their IRD Number to the Registrar/the Issuer will be able to elect one of the following RWT rates:

- 33%;
- 30%;
- 17.5%; or
- 10.5%. This particular rate can only be elected if the Bondholder has a reasonable expectation at the time of making the election that their income for the income year will be \$14,000 or less.

For individual Bondholders who have not provided their IRD number to the Registrar/the Issuer, the applicable rate of RWT at the date of this Investment Statement is 33%. Special rules apply regarding the RWT rates that can be elected by certain Bondholders who are trustees.

As at the date of this Investment Statement, a company Bondholder (other than a Maori authority or a trustee) that has provided its IRD number to the Registrar/the Issuer will, as a consequence of an election made by the Issuer, have RWT deducted at the rate of 30% (which under recently enacted changes will reduce to 28% on 1 April 2011). Such a company Bondholder can, by notice in writing to the Registrar/the Issuer, elect to have a higher rate of RWT deducted if it so wishes.

For company Bondholders who have not provided their IRD number to the Registrar/the Issuer, the applicable rate of RWT at the date of this Investment Statement is 33%.

RWT will not be deducted where a Bondholder provides a copy of a current RWT exemption certificate to the Registrar/the Issuer.

RWT rates may not align with individual Bondholders' personal marginal tax rates, particularly in respect of the 2010/2011 income year. Depending on an individual Bondholder's level of annual income, electing an RWT rate lower than the individual Bondholder's personal marginal tax rate may result in a requirement to file a tax return (or the provision of an income statement by Inland Revenue) to account for the tax shortfall. Conversely, if an individual Bondholder elects an RWT rate higher

than the individual Bondholder's personal marginal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are urged to seek tax advice in this respect by reference to their particular circumstances.

Bondholders should notify the Registrar/the Issuer of any changes to their elected RWT rate as a result of changes to their particular circumstances.

11.3 Approved Issuer Levy and Non-Resident Withholding Tax

The Issuer will register, as an 'approved issuer' and will register the Bonds and their application monies as 'registered securities' with Inland Revenue for the purposes of the Approved Issuer Levy ('AIL') regime.

The Government introduced a Bill into Parliament in late October 2010 which, if enacted, will exempt from AIL interest derived by non-residents on listed or other types of widely held bonds. The exemption would apply to interest paid after the Bill is enacted. There is no certainty that the Bill will be enacted in its present form, or at all. If the legislation is enacted in its present form then it is likely that it will apply to all future payments of interest on the Bonds paid to Non-Resident Bondholders.

Non-Resident Bondholders may request, by written notice to the Registrar/the Issuer, that the Issuer not pay AIL on interest paid or credited in respect of their Bonds, and that Non-Resident Withholding Tax ("NRWT") be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar of entitlement to such reduced rate).

If the Non-Resident Bondholder derives interest under the Bonds jointly with one or more Resident Bondholders then NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate. In such cases, the Non-Resident Bondholder may be entitled to claim a refund of NRWT to the extent that NRWT was deducted at a rate higher than that set out in an applicable double tax agreement.

11.4 New Zealand Income Tax Implications

By acquiring the Bonds, Resident Bondholders and New Zealand Branch Bondholders who acquire the Bonds for the purpose of the business which they carry on through their New Zealand fixed establishment will be entering into a financial arrangement which is subject to the 'financial arrangements rules' in the Tax Act. Interest paid to these Bondholders under the Bonds will be income

that is taxable at the Bondholder's relevant tax rate (with a credit for RWT deducted – see above). The financial arrangement rules do not apply to Non-Resident Bondholders except in the limited circumstances described below.

The timing of that income will be governed by the financial arrangement rules. The financial arrangement rules require that income or expenditure arising or incurred in relation to the Bonds be spread over the life of the Bonds using an applicable method under those rules.

Bondholders who are 'cash basis persons' for the purposes of the financial arrangements rules will be entitled to recognise income on a receipt basis. Bondholders who are not cash basis persons will be required to spread the income or expenditure using the spreading methods prescribed in the financial arrangements rules. Methods available will depend on the particular circumstances of the Bondholder.

The financial arrangements rules may cause Bondholders to derive income or incur expense on the transfer of the Bonds held by them. For example, if a gain is made on the transfer of the Bonds by Bondholders to whom the financial arrangements rules apply, the 'base price adjustment' performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in their income. Where a Bondholder incurs a loss on the transfer of the Bonds, this loss may be deductible to the Bondholder in some circumstances.

The financial arrangements rules may also apply to Non-Resident Bondholders and New Zealand Branch Bondholders who are trustees of a trust which has a New Zealand taxation resident settlor.

Although the financial arrangements do not apply to New Zealand Branch Bondholders who do not acquire the Bonds for the purpose of the business which they carry on through a New Zealand fixed establishment or to Non-Resident Bondholders (except in limited circumstances as noted above), those categories of Bondholders may potentially be subject to New Zealand tax on any gains on sale of the Bonds.

Bondholders should ascertain whether New Zealand's provisional tax rules apply to their individual situations.

11.5 Double tax agreements

The application of a relevant double tax agreement may affect the treatment outlined above.

12. GLOSSARY

A\$ – Australian dollars

Adshel – Adshel Street Furniture Pty Ltd

APN – APN News & Media Limited

APN Group – means the statutory consolidated group comprising APN and its Subsidiaries

Annual Accounts – means, in respect of each financial year, audited statements of financial performance, statements of financial position and statements of cash flows, reports and including notes attached to or intended to be read with any of them on a consolidated basis for that financial year together with Directors' reports and auditors' reports

Application Form – means the application form attached to this Investment Statement

Approved Issuer Levy – means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971), any levy payable in accordance with section 86J of that Act to enable the payment of that interest to be made to any non-resident for tax purposes with a deduction for New Zealand Non-Resident Withholding Tax at the rate of 0% pursuant to section RF 12(3) of the Tax Act

ARN – Australian Radio Network

ASX – ASX Limited

Balance Date – means the closing or balance date in any Annual Accounts or Semi Annual Accounts

Bank Facility – means each facility agreement from time to time entered into between one or more members of the Guarantor Group and one or more banks or other financial institutions in respect of the provision of accommodation to the APN Group, and which is nominated as such by written notice to the Trustee from APN, and includes the MOF. 'Bank Facilities' means some or all of them

Bondholder – means the holder of one or more Bonds

Bond Monies – means, in relation to a Bond at any time, the Principal Amount, interest and other monies payable on, or in relation to, that Bond to the Bondholder

of that Bond or at the direction of the Trustee at that time under or pursuant to the Bond Trust Documents, and a reference to Bond Monies includes any part of them

Bonds or APN Media Bonds – means the unsecured, unsubordinated, fixed-rate bonds as defined in and issued under, the Bond Trust Documents and offered pursuant to this Investment Statement and the Prospectus

Bond Trust Documents – means the Master Trust Deed and the Supplemental Trust Deed and includes the Guarantee where the context permits

Business Day – means a day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland

Buspak – Buspak Advertising Group Pty Ltd

Change of Control – a change of control of APN as defined in the Supplemental Trust Deed

Class – a category of securities which in the reasonable opinion of the Issuer (in consultation with the Trustee) at any particular time, for any particular purpose, constitute a separate class of securities and 'Class of Bondholders' means the Bondholders of those securities

Clear Channel – Clear Channel

Communications Inc.

Closing Date – means the end of the Offer Period for the Bonds, being 5.00pm on 10 December 2010 or such other date that the Issuer may determine

Dollars, NZ\$ and \$ – means the lawful currency of New Zealand unless stated otherwise

Early Bird Interest – means interest at the fixed rate of 5% per annum to be paid on each subscription amount for Bonds, accrued from (and including) the date on which subscription monies are received by the Registrar and deposited into the trust account which has been opened for the Offer to (but excluding) the Issue Date

Early Redemption Amount – in relation to each Bond, the aggregate of the

Principal Amount and any unpaid interest accrued up to (but excluding) the Early Redemption Date

Early Redemption Date – refers to the range of dates prior to the Maturity Date on which the Bonds may be redeemed early in accordance with the Bond Trust Documents

Early Redemption Premium – means an amount equal to 1%, 2% or 3% of the Principal Amount of the Bonds being redeemed which will be paid to Bondholders in addition to the Early Redemption Amount in the event of a voluntary early redemption of Bonds by the Issuer, including if the Issuer elects to redeem Bonds following a Change of Control, (please refer to the section headed *Early redemption by Issuer* on page 46 of this Investment Statement for further details)

EBIT – earnings before interest and tax

EBITDA – earnings before interest, tax, depreciation and amortisation

Event of Default – has the meaning given to that term in the Bond Trust Documents and described on page 54

Extraordinary Resolution – has the meaning given to it in the Bond Trust Documents

Fairfax Media – means Fairfax Media Limited

Firm Allocations – means Bonds reserved for subscription by clients of the Joint Lead Managers, institutional investors, Primary Market Participants and other approved financial intermediaries, as determined by the Joint Lead Managers, in consultation with the Issuer, on or before the Opening Date

First Interest Payment Date – means 15 March 2011

GAAP – means generally accepted accounting principles in effect from time to time in Australia

Guarantee – means the deed of guarantee and indemnity dated on or about the date of this Investment Statement between each member of the Guarantor Group and the Trustee

Guarantor Group – means those members of the APN Group that are party to the Guarantee from time to time. As at the date of this Investment Statement, the members of the Guarantor Group are listed in section 13 of this Investment Statement

IFRS – International Financial Reporting Standards

Interest Payment Dates – means the 15th of each March, June, September and December that falls during the term of the Bonds, and the Maturity Date or any Early Redemption Date (if applicable)

Interest Rate – means the interest rate applicable to the Bonds which will be announced on the Rate Set Date

Investment Statement – means this investment statement dated 5 November 2010

Issue Date – means 15 December 2010, or such other date as the Issuer may determine

Issue Price – means \$1.00 for each Bond

Issuer – means APN Media (NZ) Limited

Joint Lead Managers – means ANZ National Bank Limited, Bank of New Zealand, Forsyth Barr Limited and Goldman Sachs & Partners New Zealand Limited

Margin – means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers, for the offering of Bonds, and announced to NZX prior to the Opening Date

Master Trust Deed – means the deed between the Issuer and the Trustee dated 3 November 2010, which permits the Issuer to constitute the Bonds

Material Subsidiary – means a wholly owned Subsidiary of APN with assets that for the time being represent more than 10% of the Total Assets of the APN Group

Maturity Date – means the maturity date applicable to the Bonds, being 15 March 2016

Minimum Interest Rate – means the minimum interest rate applicable, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers and announced prior to the Opening Date

MOF – means the multi-option club facility agreement dated 23 December 2003 (as amended and/or restated from time to time, including as most recently amended pursuant to the agreement dated 20 November 2008) and made between Biffin Pty Limited and Wilson & Horton Limited as original borrowers, the original obligors defined therein (being at the date of this Investment Statement the members of the Guarantor Group), the initial financiers defined therein and Australia and New Zealand Banking Group Limited as facility agent, as from time to time further amended, supplemented, novated or replaced

Net Debt – means gross debt less cash

Net Senior Debt – Total Senior Debt less an amount equal to the aggregate of:

- all amounts deposited with or lent to any bank or any other reputable financial institution or any of their affiliates by any member of the APN Group; and
- the amount of cash equivalents (such as government issued or backed securities),

in each case as reflected in the most recent Annual Accounts or Semi Annual Accounts

Non-Resident Bondholder – means a Bondholder who is neither resident in New Zealand for taxation purposes nor engaged in business in New Zealand through a fixed establishment in New Zealand

NZDX – means the New Zealand debt market operated by NZX, on which the Bonds are proposed to be listed

NZ IFRS – means New Zealand equivalents to International Financial Reporting Standards

NZSX – means the New Zealand share market operated by NZX, on which APN shares are listed

NZX – means NZX Limited

Offer Period – means the period commencing on the Opening Date and ending on the Closing Date during which applications for an investment in Bonds may be made

Opening Date – means the first date of the Offer Period for the Bonds, being Monday, 15 November 2010 in New Zealand (and 20 November 2010 in Australia) or such other date that the Issuer may determine

Organising Participant – ANZ National Bank Limited

Permitted Security Interest – has the meaning given to that term in the Guarantee

Principal Amount – means, in relation to a Bond, the amount (other than interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Bond

Primary Market Participant – has the same meaning as in the Participant Rules of NZX Limited

Prospectus – means the registered prospectus for the Bonds dated the same date as this Investment Statement

Rate Set Date – means the date for setting of the Interest Rate for the Bonds, which will occur on 14 December 2010 or such other date after the Closing Date but prior to the Issue Date as the Issuer may determine

Record Date – means in relation to a payment due on a Bond, 5.00pm on the tenth day before the due date for that payment or if that day is not a Business Day, the preceding Business Day

Register – means the register of Bonds maintained by the Registrar

Registrar – means Link Market Services Limited

Security – means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect but does not include any of the foregoing which is deemed to be a security interest only by virtue of section 17(1)(b) of the Personal Property Securities Act 1999 or by virtue of section 12(3) of the Australian Personal Property Securities Act 2009

Semi Annual Accounts – means semi-annual statements of financial performance, statements of financial position and statements of cash flows and reports (including notes attached to or intended to be read with any of them) on a consolidated basis

Subsidiary – means a ‘subsidiary’ as defined in section 46 of Australia’s Corporations Act 2001 (as in effect as at the date of this Investment Statement) but an entity will also be taken to be a Subsidiary of an entity if it is “controlled” by that entity (for the purposes of chapter 2M of the Corporations Act 2001)

Supplemental Trust Deed – means the supplemental trust deed for the Bonds entered into by the Issuer and the Trustee pursuant to the Master Trust Deed, under which the Bonds are constituted

Swap Rate – means the interpolated mid market rate for an interest rate swap of a term matching the period between the Issue Date and the Maturity Date, as converted to a quarterly fixed rate interest payment basis, calculated by the Organising Participant according to market convention, with reference to Reuters page FISSWAP (or its successor page) at 11.00am on the Rate Set Date or, if such page is unavailable, the average of the mean bid and offer interest rate swap rates quoted by four banks (operating in New Zealand) selected by the Organising Participant for the term. In either case the rate so determined is to be rounded to two decimal places. The rate so determined shall in the absence of manifest error be conclusive and binding on the Issuer and Bondholders

Tax Act – means the Income Tax Act 2007 or any successor Act

Term – means the term to maturity of the Bonds

Total Senior Debt – means the principal amount of liabilities bearing interest or amounts in the nature of interest or having a similar purpose or effect to interest (other than subordinated debt) of the APN Group including the principal amount of any liability in respect of any guarantee or indemnity given by a member of the Guarantor Group for monies borrowed by any company which is not a Subsidiary of APN

TRN – The Radio Network

Trustee – means The New Zealand Guardian Trust Company Limited

13. GUARANTOR GROUP

AUSTRALIAN GUARANTORS	ACN/ABN
Adspace Pty Limited	88 095 671 702
APN AP National Sales Pty Ltd	99 010 857 039
APN Braeside Pty Ltd	95 066 733 284
APN Broadcasting Investments Pty Limited	24 066 758 923
APN Business Information Group Pty Ltd	39 007 598 183
APN Business Magazines Pty Ltd	42 004 260 020
APN Computing Group Pty Ltd	35 061 625 090
APN Digital Pty. Ltd.	56 086 512 003
APN Educational Media Pty Limited	58 070 900 999
APN Finance Pty Limited	33 108 983 437
APN Milperra Pty Ltd	16 066 766 550
APN News & Media Limited	95 008 637 643
APN Newspapers Pty Ltd	21 009 657 943
APN Online (Australia) Pty Limited	93 119 243 944
APN Outdoor Pty Limited	99 008 637 661
APN Outdoor (Trading) Pty Ltd	49 059 604 278
APN Printing Services Pty Ltd	50 108 983 508
Australian Posters Pty. Ltd.	48 004 828 380
Australian Provincial Newspapers International Pty Limited	73 069 912 830
Australian Provincial Newspapers Ltd	80 009 680 424
Biffin Pty Ltd	91 008 637 625
Border Newspapers Pty. Ltd.	98 009 819 452
Buspak Advertising Group Pty Ltd	95 001 899 690
Byron Shire News Pty Ltd	31 007 598 147
Campus Review Pty Ltd	34 010 655 446
Capricornia Newspapers Pty. Ltd.	48 009 658 048
Cardcorp (Manufacturing) Pty. Limited	94 066 868 193

AUSTRALIAN GUARANTORS	ACN/ABN
Central Queensland News Publishing Company Pty Ltd	69 009 657 327
Central Telegraph Pty. Ltd.	74 009 873 625
Chinchilla Newspapers Pty. Ltd.	35 010 727 983
Cody Link Pty Ltd	55 067 487 236
Covette Investments Pty Limited	60 134 268 054
Daily Commercial News Pty Ltd	005 611 012
Dalby Herald Pty Ltd	35 010 975 854
DCN (Electronic Services) Pty Ltd	064 651 921
Eastcott Investments Pty. Ltd.	17 010 923 485
Everfact Pty. Limited (in its own right and as trustee for The Everfact Unit Trust)	32 067 516 287
Gatton Star Pty Limited	72 009 798 734
Gergdaam Capital Pty Limited	58 134 268 045
Gladstone Newspaper Company Pty Ltd	25 009 781 891
GSP Print Pty Ltd	56 007 701 411
Gulgong Pty. Limited	87 008 637 607
Gympie Times Pty. Ltd.	62 009 656 928
Haswell Pty. Limited	78 008 637 572
Kelly Publications Pty Ltd	13 002 714 490
Level 4 Investments Pty Limited	26 134 644 125
Longbeach Publications Pty Ltd (in its own right and as trustee for The Longbeach Publications Unit Trust)	53 010 201 019
Media Tek Pty. Limited	20 008 611 327
Melbourne Independent Newspapers Pty Ltd	77 064 919 688
Nathco Holdings Pty Ltd (incorporated on 14 October 2010)	41 146 852 593
New Hobsons Press Pty Limited	46 055 719 947

AUSTRALIAN GUARANTORS	ACN/ABN
North Coast News Pty Ltd	78 000 055 578
Northern Star Ltd	43 000 011 174
Observer Times (Hervey Bay) Pty Ltd	50 010 975 916
Provincial Investments Pty. Ltd.	43 009 706 183
Sabawin Pty Limited (in its own right and as trustee for The Stanthorpe Newspapers Services Trust)	60 010 253 344
Sunshine Coast Newspaper Company Pty. Ltd.	56 009 795 859
The Brisbane Publishing Company Pty Ltd	84 009 659 830
The Bundaberg Newspaper Company Pty. Limited	68 009 656 955
The Daily Examiner Pty Ltd	75 000 006 959
The Gold Coast Press Pty Limited	73 064 061 794
The Mackay Printing and Publishing Company Pty Limited	32 009 657 550
The Maryborough Hervey Bay Newspaper Company Pty Ltd	24 009 656 768
The Queensland Times Pty. Limited	94 009 658 244
The South Burnett Times Pty. Ltd.	13 009 710 098
Total Cab Media Pty Limited	82 105 362 034
The Tweed Newspaper Co Pty Ltd	69 000 006 431
The Warwick Newspaper Pty. Limited	90 009 657 416
Toowoomba Newspaper's Pty Ltd	63 009 820 035
Universal Outdoor Pty Limited	13 078 469 486
Valtoff Pty. Limited	64 067 345 073
Western Star Pty Ltd	97 009 798 841
Wilson & Horton Australia Pty Ltd	31 002 885 556
Wilson & Horton Finance Pty Ltd	82 098 505 492
Zodiac Australia Pty Ltd	007 652 717

NEW ZEALAND GUARANTORS	NEW ZEALAND COMPANY NUMBER
APN Digital NZ Limited	1004022
APN Educational Media (NZ) Limited	90246
APN Holdings NZ Limited	41802
APN New Zealand Limited	63392
APN NZ Investments Limited	1557012
APN Online (New Zealand) Limited	552648
APN Outdoor Limited	829971
APN Print NZ Limited	591213
APN Specialist Publications NZ Limited	44881
Esky Limited (formerly APNFinda Limited)	1481924
Mt Maunganui Publishing Co Limited	180242
Regional Publishers Limited	280556
Sell Me Free Limited	1819945
Stanley Newcomb & Co Limited	43155
The Hive Online Limited	2096693
Trade Debts Collecting Co Limited	95367
W & H Interactive Limited	986986
Wilson & Horton Limited	1181195

14. APPLICATION INSTRUCTIONS AND FORM

YOU SHOULD READ THIS INVESTMENT STATEMENT CAREFULLY BEFORE COMPLETING THE APPLICATION FORM.

An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the Principal Amount of Bonds specified on the Application Form (or such lesser amount which the Issuer may determine) on the terms and conditions set out in this Investment Statement, the Prospectus, the Bond Trust Documents and on the Application Form.

AN APPLICATION CANNOT BE WITHDRAWN OR REVOKED BY THE APPLICANT ONCE IT HAS BEEN SUBMITTED.

The Issuer's decision on the aggregate Principal Amount of Bonds to be allotted to an applicant and as to whether to accept or reject an Application Form, or to treat it as valid, will be final.

Applications to subscribe for Bonds must be made on the Application Form contained in this Investment Statement. Please complete all relevant sections of the Application Form using CAPITAL BLOCK LETTERS. The Issuer may accept any Application Form not correctly completed as being valid, and may correct errors and omissions, in its sole discretion.

A INVESTOR DETAILS

Insert your full name(s). Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application. See table below on correct name conventions.

Insert your postal address – all correspondence relating to your holding in the Bonds will be sent to you at this address. For joint applicants, only one address is to be entered.

Provide your telephone number so that Link Market Services or the Issuer can contact you in relation to your application should they need to.

Use the table below to see how to write your name correctly.

TYPE OF INVESTOR	CORRECT WAY	INCORRECT WAY
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY TRUST A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

B APPLICATION PAYMENT DETAILS AND PAYMENT OF FUTURE INTEREST

Payment must be made in New Zealand dollars for immediate value by a direct debit authorisation or a cheque drawn on a New Zealand bank account (or, if the application is for Bonds of an aggregate subscription amount of \$500,000 or more, by bank cheque), direct debit, through the NZClear system (**institutional investors only**) or by prior arrangement with Link Market Services.

Complete the amount of Bonds applied for. Each Bond has a Principal Amount of \$1.00. Note the minimum amount of Bonds that you can apply for is \$5,000 and minimum integral multiples are \$1,000 as stated in the Application Form.

Option 1:

If you choose the direct debit option you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form, on the day the Application Form is received by the Registrar, for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your application will be rejected.

If requested, a direct debit authority form will be provided to you by the Registrar. Refer to the contact details in section G of these instructions.

14. APPLICATION INSTRUCTIONS AND FORM

Option 2:

Cheques must be drawn on a New Zealand registered bank and must be made in New Zealand dollars. Cheques must be made payable to 'APN Bond Offer', crossed 'Not Transferable' **and must not be post-dated as cheques will be banked on day of receipt.** If an applicant's cheque is dishonoured, the Issuer may cancel that applicant's allotment of Bonds and pursue any other remedies available to it at law.

Option 3:

Investors who are members of NZClear may, **by prior arrangement with the Registrar**, settle their applications for the Bonds on the Issue Date through the NZClear system.

Future interest payments

All future interest payments will be made to the account specified on the application form. If you do not select the direct debit option (option 1) you must provide your bank account details so that the Issuer can direct credit your interest payments into your bank account. If you wish for your interest to be direct credited to a Cash Management Account, please complete the section provided for this account.

C HOLDER NUMBER DETAILS

If you have other investments registered under a Common Shareholder Number ("CSN") you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN.

D PROVIDE YOUR IRD NUMBER AND TICK THE RELEVANT RWT BOX

Please supply your IRD number. Resident Withholding Tax ("RWT") will be deducted from any interest paid to you (unless you provide a valid RWT exemption certificate). Tick the RWT box that applies to you. If you are exempt from RWT, please tick the exempt box and attach a copy of your RWT exemption certificate.

E ELECTRONIC INVESTOR CORRESPONDENCE

By supplying your email address, the Issuer will be able to deliver your investor correspondence, including your transaction statements, to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper-based investor mail outs.

F SIGNING AND DATING

Read the Investment Statement and Application Form carefully and sign and date the Application Form.

The Application Form must be signed by the applicant(s) personally, or by two Directors of a company (or one Director if there is only one Director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.

If the Application Form is signed by an agent, the agent must complete the certificate of agent on the reverse of the Application Form.

Joint applicants must each sign the Application Form.

G CLOSING DATE AND DELIVERY

Applicants accepting a Firm Allocation from a Primary Market Participant or approved financial intermediary must return a completed Application Form (with payment) to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar before 5.00pm on the Closing Date (10 December 2010).

This Offer will close at **5.00pm on Friday, 10 December 2010** (being the Closing Date). Applicants should remember that the Closing Date may be changed at the sole discretion of the Issuer. Changes will be advised by NZX announcement. The Issuer reserves the right to refuse to accept applications received by the Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

Personal information rights

Personal information provided by you will be held by the Issuer and the Registrar at their respective addresses shown in the Directory on the inside back cover of this Investment Statement or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information on the Link Market Services website: www.linkmarketservices.com. (You will be required to enter your holder number and FIN.)

APN MEDIA (NZ) LIMITED/ISSUE OF UNSECURED UNSUBORDINATED FIXED RATE BONDS

APPLICATION FORM

This Application Form is issued with the Investment Statement dated 5 November 2010 (**'Investment Statement'**), issued by APN Media (NZ) Limited (**'Issuer'**). Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading *Where to send your Application Form and payment* on page 44 of the Investment Statement.

Before completing this Application Form, applicants should read the Investment Statement to which this application relates.

A. APPLICATION DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS

FIRST NAME(S):

FAMILY NAME:

FIRST NAME(S):

FAMILY NAME:

FIRST NAME(S):

FAMILY NAME:

CORPORATE NAME OR <<ON ACCOUNT>> :

POSTAL ADDRESS:

DAYTIME PHONE NUMBER:

B. APPLICATION PAYMENT – IMPORTANT

Applications must be accompanied by payment in full. Payment must be either by **direct debit** by completing the bank account section below, or by cheque payable to **'APN Bond Offer'** and crossed 'Not Transferable'. Payment must be in New Zealand currency based on NZ\$1.00 per Bond. Your Application Form must be received by Link Market Services Limited (**'Link'**) by 5.00pm, on 10 December 2010. Applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The Issuer may accept or reject all or part of this application without giving reason.

AMOUNT OF BONDS APPLIED FOR: **NZ\$**

You may choose only **ONE** of the options below. Please tick the box next to your selected option (✓).

Option 1: Please direct debit my bank account stated below for the amount of Bonds applied for above (or any lesser amount as determined by the Issuer). By ticking this box and signing this Application Form, **I agree that Link is authorised to direct debit my account** for the full amount of Bonds applied for (or any lesser amount as determined by the Issuer). All future amounts paid by the Issuer will also be credited to this account unless Link is advised otherwise in writing.

Option 2: Please find attached my payment by cheque. I have supplied my bank account details below for the purpose of direct crediting of any future interest paid by the Issuer.

Option 3: Payment will be made by NZClear as per prior arrangement with Link (**authorised institutional investors only**).

NZCLEAR MNEMONIC:

New Zealand Dollar bank account details for direct debit purposes and/or direct credit of future interest payments:

NAME OF BANK:

NAME OF ACCOUNT:

BANK/BRANCH

ACCOUNT NO

SUFFIX

OR For the purpose of Interest Payments only: **Direct credit to my Cash Management Account:**

NAME OF NZX MEMBER FIRM WHERE CASH MANAGEMENT ACCOUNT IS HELD:

CASH MANAGEMENT CLIENT ACCOUNT NUMBER:

C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made without a CSN and a base registry number will be allocated.

IF YOU CURRENTLY HAVE A COMMON SHAREHOLDER NUMBER (CSN), PLEASE ENTER IT HERE:

D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD NUMBER (ONLY ONE IRD NUMBER IS REQUIRED IN RESPECT OF JOINT APPLICATIONS):

Deduct Resident Withholding Tax from all my early bird interest earned on my application money at the following rate (tick ✓ one).

10.5% 17.5% 30% 33% Exempt (if you are exempt from Resident Withholding Tax, attach a copy of your RWT exemption certificate for noting.)

E. ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Issuer to provide you with your investor correspondence in relation to your holding in these bonds electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

EMAIL ADDRESS:

F. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Investment Statement, and apply for the dollar amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Investment Statement.

All applicants on the Application Form must sign

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

DATE:

G. SEND APPLICATION FORM AND CHEQUE TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00PM ON 10 DECEMBER 2010

Post to: APN Media (NZ) Limited Bond Offer, c/- Link Market Services Limited, PO Box 91976, Auckland 1142

Or deliver to: Level 16, Brookfields House, 19 Victoria Street, Auckland

Investor phone number: +64 9 375 5998

H. TERMS AND CONDITIONS By signing this Application Form:

- (a) I/We agree to subscribe for Bonds upon and subject to the terms and conditions of the Investment Statement, the Prospectus, this Application Form and the Trust Documents and I/we agree to be bound by the provisions thereof.
- (b) I/We confirm that I/we have received, read and understood the Investment Statement.
- (c) I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.
- (d) I/We certify that, where information is provided by me/us in this Application Form about another person, I/we are authorised by such person to disclose the information to you and to give authorisation.
- (e) I/We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted.
- (f) I/We acknowledge that the Offer is only made in New Zealand and Australia, and by applying for Bonds, I/we warrant that I/we received this offer in New Zealand and I/we are eligible to participate in the Offer, and I/we agree to indemnify the Issuer and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred by the Issuer as a result of my/our breaching that warranty or the selling restrictions described in the Investment Statement.

APN Media (NZ) Limited reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the allotment of the

Bonds. Interest will not be paid on application money refunded to applicants. Statements for the Bonds will be dispatched to successful applicants as soon as practicable after allotment, but in any event within five Business Days of the Issue Date.

Applications must conform with the application instructions in the section of the Investment Statement entitled *How much do I pay?* and *Application instructions*. A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address. Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the Application Form. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out in the Application Form. Terms defined in the Investment Statement have the same meaning in this Application Form.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity. The information in this Application Form is provided to enable the Issuer and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise the Issuer and the Registrar to disclose information in situations where the Issuer or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY/AGENCY

Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney.

I, [] (full name)

of [] (place and country of residence),

[] (occupation), CERTIFY:

▾ THAT by deed/agreement dated [] (date of instrument creating the power of attorney/agency),

[]

(full name of person/body corporate which granted the power of attorney/agency)

of []

(place and country of residence of person/body corporate which granted the power of attorney/agency**)

appointed me [] attorney;

(his/her/its)

▾ THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and

▾ THAT I have not received notice of any event revoking the power of attorney.

Signed at [] this [] day of [] (month/year)

Signature of attorney []

** If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

APN MEDIA (NZ) LIMITED/ISSUE OF UNSECURED UNSUBORDINATED FIXED RATE BONDS

APPLICATION FORM

This Application Form is issued with the Investment Statement dated 5 November 2010 (**'Investment Statement'**), issued by APN Media (NZ) Limited (**'Issuer'**). Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading *Where to send your Application Form and payment* on page 44 of the Investment Statement.

Before completing this Application Form, applicants should read the Investment Statement to which this application relates.

A. APPLICATION DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS

FIRST NAME(S):

FAMILY NAME:

FIRST NAME(S):

FAMILY NAME:

FIRST NAME(S):

FAMILY NAME:

CORPORATE NAME OR <<ON ACCOUNT>> :

POSTAL ADDRESS:

DAYTIME PHONE NUMBER:

B. APPLICATION PAYMENT – IMPORTANT

Applications must be accompanied by payment in full. Payment must be either by **direct debit** by completing the bank account section below, or by cheque payable to **'APN Bond Offer'** and crossed 'Not Transferable'. Payment must be in New Zealand currency based on NZ\$1.00 per Bond. Your Application Form must be received by Link Market Services Limited (**'Link'**) by 5.00pm, on 10 December 2010. Applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The Issuer may accept or reject all or part of this application without giving reason.

AMOUNT OF BONDS APPLIED FOR: **NZ\$**

You may choose only **ONE** of the options below. Please tick the box next to your selected option (✓).

Option 1: Please direct debit my bank account stated below for the amount of Bonds applied for above (or any lesser amount as determined by the Issuer). By ticking this box and signing this Application Form, **I agree that Link is authorised to direct debit my account** for the full amount of Bonds applied for (or any lesser amount as determined by the Issuer). All future amounts paid by the Issuer will also be credited to this account unless Link is advised otherwise in writing.

Option 2: Please find attached my payment by cheque. I have supplied my bank account details below for the purpose of direct crediting of any future interest paid by the Issuer.

Option 3: Payment will be made by NZClear as per prior arrangement with Link (**authorised institutional investors only**).

NZCLEAR MNEMONIC:

New Zealand Dollar bank account details for direct debit purposes and/or direct credit of future interest payments:

NAME OF BANK:

NAME OF ACCOUNT:

BANK/BRANCH

ACCOUNT NO

SUFFIX

OR For the purpose of Interest Payments only: **Direct credit to my Cash Management Account:**

NAME OF NZX MEMBER FIRM WHERE CASH MANAGEMENT ACCOUNT IS HELD:

CASH MANAGEMENT CLIENT ACCOUNT NUMBER:

C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made without a CSN and a base registry number will be allocated.

IF YOU CURRENTLY HAVE A COMMON SHAREHOLDER NUMBER (CSN), PLEASE ENTER IT HERE:

D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD NUMBER (ONLY ONE IRD NUMBER IS REQUIRED IN RESPECT OF JOINT APPLICATIONS):

Deduct Resident Withholding Tax from all my early bird interest earned on my application money at the following rate (tick ✓ one).

10.5% 17.5% 30% 33% Exempt (if you are exempt from Resident Withholding Tax, attach a copy of your RWT exemption certificate for noting.)

E. ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Issuer to provide you with your investor correspondence in relation to your holding in these bonds electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

EMAIL ADDRESS:

F. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Investment Statement, and apply for the dollar amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Investment Statement.

All applicants on the Application Form must sign

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

DATE:

G. SEND APPLICATION FORM AND CHEQUE TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00PM ON 10 DECEMBER 2010

Post to: APN Media (NZ) Limited Bond Offer, c/- Link Market Services Limited, PO Box 91976, Auckland 1142

Or deliver to: Level 16, Brookfields House, 19 Victoria Street, Auckland

Investor phone number: +64 9 375 5998

H. TERMS AND CONDITIONS By signing this Application Form:

- (a) I/We agree to subscribe for Bonds upon and subject to the terms and conditions of the Investment Statement, the Prospectus, this Application Form and the Trust Documents and I/we agree to be bound by the provisions thereof.
- (b) I/We confirm that I/we have received, read and understood the Investment Statement.
- (c) I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.
- (d) I/We certify that, where information is provided by me/us in this Application Form about another person, I/we are authorised by such person to disclose the information to you and to give authorisation.
- (e) I/We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted.
- (f) I/We acknowledge that the Offer is only made in New Zealand and Australia, and by applying for Bonds, I/we warrant that I/we received this offer in New Zealand and I/we are eligible to participate in the Offer, and I/we agree to indemnify the Issuer and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred by the Issuer as a result of my/our breaching that warranty or the selling restrictions described in the Investment Statement.

APN Media (NZ) Limited reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the allotment of the

Bonds. Interest will not be paid on application money refunded to applicants. Statements for the Bonds will be dispatched to successful applicants as soon as practicable after allotment, but in any event within five Business Days of the Issue Date.

Applications must conform with the application instructions in the section of the Investment Statement entitled *How much do I pay?* and *Application instructions*. A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address. Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the Application Form. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out in the Application Form. Terms defined in the Investment Statement have the same meaning in this Application Form.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity. The information in this Application Form is provided to enable the Issuer and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise the Issuer and the Registrar to disclose information in situations where the Issuer or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY/AGENCY

Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney.

I, [] (full name)

of [] (place and country of residence),

[] (occupation), CERTIFY:

▾ THAT by deed/agreement dated [] (date of instrument creating the power of attorney/agency),

[]

(full name of person/body corporate which granted the power of attorney/agency)

of []

(place and country of residence of person/body corporate which granted the power of attorney/agency**)

appointed me [] attorney;

(his/her/its)

▾ THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and

▾ THAT I have not received notice of any event revoking the power of attorney.

Signed at [] this [] day of [] (month/year)

Signature of attorney []

** If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

15. DIRECTORY

Issuer

APN Media (NZ) Limited
46 Albert Street
PO Box 32
Auckland 1010

Legal advisers to the Issuer

Chapman Tripp
Level 35, ANZ Centre
23-29 Albert Street
Auckland 1140

Financial advisers to the Issuer

Grant Samuel
Level 19, Governor Macquarie Tower
1 Farrer Place
Sydney 2000
Australia

Organising Participant and

Joint Lead Manager

ANZ National Bank Limited
Level 25, ANZ Centre
23-29 Albert Street
Auckland 1141

Joint Lead Managers

Bank of New Zealand
Level 6, Deloitte Tower
80 Queen Street
Auckland 1010

Forsyth Barr Limited
Level 9, Forsyth Barr House
The Octagon
Dunedin 9054

Goldman Sachs & Partners New Zealand
Limited
Level 38, Vero Centre
48 Shortland Street
Auckland 1001

Registrar

Link Market Services Limited
Level 16 Brookfields House
19 Victoria Street West
PO Box 91976
Auckland 1010

Toll free: 0800 333 974 (within NZ)
Telephone: +64 9 375 5998 (outside NZ)

Trustee

The New Zealand Guardian Trust
Company Limited
Level 3, Guardian Trust House
15 Willeston Street
PO Box 913
Wellington 6011

Legal advisers to the Trustee

Bell Gully
171 Featherston Street
Wellington 6140

