

PROSPECTUS

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



Organising Participant

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1 INTRODUCTION

1.1 REGISTRATION

This Prospectus is dated 5 November 2010.

A copy of this Prospectus, signed by the Directors of APN Media (NZ) Limited, as Issuer and APN and its Directors, as Promoters of the Offer for the purposes of the Securities Act, and having endorsed on it or attached to it the documents required to be so endorsed or attached by section 41 of the Securities Act (being the material contracts referred to on page 49 of this Prospectus, the Trustee's statement, and letters of authority where an agent has signed this Prospectus on behalf of the Director of the issuer or a promoter), has been delivered to the Registrar of Companies for registration under section 42 of the Securities Act.

1.2 DEFINITIONS

Capitalised terms used in this Prospectus have defined meanings, which appear in the Glossary section or in the relevant section of this Prospectus in which the term is used. All references to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand.

1.3 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 this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange under the Securities Markets Act 1988.

NZX has provided to the Issuer a waiver 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 \$1,000 or the transfer would result in a transferor holding Bonds with an aggregate principal amount of less than a Minimum Holding being \$5,000.

1.4 SELLING RESTRICTIONS

This Prospectus 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.

1.5 WARNING STATEMENTS FOR AUSTRALIAN INVESTORS

- (a) 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 2008.¹
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.
- (g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) 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 Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange under the Securities Markets Act 1988.

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 Prospectus 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.

1.6 DISCLAIMERS

A financial institution may act as arranger or manager for an offer of securities. This Prospectus does not constitute a recommendation by APN, the Issuer, the Organising Participant, any Joint Lead Manager, the Trustee or any of their respective Directors, officers, employees or agents to subscribe for, or purchase, any Bonds.

To the maximum extent possible by law, the Organising Participant, each Joint Lead Manager, the Trustee and each of their respective Directors, officers, employees and agents:

- (a) do not accept any responsibility or liability whatsoever for any loss arising from this Prospectus or its contents or otherwise arising in connection with the offer of Bonds;
- (b) have not authorised or caused the issue of, or made any statement in, any part of this Prospectus;
- (c) make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Prospectus.

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 repayment of the Bonds or the payment of interest thereon or any other aspect of any securities or obligations of the Issuer or the members of the Guarantor Group. Further details of the Guarantee are set out in section 2.5 of this Prospectus.

1.7 ONGOING ADDITIONAL INFORMATION

While the Bonds are on issue, the Issuer will be required to 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.

2 MAIN TERMS OF OFFER

The Issuer, a wholly owned indirect subsidiary of Australian-incorporated APN News & Media Limited, is offering up to \$150 million of Bonds (with the ability to accept oversubscriptions of up to a further \$50 million). Bonds are unsecured, unsubordinated, fixed rate debt obligations of the Issuer and are guaranteed by the Guarantor Group on an unsecured, unsubordinated basis.

The Bonds 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 rank equally with all 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.

The Bonds will mature on 15 March 2016 unless redeemed earlier in accordance with the Bond Trust Documents. The Issuer may make a full or pro rata partial repayment to Bondholders after 15 December 2012 and prior to the Maturity Date (see section 2.4.4 of this Prospectus).

2.1 PROMOTER

APN and its Directors are the Promoters of the Bonds within the meaning of that term in section 2 of the Securities Act.

2.2 ORGANISING PARTICIPANT AND JOINT LEAD MANAGERS

ANZ National Bank Limited is the Organising Participant and a Joint Lead Manager for the offer of the Bonds. Bank of New Zealand, Forsyth Barr Limited and Goldman Sachs & Partners New Zealand Limited are the other Joint Lead Managers for the offer of Bonds.

The Offer is not underwritten.

2.3 DESCRIPTION OF ISSUER'S AND APN'S 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 in respect of the Bank Facilities (including the MOF).

Other than becoming a member of the group which guarantees the APN Group's obligations in respect of the APN Group's 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.

APN is the parent company of one of the largest multimedia groups in New Zealand and Australia. The APN Group publishes 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. Further information about APN, the APN Group and its business activities is contained in section 3 of this Prospectus.

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.

2.4 SUMMARY OF BOND TERMS

2.4.1 Interest Rate

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

Bonds will bear interest at the interest rate which is the greater 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 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 Minimum Interest Rate 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.

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.

2.4.2 Interest payments

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 (if applicable), interest will be paid in arrears on each Interest Payment Date on the following basis:

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

In the event that Bonds are redeemed early, interest will be paid on the Early Redemption Date 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.

Each interest payment will be made to the Bondholder on the Register as at the Record Date, which is 10 days prior to the relevant Interest Payment Date.

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 Bondholders as soon as practicable after the Issue Date.

2.4.3 Redemption by Bondholders

The Principal Amount of Bonds will be repaid by the Issuer on the Maturity Date. The Issuer is not obliged to repay the Bonds prior to the Maturity Date unless Bonds are redeemed earlier in accordance with the Bond Trust Documents. The Maturity Date is 15 March 2016.

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 paragraphs 2.4.6, 2.4.7 and 4.9(a) of this Prospectus) and subject to the enforcement provisions of the Bond Trust Documents. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except by selling their Bonds in the secondary market (if one develops) or otherwise in very limited circumstances.

2.4.4 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. 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 Early Redemption Amount in relation to each Bond is the aggregate of the Principal Amount and any accrued and unpaid interest to (but excluding) the Early Redemption Date.

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

Where any partial early repayment of Bonds is made to Bondholders:

- such repayment will be made pro rata to each Bondholder's proportion of the aggregate Bond Monies;
- the aggregate Principal Amount of Bond Monies remaining outstanding following such repayment must be not less than NZ\$50 million; and
- if, in relation to the Bonds held by a Bondholder, a partial redemption would result in the Principal Amount of Bonds held by that Bondholder falling below the Minimum Holding, the Issuer will, 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).

If any Bonds are repaid prior to the Maturity Date, the returns the Bondholders will receive will be different from the returns they would have received if those Bonds were repaid on the Maturity Date.

2.4.5 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 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.

2.4.6 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 and 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.

2.4.7 Redemption following an 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.

2.4.8 Issue price, minimum and maximum investment

The denomination of each Bond is \$1.00 and the Issue Price of each Bond is \$1.00. Applications to subscribe for Bonds must be for a Minimum Holding of \$5,000 (and in multiples of \$1,000 thereafter) and payment of the total application amount in full must accompany the Application Form. There is no maximum amount of Bonds you may apply for, but applications for less than the Minimum Holding will not be accepted.

The Issue Price for each Bond is payable, in full, prior to the Issue Date by the applicant's payment of the Issue Price for the Bond in the manner set out in the application form and application instructions contained in the Investment Statement for the Bonds.

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.

2.4.9 Payment for Bonds

Applicants who are members of the NZClear System, or who are able to have payments made on their behalf through the NZClear System, may settle their applications for Bonds on the Issue Date through the NZClear System.

Applicants who are not members of the NZClear System or NZClear System members who wish to settle their applications prior to the Issue Date, must pay for Bonds they apply for by a personal or bank cheque or by direct debit as set out in the Application Form, or, if the application is for Bonds of an aggregate Principal Amount of \$500,000 or more, by bank cheque or other method acceptable to the Joint Lead Managers. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to "APN Bond Offer" and crossed "Not Transferable" and must not be post-dated. Funds must be available as cleared funds in your account.

2.4.10 Applications

Applications for Bonds may only be made on the application form contained in the Investment Statement and must be made in accordance with the instructions set out in the Investment Statement. The Issuer reserves the right to refuse any application or to accept an application in part only, without providing a reason. This right will, if necessary, be exercised by the Directors of the Issuer, or by any agent of the Issuer appointed for that purpose. 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.

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.

2.4.11 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. The Issuer may decline to register a transfer of Bonds for the reasons set out in the Bond Trust Documents.

Applicants should not attempt to sell any Bonds until they know whether and how many Bonds have been allotted 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 should any applicant attempt to sell or otherwise deal with the Bonds before receiving a statement recording the number of Bonds (if any) issued to that applicant.

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

The minimum amount of Bonds a Bondholder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. 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 the Minimum Holding of \$5,000.

NZX has provided to the Issuer a waiver 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 \$1,000 or the transfer would result in a transferor holding Bonds with an aggregate Principal Amount of less than a Minimum Holding being \$5,000.

The Issuer and the Registrar will be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document, and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

As at the date of this Prospectus there is no established market for the sale of Bonds. There can be no assurance of a liquid secondary market for the Bonds although in the opinion of the Issuer an established market for Bonds is likely to develop following completion of the Offer. Notwithstanding that opinion, you may not be able to sell your 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.

2.4.12 Registered Securities

The Bonds will be issued in registered form. This means that title to a Bond will be determined solely by who is entered on the Register in relation to that Bond. The Issuer will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date, and for repayment of the principal amount on the Maturity Date or (if applicable) any Early Redemption Date. In the case of the beneficial interest in Bonds lodged in NZClear, the Issuer will rely on the records of NZClear.

2.4.13 Type of Instrument

Each Bond will:

- (a) constitute an unsecured and unsubordinated debt obligation of the Issuer;
- (b) rank equally without any preference or priority among all other Bonds and equally with all other unsecured, unsubordinated indebtedness of the Issuer, except indebtedness preferred by law;
- (c) be constituted and issued on the basis that all Bond Monies are guaranteed by the Guarantor Group.

The Bonds are debt securities for the purposes of the Securities Act and are not secured by any mortgage or other charge over the assets of the Issuer or any of the members of the Guarantor Group or any other person.

The Bonds will be issued under, and be subject to, the provisions of the Bond Trust Documents.

2.4.14 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 would constitute an Event of Default.

Under the Bond Trust Documents, 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.

2.4.15 Important dates

Minimum Interest Rate and Margin announcement date	Friday, 12 November 2010
Opening Date	Monday, 15 November 2010 ³
Closing Date	Friday, 10 December 2010
Interest Rate announcement date (Rate Set Date):	Tuesday, 14 December 2010
Issue Date	Wednesday, 15 December 2010
Expected date of initial quotation and trading on NZDX	Friday, 17 December 2010
First Interest Payment Date	Tuesday, 15 March 2011
Subsequent Interest Payment Dates	15th of March, June, September and December of each year until redemption
Earliest date for redemption by Issuer	15 December 2012
Maturity Date	15 March 2016

These dates (other than the dates for interest payments, early redemption and maturity) are indicative only and are subject to change. The Issuer has the right in its absolute discretion and without notice to close any part of the Offer early, to accept late applications, to extend the Closing Date for any part of the Offer or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly. Investors are encouraged to lodge their applications as soon as possible after the Opening Date as the Issuer will pay Early Bird Interest at the rate of 5% per annum on subscription money for the Bonds 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.

2.5 GUARANTEE

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

The Bonds are guaranteed by the companies that are from time to time members of the Guarantor Group under the Guarantee (including APN). As at the date of this Prospectus, the Guarantor Group comprises those companies listed in Appendix A. 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).

Each member of the Guarantor Group jointly and severally and unconditionally and irrevocably guarantees on an unsecured and unsubordinated basis to the Trustee and the Bondholders, the due and punctual payment by the Issuer of the Guaranteed Money. Each member of the Guarantor Group undertakes that if the Issuer does not pay any of the Guaranteed Money when due, each member of the Guarantor Group will pay the Guaranteed Money to the Trustee immediately on demand.

Each member of the Guarantor Group undertakes to indemnify and hold harmless the Trustee for and against all expenses and liabilities the Trustee may suffer or incur as a result of any of the Guaranteed Money not being paid for any reason when due, and undertakes to pay to the Trustee the amount certified by the Trustee as being required to so indemnify the Trustee immediately on demand.

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

Other than the Guarantee, 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, nor any other person, guarantees the Guaranteed Money or the amount of returns which investors may receive as Bondholders.

If a company, which is not a member of the Guarantor Group, becomes or is required to become a guarantor under a Bank Facility, then APN will procure that, subject to compliance with all applicable laws, the company becomes a party to the Guarantee as a member of the Guarantor Group by that additional guarantor executing and delivering to the Trustee a guarantor accession letter as set out in the Guarantee.

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.

2.6 FINANCIAL COVENANT

APN must 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 any material change in GAAP. A breach of this covenant will constitute an Event of Default.

2.7 MULTI-OPTION CLUB FACILITY

The principal borrowing document of the APN Group is the document known as the MOF, described below, pursuant to which the bulk of the bank finance required by the APN Group is borrowed. There are a number of references to the MOF in the Bond Trust Documents.

A description of key parts of the MOF is set out in this section of this Prospectus.

APN's wholly owned subsidiaries, Biffin Pty Limited and Wilson & Horton Limited ("Borrowers"), are party to the 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 is 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 outstanding amounts under the MOF within 120 days of notice to that effect.

2.8 BOND TRUST DOCUMENTS

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

2.8.1 Event of Default

The Events of Default are listed in the Bond Trust Documents. In summary, the Events of Default include the following events:

- *non-payment*: a 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 by reason 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; and
- *insolvency events*: the Issuer, APN or any Material Subsidiary becomes insolvent, is placed in receivership, administration or statutory management, or is subject to similar insolvency events.

2.8.2 Consequences of Event of Default

Upon the occurrence of an 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 will become immediately due and payable.

2.9 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 in this Prospectus and in the Investment Statement as a result of the risks described in this section.

Prospective investors should carefully consider the risks in this section in order to appreciate the risks associated with an investment in the Bonds. Prospective investors should carefully consider these factors in light of their personal circumstances and seek professional advice from their Primary Market Participant, adviser, accountant, lawyer or other professional adviser before deciding whether to invest.

There are two categories of risks prospective investors need to understand:

- risks associated with the Issuer and the members of the Guarantor Group businesses that may affect the Bonds; and
- risks associated with debt securities in general and the Bonds specifically.

These risks may affect the future operating and financial performance of the Issuer, the members of the Guarantor Group and APN's other subsidiaries, the ability of the Issuer to make interest payments on the Bonds and to redeem the Bonds, the ability of the members of the Guarantor Group to make payments, and the market value of the Bonds.

Prospective investors should note that the risk factors set out in this section may not be exhaustive, and should consider them in conjunction with the other information disclosed in this Prospectus. Each of the risks set out below could, if they eventuate, adversely affect the Issuer's and each Guarantor Group member's revenues, earnings or financial conditions and, as a result, the ability of the Issuer to meet its obligations under the Bonds and/or the ability of any member of the Guarantor Group to meet its obligations under the Guarantee. Changes in variables affecting risk factors may be cumulative.

2.9.1 Principal Risks

The principal risks for Bondholders are that they:

- (a) may be unable to recover from the Issuer all or any of the Principal Amount of the Bonds; and/or
- (b) may not receive timely, or any, interest payments in respect of the Bonds; or
- (c) are unable to recover amounts payable by the members of the Guarantor Group,

and therefore may not receive the returns described in this Prospectus or the Investment Statement for the Bonds.

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

As Bonds are unsecured, unsubordinated debt obligations of the Issuer, in a liquidation or statutory management of the Issuer or a Guarantor Group member, the Bondholders' rights to repayment of any Bond Monies (to the extent that outstanding Bond Monies have not been repaid by members of the Guarantor Group pursuant to the Guarantee) will only rank after the claims of persons to whom preferential payments must be made (including secured creditors of the Issuer and creditors preferred by law). Bondholders' rights to repayment will be equal to those of all other unsecured creditors of the Issuer and the Guarantor Group including (at the date of this Prospectus) the lenders under the MOF and the other APN Group Bank Facilities, 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 will not be liable to pay money to any person as a result of the insolvency of the Issuer or any member of the Guarantor Group.

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

Economic conditions

APN Group's business and its performance are subject to changes in the New Zealand, Australian and parts of the Asian economy at large. Global economic conditions may have direct and consequential adverse effects for the aforementioned economies and APN Group, including but not limited to:

- the 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.

Material 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 APN Group 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 APN Group 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 highly leveraged to fluctuations in the advertising markets in New Zealand and 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 may adversely impact the APN Group's operating and financial performance.

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 APN Group also holds 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, this is subject to change in the future and 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 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

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 those 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.

Other business risks

There are a number of general commercial risk factors that could adversely affect the Issuer, the members of the Guarantor Group or the APN Group's financial performance, position or prospects (and, therefore, the Issuer's ability to meet its obligations under the Bonds), including, but not limited to, the following:

- acquisitions and/or divestments changing the source 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;
- competition risks from both traditional media groups and other media companies utilising new technologies including online and other distribution platforms;

- inability to execute effectively the current strategies for the APN Group's businesses including the leveraging of print and online opportunities, cost savings and continuous operational improvements;
- risks associated with default under the MOF; and
- changes in government policy or legislation applicable to companies in the media sector in various geographies, such as regulations regarding radio broadcasting licences.

2.9.3 Risks specific to the Bonds

Transfer risk

If a Bondholder transfers his or her Bonds before they are redeemed 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 the Bonds. For example, if market interest rates go up, the market value of the 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 the Bonds.

Secondary market, liquidity and yield considerations

It is intended that the 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. Any secondary market for the Bonds will also be affected by a number of other factors independent of the creditworthiness of the Issuer, the members of the Guarantor Group or the APN Group. These factors may include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds, the amount of such Bonds being sold in the secondary market from time to time, any legal restrictions limiting demand for the Bonds, the availability of comparable securities and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Bonds.

No investor should purchase Bonds unless the investor understands and is able to bear the risk that the Bonds may not be readily saleable, that the value of Bonds will fluctuate over time, and that 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 the Bonds until maturity.

Risk of early redemption of Bonds

If the Issuer exercises its option to make a full or pro rata partial repayment to Bondholders of any 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.

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 Prospectus may not continue to be so required. The Trustee and the Bondholders do not therefore have control over the composition of the Guarantor Group.

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 any material change in GAAP. A breach of this covenant will constitute an Event of Default under the Bond Trust Documents.

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.

Limited rights of Bondholders to enforce directly

No Bondholder is entitled to enforce any of its rights or remedies under the Bond Trust Documents (including the Guarantee) directly against the Issuer or the members of the Guarantor Group unless the Trustee fails to do so having become bound to enforce those rights or remedies in accordance with the Bond Trust Documents. The terms of the Bond Trust Documents are summarised in more detail in section 4.

Consequences of insolvency

In a liquidation of the Issuer, the rights of Bondholders to repayment of principal and interest in respect of Bonds will rank after the claims of:

- (a) persons to whom preferential payments must be made (including creditors of the Issuer preferred by law); and
- (a) secured creditors.

Claims of the Bondholders will thereafter rank equally with the claims of all other unsecured creditors of the Issuer and ahead of the Issuer's shareholders and other creditors in respect of obligations expressed to rank after the Bonds.

Neither the Issuer nor any Guarantor Group member's liabilities are secured by mortgages or security interests over their property generally. Under the Bond Trust Documents, APN and the other members of the Guarantor Group agree not to (and APN agrees that none of its other Subsidiaries will) create any security over their property, other than for specific exceptions. These exceptions, each a Permitted Security Interest, are set out in the Guarantee. If the Issuer or any member of the Guarantor Group has granted security over any of its property pursuant to one of these exceptions, the holder of that security will, in the event of the winding up of the Issuer or that Guarantor Group member, rank ahead of Bondholders in relation to any distribution of assets to creditors.

As the guarantee of the Issuer's obligations under the Bond Trust Documents is an unsecured, unsubordinated obligation of the members of the Guarantor Group, in the liquidation or winding up of a member of the Guarantor Group, Bondholders' rights to payment of any amounts owing under that guarantee will rank after the claims of:

- (a) persons to whom preferential payments must be made (including creditors of the relevant Guarantor Group member preferred by law); and
- (b) prior ranking creditors (if any).

Claims of Bondholders under the Guarantee will thereafter rank equally with the claims of all other creditors of the relevant Guarantor Group member and ahead of that Guarantor Group member's shareholders and other creditors in respect of obligations expressed to rank after the Guarantee.

2.10 NEW ZEALAND TAXATION

2.10.1 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 Prospectus 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, although please see the statement regarding Approved Issuer Levy in section 2.10.3 below.

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 Prospectus. 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 Prospectus 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 resident 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 resident in New Zealand for taxation purposes are referred to as "Resident Bondholders";
- Bondholders who are not resident 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 resident 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".

2.10.2 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 Prospectus, 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 or the Issuer, the applicable rate of RWT at the date of this Prospectus 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 Prospectus, 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 Prospectus 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.

2.10.3 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 Issuer has agreed in the Bond Trust Documents that, where AIL is payable by it 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 AIL paid or payable by the Issuer.

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.

2.10.4 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.

2.10.5 Double tax agreements

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

3 CORPORATE PROFILE

3.1 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 APN Group's obligations under its 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 and the members of the Guarantor Group at the date of this Prospectus are listed in Appendix A.

3.2 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, the New Zealand Listener and New Zealand Woman's Weekly.

PUBLISHING & ONLINE



RADIO STATIONS



OUTDOOR ADVERTISING



ASIA

- Outdoor advertising
 - Hong Kong
 - Indonesia

AUSTRALIA

- 14 regional daily newspapers
- 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
- Transit, Street Furniture, Large Format
- Consumer magazines and printing
- nzherald.co.nz and other online advertising sites
- IdeaHQ 50%

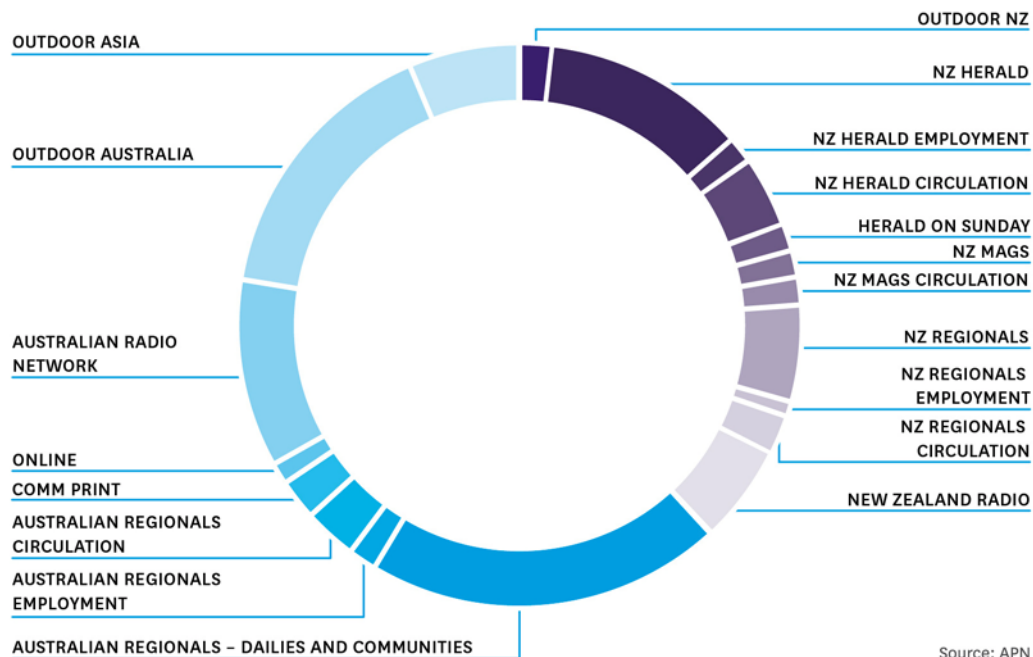
Source: APN

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;
- the second largest outdoor advertising operator in New Zealand and the largest in Australia; and
- a rapidly emerging online player in New Zealand and Australia.

REVENUE BY BUSINESS UNIT 2009

TOTAL A\$1.04 BN



3.3 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	■ A number of newspaper families consolidated their publishing interests to form Provincial Newspapers of Queensland (PNQ)
1988	■ PNQ was acquired by Independent News & Media PLC (previously known as Independent Newspapers Plc) and its associates of Ireland
1992	<ul style="list-style-type: none"> ■ 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
1995	<ul style="list-style-type: none"> ■ 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
1996	■ APN expanded its radio interests with the purchase of a 33% interest in TRN, New Zealand's largest radio operator
2001	■ 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
2002	<ul style="list-style-type: none"> ■ 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
2004	<ul style="list-style-type: none"> ■ In June 2004, APN listed on the NZSX ■ In October 2004, APN launched 'The Herald' on Sunday in New Zealand

- 2005 ■ New divisional structure established to include APN Online
- 2007 ■ APN acquired 50% of The Toowoomba Chronicle having acquired the initial 50% in 1988
- APN acquired the Finda business in New Zealand
- 2009 ■ 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 APN Data businesses 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.

3.4 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 multimedia 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 its local markets.

3.5 BUSINESS UNITS

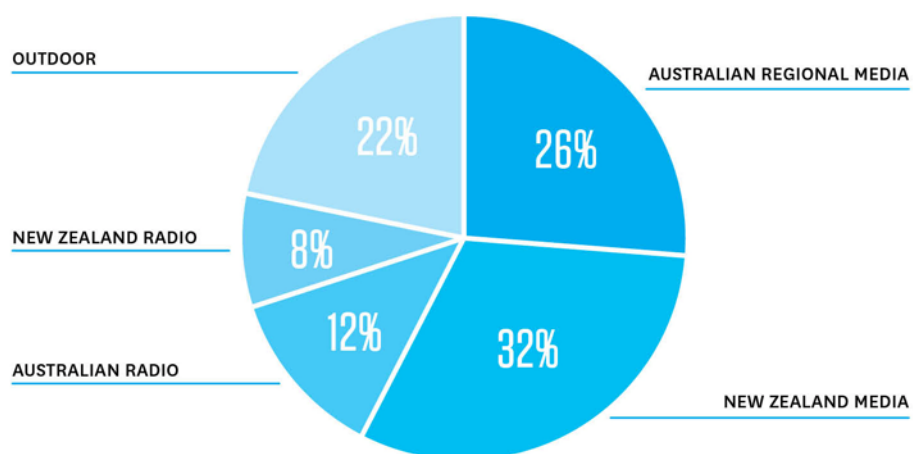
3.5.1 Overview

APN operates across the following media channels:

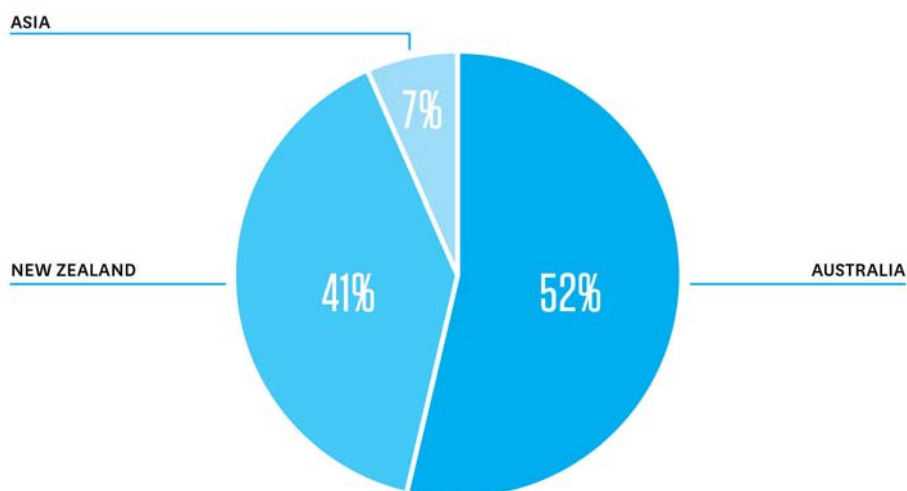
- publishing – online and printed newspapers and magazines;
- radio broadcasting; and
- outdoor advertising.

The APN Group's operations are primarily conducted in New Zealand and Australia.

REVENUE BY SEGMENT 2009



REVENUE BY GEOGRAPHY 2009



Source: APN 2009 Annual Report

3.5.2 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; and
- events



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 2000 on the previous year. The Bay of Plenty Times also added 2000 readers to 48,000. The combined stable of APN's regional newspapers now connect with 7000 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 *crème* 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 'app' 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.

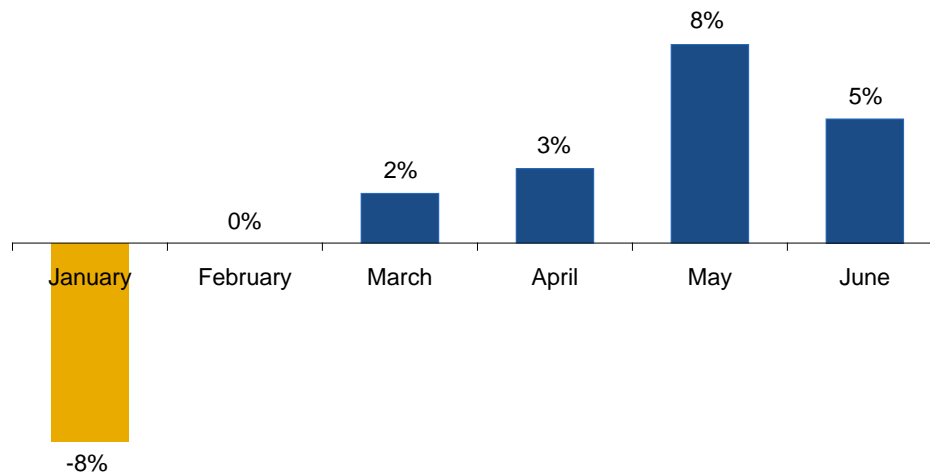
In addition to existing media categories, APN is also able to offer innovative new advertising platforms. APN's 'free listing' website, sella.co.nz, continues to demonstrate the potential for a 'freemium' model, which is based on an initial free basic listing and then progressive up selling. Sella now 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 Idea HQ 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 6 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.

New Zealand advertising revenue H1 2010 - % growth on previous corresponding period



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; and
- 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.

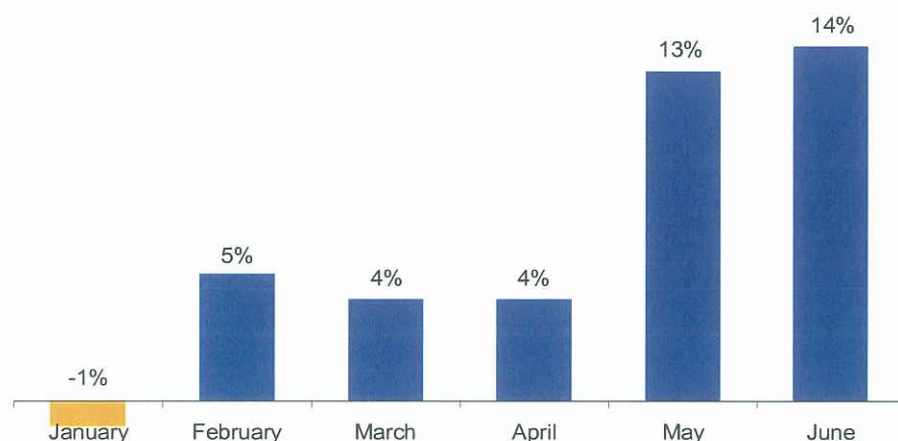
APN has reached an agreement with Fairfax Media to become the exclusive reseller of www.domain.com.au, www.mycareer.com.au, and www.drive.com.au in most of APN's regional Australian markets. This represents an important step in APN's online strategy, delivering local advertisers for the first time a 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 6 months ended 30 June 2010.

Australian advertising revenue H1 2010 - % growth on previous corresponding period



Source: APN

3.5.3 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 ("TRN")

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; and
- 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 eight of thirteen 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 6 months ended 30 June 2010.

Australian Radio Network (“ARN”)

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; and
- MIX – focuses predominantly on the 25-44 age group.

ARN radio stations reach just under 4 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 attracted 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 6 months ended 30 June 2010.

3.5.4 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 4 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 6 months ending 30 June 2010.



3.5.5 Online

APN aims to be the leader in online publishing in its key regional and metropolitan markets 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 website 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.

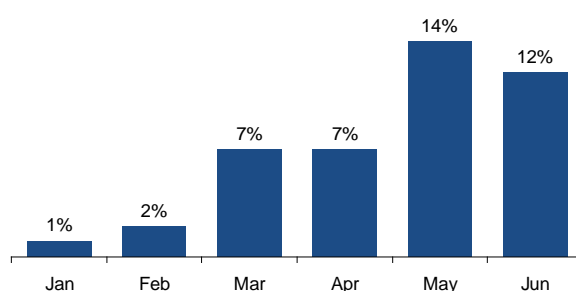
In Australia there is also a promising opportunity for APN to leverage its relationships with advertisers and its quality local content into the digital environment. Regional consumers are increasingly seeking local information online, which has led to advertisers recognising the importance of a cross-platform 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.

3.6 PERFORMANCE OUTLOOK

APN Group Advertising Revenue Growth – 1H 2010



Note: revenue growth on a 'like-for-like' basis⁴

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.

Coming out of the global financial crisis, the APN 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 changes⁴, 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

⁴ '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.

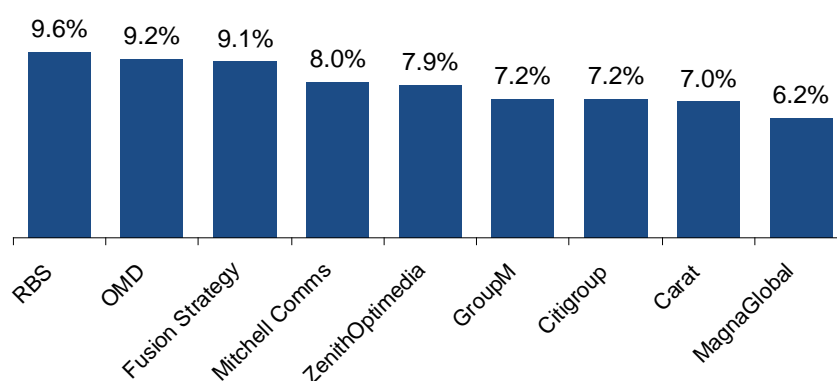
The advertising recovery is well underway in Australia, with many markets returning to pre-global financial crisis levels. The recovery in New Zealand has been more moderate; however, the second quarter was significantly better than the first quarter of 2010.

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 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 below 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.

FORECAST GROWTH IN MEDIA ADVERTISING SPEND – 2010



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

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 - 2014⁵.

3.7 SUMMARY FINANCIAL STATEMENTS

As the Issuer has only recently been incorporated and is yet to commence business, no summary of financial statement for the Issuer is available.

The summary financial statements set out below 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 members of the Guarantor Group as at the date of this Prospectus. The members of the Guarantor Group as at the date of this Prospectus are listed in Appendix A to this Prospectus.

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.

⁵ Source: Australian Financial Review, "Marketing & Media", 2 August 2010

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%. Additional information comparing the APN Group and the Guarantor Group, and the basis of asset support and the ability to fund interest payments in terms of asset and earnings variances is contained in Appendix B.

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 COMPREHENSIVE 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

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)

APN News & Media Limited and Controlled Entities Consolidated Cashflow Statement (cont.)	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
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	4.5	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 pro-rata entitlement offer to shareholders raising \$96 million after issue costs. Proceeds were used to repay debt.

4 SUMMARY OF BOND TRUST DOCUMENTS

4.1 GENERAL

The following is a summary of the principal provisions of the Master Trust Deed, the Supplemental Trust Deed and the Guarantee for the Bonds (together the 'Bond Trust Documents'). Unless otherwise stated, defined terms have the meanings given to them in the Bond Trust Documents.

4.2 BOND TRUST DOCUMENTS

The Bonds are constituted by, and issued pursuant to, the Bond Trust Documents. Investors requiring further information should refer to the Bond Trust Documents, which are available for inspection at the places referred to in section 6.16 of this Prospectus.

4.3 TRUSTEE AND THE BONDHOLDERS

The Trustee is appointed under the Bond Trust Documents to act as trustee for the Bondholders. The Trustee does not guarantee the payment of interest or principal on the Bonds. 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.

4.4 ISSUE AND FORM OF THE BONDS

The Master Trust Deed provides that the Issuer may issue bonds at such time, in such currency, in such amount, to such persons, on such terms and conditions and at the price determined by the Issuer.

4.5 EARLY REDEMPTION BY THE ISSUER

Pursuant to the Supplemental Trust Deed, 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. 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) (see section 2.4.5 of this Prospectus for further detail about the Early Redemption Premium).

The Early Redemption Amount in relation to each Bond is the aggregate of the Principal Amount and any accrued and unpaid interest to (but excluding) the Early Redemption Date.

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

Where any partial early repayment of Bonds is made to Bondholders:

- such repayment will be made pro rata to each Bondholder's proportion of the aggregate Bond Monies;
- the aggregate Principal Amount of Bond Monies remaining outstanding following such repayment must be not less than NZ\$50 million; and
- if, in relation to the Bonds held by a Bondholder, a partial redemption would result in the Principal Amount of Bonds held by that Bondholder falling below the Minimum Holding, the Issuer will, 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 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).

4.6 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.

4.7 REDEMPTION FOLLOWING AN 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.

4.8 COVENANTS

The Bond Trust Documents contain a number of covenants by the Issuer, including, for so long as any Bonds are outstanding:

- to notify the Trustee of the occurrence of any Event of Default;
- to maintain its corporate existence;
- to ensure that a Register is maintained in respect of the Bonds and give notice to the Bondholders of any resignation or removal of the Registrar.

The Guarantee also contains a number of covenants by the Guarantor Group, including that for so long any Bonds are outstanding:

- (a) APN will not, and will not permit any of its Subsidiaries to, engage in any business which is not a core business;
- (b) APN will not (and APN shall ensure that none of its Subsidiaries will) create or permit to subsist any Security over any of its assets other than any Permitted Security Interest;
- (c) 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; and
- (d) APN and its Subsidiaries will not enter into financial arrangements with any of APN's non wholly owned Subsidiaries other than on an arms-length commercial basis.

4.9 DUTIES AND POWERS OF THE TRUSTEE

The principal duties of the Trustee in relation to the Bondholders under the Bond Trust Documents are summarised as follows:

- (a) upon the occurrence of an Event of Default that continues unremedied, the Trustee may in its discretion and shall immediately upon being directed to do so by the Bondholders by an Extraordinary Resolution declare the Bonds to be immediately due and payable by notice in writing to the Issuer and distribute all monies received in respect of the Bonds from the Issuer or the Guarantor Group in accordance with the provisions of the Bond Trust Documents;
- (b) to receive the regular financial and other reports and certificates furnished to it by the Issuer or APN with respect to the Guarantor Group;
- (c) to perform a number of functions relating to the ongoing administration of the Bond Trust Documents including in relation to the meetings of Bondholders, the receiving of accounts and certificates from the Issuer and APN, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as waiving breaches of the Bond Trust Documents, making application to the High Court of New Zealand, the substitution of another person in place of the Issuer and agreeing to modifications of the Bond Trust Documents, all upon the terms set out in the Bond Trust Documents; and
- (d) on being satisfied that all Bonds have been paid or satisfied or that provision for such payment or satisfaction has been made in accordance with the Master Trust Deed, to execute a deed of release of the Master Trust Deed.

In addition, the Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- (a) ascertain whether or not there has been any breach of the terms of the Bond Trust Documents or of the terms of the offer of the Bonds and to do all it is empowered to do to cause any such breach to be remedied (except where satisfied that the breach will not materially prejudice the interests of the Bondholders); and
- (b) ascertain whether or not the assets of the Guarantor Group that are or may be available, whether by way of the Guarantee or otherwise, are sufficient or likely to be sufficient to discharge the amounts of the Bonds as they become due.

The Trustee has the right to be indemnified for all expenses, losses and liabilities sustained or incurred by it in carrying out the trusts, powers, authorities or discretions vested in the Trustee by the Bond Documents or otherwise for any action taken, or omitted to be taken in accordance with the provisions of the Bond Documents, other than a claim arising out of a wilful default, gross negligence or wilful breach of trust.

The Trustee has absolute and uncontrolled discretion as to the exercise of its powers in relation to the Bonds. Under the Bond Trust Documents, the Trustee may, amongst other things, in relation to the Bonds:

- (a) refrain from exercising any power until directed by an Extraordinary Resolution of Bondholders or the affected class of Bondholders;
- (b) decline to act or exercise any power, take any action or comply with any request or direction (including any direction by an Extraordinary Resolution of Bondholders) unless it has first been indemnified to its satisfaction against all expenses, losses and liabilities it may reasonably sustain or incur by so doing;
- (c) represent and act on behalf of Bondholders in any matter concerning them generally;
- (d) invest any monies held in its capacity as Trustee, in the name of the Trustee or its nominee, in any investment, with power to vary, deal with or dispose of such investment, and all income (less any commissions properly payable to the Trustee) arising from all such investments will belong to the person in respect of whom such monies are held by the Trustee;
- (e) in the performance of its duties, act on, or decline to act on, certificates signed by or on behalf of the Issuer, and the advice or opinion of professional advisers; or
- (f) require the Issuer to report to Bondholders on certain matters, convene meetings of Bondholders or otherwise seek directions from the Bondholders or the court.

4.10 REPORTING

Each of the Issuer and APN has undertaken to supply to the Trustee a range of regular reports, accounts and other information as to the financial condition of the Issuer and the APN Group and as to compliance with the Bond Trust Documents.

This includes a requirement that Directors of the Issuer certify to the Trustee, following the end of each financial year or half-year (as the case may be), that, amongst other things, (i) no Event of Default has occurred and continues unremedied, and (ii) the Issuer has complied with its payment obligations in respect of the Bonds.

Until all amounts owing in respect of the Bonds have been repaid in full, APN will supply to the Trustee:

- (a) the Annual Accounts and the Semi Annual Accounts of the APN Group, in each case as soon as they become available for the relevant accounting period; and
- (b) in relation to each set of accounts provided in accordance with paragraph (a) above, a Compliance Certificate, signed by the Chief Financial Officer or a Director of APN, setting out, amongst other things, details of compliance with the financial covenant referred to in section 2.6 of this Prospectus.

4.11 EVENTS OF DEFAULT

Upon the occurrence of any of the Events of Default described in the Bond Trust Documents, the Trustee may, or if directed to do so by an Extraordinary Resolution of Bondholders shall, declare the Bond Monies to be immediately due and payable.

The Events of Default are listed in the Bond Trust Documents and are summarised in section 2.8.1 of this Prospectus.

4.12 NO ENFORCEMENT BY BONDHOLDERS

Bondholders have no direct enforcement rights and they may not bring proceedings directly against the Issuer or a member of the Guarantor Group for the enforcement of any of their rights or remedies under the Bond Trust Documents, unless the Trustee has failed to enforce such right or remedies within a reasonable period after having become bound to do so under the provisions of the Bond Trust Documents.

4.13 DEFAULT INTEREST

If any amount payable in respect of a Bond is not paid on its due date then interest will accrue on the unpaid amount at the rate determined by the Registrar to be the aggregate of:

- 2% per annum; and
- the Interest Rate applying in respect of the Bond.

Subsequently, that interest will (after, as well as before, any judgment) be determined at monthly intervals and will compound monthly, until the unpaid amount is paid.

4.14 MEETINGS

The Master Trust Deed contains provisions for meetings of Bondholders and the matters that may be determined by ordinary or Extraordinary Resolutions.

The Issuer must call a meeting of Bondholders, or a class of Bondholders, when required by law or at the request in writing of the Bondholders of at least 10% of the aggregate principal amount of the Bonds. The Trustee or the Issuer may convene a meeting of Bondholders at any time.

An Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders is binding on all Bondholders whether or not they were present at such meeting.

After the occurrence of an Event of Default and while it continues unremedied, Bondholders may by an Extraordinary Resolution direct the Trustee to declare the Principal Amount of bonds, together with accrued interest thereon, to be immediately due and payable by notice in writing to the Issuer.

Bondholders have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Bond Trust Documents, the Bonds and the exercise or performance by the Trustee of its powers, duties and discretions.

The following powers, amongst others, can be exercised by Extraordinary Resolution:

- (a) to release the Issuer from all or part of its payment obligations in relation to the Bonds;
- (b) to agree any request from the Issuer for the exchange of the Bonds into shares or other securities, whether of the Issuer or any other company;
- (c) to postpone or, with the Issuer's consent, to bring forward the maturity date of the Bonds or to suspend the time for payment of interest on any Bonds.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders at which at least 75% of the Bondholders voting at the meeting, vote in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is two or more Bondholders (present in person or by representative) holding or representing at least a majority in Principal Amount of the Bonds. If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is all Bondholders present in person or by representative.

Anything that may be done by an ordinary resolution or an Extraordinary Resolution passed at a meeting of Bondholders may be done by a resolution in writing signed by not less than 75% of Bondholders having the right to vote on that resolution and holding in aggregate the right to cast not less than 75% of the votes which could be cast on the resolution.

4.15 AMENDMENT OF BOND TRUST DOCUMENTS

The terms and conditions of the Bond Trust Documents may be altered with the approval of Bondholders 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. A description of the requirements for an Extraordinary Resolution is set out in the section 4.14 above.

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 a 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 and adversely 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.

5 November 2010

To: **The Directors**
APN Media (NZ) Limited
46 Albert Street
Auckland

Senior Unsecured Bond Offer

Clause 14(3) of Schedule 2 to the Securities Regulations 2009 requires us to confirm that the offer of securities (the "Bonds") by APN Media (NZ) Limited (the "Issuer") set out in the Prospectus dated 5 November 2010 (the "Prospectus") complies with any relevant provisions of the:

- (a) Master Trust Deed between the Issuer and The New Zealand Guardian Trust Company Limited (the "Trustee") dated 3 November 2010;
- (b) Supplemental Trust Deed (November 2010) between the Issuer and the Trustee dated 3 November 2010; and
- (c) Guarantee and Indemnity between APN News & Media Limited, certain of its subsidiaries and the Trustee dated 3 November 2010,

(collectively the "Bond Trust Documents").

The relevant provisions of the Bond Trust Documents are those which:

- (a) entitle the Issuer to constitute and issue the Bonds offered under the Prospectus; and
- (b) impose any restrictions on the right of the Issuer to offer the Bonds,

and are described in the "Summary of the Bond Trust Documents" section of the Prospectus.

This Trustee's statement does not refer to any material contained in the Prospectus which does not relate to the Bond Trust Documents.

The Trustee confirms that the offer of the Bonds set out in the Prospectus complies with all relevant provisions of the Bond Trust Documents. We give the above confirmation:

- (a) on the basis set out above; and
- (b) in reliance on the information supplied to it by the Issuer pursuant to the Bond Trust Documents, and the Trustee has not carried out an independent check of the statements or the figures supplied to it in that information.

The Trustee does not guarantee the repayment of the Bonds offered, or the payment of interest thereon or any other aspect of the Bonds or obligation of the Issuer.

Signed for and on behalf of the Trustee



G R Hughes

Relationship Manager, Corporate Trusts

Corporate Trusts

15 Willeston Street, Wellington 6011
PO Box 913, Wellington 6140, New Zealand
Telephone: (04) 495 7914, Facsimile: (04) 499 1454
Email: ct-wellington@nzgt.co.nz
www.guardiantrust.co.nz

6 STATUTORY INFORMATION

The information in this section includes, but is not limited to, the information required by Schedule 2 to the Securities Regulations 2009.

6.1 MAIN TERMS OF OFFER

6.1.1 Issuer

The issuer of the Bonds is APN Media (NZ) Limited, an indirect wholly owned subsidiary of APN, incorporated for the purpose of issuing the Bonds and is the Issuer of the Bonds offered in this Prospectus. The Issuer's registered office is 46 Albert Street, Auckland.

6.1.2 Description of the Bonds

The Bonds are debt securities and constitute, unsecured, unsubordinated obligations of the Issuer and will rank equally with all other unsecured and unsubordinated indebtedness of the Issuer, present or future, except indebtedness preferred by law. Interest is scheduled to be paid on the Bonds quarterly in arrears on each Interest Payment Date, including the Maturity Date, and on any Early Redemption Date. The first Interest Payment Date for the Bonds is 15 March 2011.

6.1.3 Maximum number of Bonds

A maximum of \$200 million of Bonds are being offered (including up to a maximum of \$50 million in respect of oversubscriptions).

6.1.4 Issue Price

The issue price for each Bond is \$1.00, with a minimum application amount of \$5,000 and thereafter in \$1,000 increments. The main terms of the Bonds are described in greater detail in section 2 of this Prospectus.

6.2 DETAILS OF INCORPORATION OF ISSUER

The Issuer was incorporated on 15 October 2010 under the Companies Act as a limited liability company. Its registered number is 3173145.

The public file relating to the incorporation of the Issuer is kept at the Companies Office, Business and Registries Branch, Ministry of Economic Development, and is available for public inspection on the Companies Office electronic register at www.business.govt.nz/companies. Where relevant documents are not available on this website, they may be requested by contacting the Ministry of Economic Development Business Service Centre on 0508 266 726, on payment of a prescribed fee.

6.3 GUARANTOR GROUP

Each member of the Guarantor Group has entered into a deed of guarantee and indemnity dated 3 November 2010 ("Guarantee") in favour of the Trustee (as trustee for the Bondholders).

The Bonds are guaranteed by the companies that are from time to time members of the Guarantor Group under the Guarantee which will include, at all times, APN News & Media Limited. As at the date of this Prospectus, the Guarantor Group comprises those companies listed in Appendix A. An unaudited statement of the net assets and net tangible assets of each member of the Guarantor Group is also included in Appendix A. 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). Additional information comparing the consolidated group and the Guarantor Group, and the basis of asset support and the ability to fund interest payments in terms of asset and earnings variances is contained in Appendix B.

Each member of the Guarantor Group absolutely, unconditionally and irrevocably guarantees to the Trustee the due and punctual payment by the Issuer of the Guaranteed Money. Each member of the Guarantor Group undertakes that if the Issuer does not pay any of the Guaranteed Money when due (whether by acceleration or

otherwise), each member of the Guarantor Group will pay the Guaranteed Money to the Trustee immediately on demand.

Each member of the Guarantor Group undertakes to indemnify and hold harmless the Trustee for and against all expenses and liabilities the Trustee may suffer or incur as a result of any of the Guaranteed Money not being paid for any reason when due, and undertakes to pay to the Trustee the amount certified by the Trustee as being required to so indemnify the Trustee immediately on demand.

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

If a company, which is not a member of the Guarantor Group, becomes or is required to become a guarantor under the Bank Facilities, then APN shall procure that, subject to compliance with all applicable laws, the company becomes a party to the Guarantee by executing and delivering to the Trustee a guarantor accession letter as set out in the Guarantee.

A member of the Guarantor Group (other than APN) 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 shall 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.

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 Prospectus may not continue to be so required. The Trustee and the Bondholders do not therefore have control over the composition of the Guarantor Group.

Financial statements are not prepared for a large number of Guarantor Group companies. Alternative financial information is available for inspection or on request by Bondholders. Please see section 6.19.2 on page 52 for further details.

The Bonds are not secured by any mortgage or other charge over the assets of the Issuer or any of the members of the Guarantor Group or any other person.

6.4 NAMES, ADDRESSES AND OTHER INFORMATION

6.4.1 Board of Directors

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

- John Maasland
Auckland, New Zealand

Mr Maasland has been a Board Member of APN News & Media Limited 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 Delegat'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
Auckland, New Zealand

Mr Eustace is Finance Director for APN New Zealand and was formally CFO for Wilson & Horton Limited. He has over 15 years of media experience. During the period Phillip held the role of Divisional CEO of Print and Group Services. His 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. Phillip is a CA

and Chartered Secretary and has held a number of senior finance roles in various multinational companies prior to joining APN

- Peter Myers
Riverview, NSW, Australia

Mr Myers has over 25 years of media experience including nine years at Network Ten and previously ten years with Northern Star Limited, which at the time had interests in regional and metropolitan newspapers, radio and television. Peter is a CPA and a member of the Institute of Company Directors and has previously held a number of public company Directorships including regional television broadcaster, Telecasters Australia Ltd.

The Directors may be contacted through the Issuer at the registered address of the Issuer.

6.4.2 Promoter

APN and each of its current Directors are the promoters of the Offer.

The address of APN's principal place of business in New Zealand is 46 Albert Street, Auckland 1010.

The name and address of each of the current Directors of APN are set out below:

- Gavin O'Reilly
Dublin, Ireland
- Ted Harris, AC
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 AM
Brighton, Victoria, Australia
- John Maasland
Auckland, New Zealand
- Cameron O'Reilly
Kangaroo Valley, NSW, Australia

The Directors of APN may be contacted through the Issuer at the registered address of the Issuer.

6.4.3 No Bankruptcy, etc.

During the five years preceding the date of registration of this Prospectus, neither the Issuer nor any Director of the Issuer, nor any Promoter has been adjudged bankrupt or insolvent, convicted of a crime involving dishonesty, prohibited from acting as a Director of a company, or placed in statutory management, voluntary administration, liquidation, or receivership.

6.4.4 Advisers

The name and address of the Registrar, the Issuer's auditors, the Organising Participant, the Joint Lead Managers appointed in respect of the Bonds, and the financial advisers and solicitors who have been involved in the preparation of this Prospectus are set out in the Directory.

6.4.5 Trustee

The New Zealand Guardian Trust Company Limited is the Trustee. The Trustee's address is Guardian Trust House, Level 3, 15 Willeston Street, PO Box 913, Wellington, New Zealand.

6.5 RESTRICTIONS OF DIRECTORS' POWERS

There are no restrictions on the powers of the Directors of the Issuer that are in force at the date of this Prospectus under the Issuer's constitution, although some matters also require the prior approval of the Issuer's shareholder before the powers may be exercised.

6.6 DESCRIPTION OF ACTIVITIES OF BORROWING GROUP

As at the date of this Prospectus, the borrowing group comprises the Issuer only. The Issuer was incorporated on 15 October 2010, and is a wholly owned indirect subsidiary of APN. 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 in respect of the MOF.

Other than in due course becoming a member of the group which guarantees the APN Group's obligations in respect of the 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 Bank Facilities.

The Issuer will advance the proceeds from the Bonds to APN or to other subsidiaries of APN on equivalent terms to the Bonds. The Issuer has no assets.

6.7 SUMMARY FINANCIAL STATEMENTS

As the Issuer is yet to commence business, no summary of financial statements is available.

The APN Group summary financial statements are provided for the information of those considering investing in Bonds, on the basis that the Guarantor Group guarantees the obligations of the Issuer to the Trustee (on behalf of Bondholders). Although potentially subject to change in the future (except APN News & Media Limited), 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. Appendix B provides a comparison of the financial position between the Guarantor Group and the APN Group.

6.8 ACQUISITION OF BUSINESS OR SUBSIDIARY

No business has been acquired, and no person has become a subsidiary of the Issuer in circumstances that required disclosure under clause 9 of Schedule 2 of the Securities Regulations.

6.9 MATERIAL CONTRACTS

During the two years preceding the date of registration of this Prospectus, the Issuer has entered into the following material contracts (not being contracts entered into in the ordinary course of business):

- Master Trust Deed between the Issuer and the Trustee dated 3 November 2010, which permits the Issuer to constitute the Bonds; and

- Supplemental Trust Deed between the Issuer and the Trustee dated 3 November 2010, which relates to the offer of Bonds.

In addition the Guarantors listed in Appendix A have entered into a Guarantee with the Trustee dated 3 November 2010 which sets out the terms and conditions on which the Guarantors will guarantee the obligations of the Issuer in respect of the Bonds.

The Issuer has not entered into any other material contracts during the two years preceding the date of this Prospectus (other than contracts entered into in the ordinary course of business).

6.10 PENDING PROCEEDINGS

There are no legal proceedings or arbitrations that are pending as at the date of this Prospectus that may have a material adverse effect on the Issuer.

6.11 ISSUE EXPENSES

The estimated amount of expenses of the offer of Bonds pursuant to this Prospectus is \$3.65 million. That amount comprises advisory, legal and accounting fees and costs associated with preparing, printing and distributing this Prospectus and the Investment Statement.

The Issuer has agreed to pay Primary Market Participants and financial intermediaries a brokerage fee of 0.75% of the Issue Price in respect of Bonds that are allotted pursuant to each valid Application Form submitted by that Primary Market Participant or financial intermediary bearing their stamp or, in the case of online applications, where the Primary Market Participant or financial intermediary is the selected broker as part of the online application process.

Approved participants in a bookbuild will be paid a Firm Allocation fee of 0.5% of the Issue Price in respect of Bonds allotted to applicants accepting a Firm Allocation from that approved participant in the bookbuild.

6.12 RANKING OF SECURITIES

The Bonds are unsecured, unsubordinated debt obligations of the Issuer and the members of the Guarantor Group.

Once issued, the Bonds will constitute unsecured, unsubordinated, fixed rate debt obligations of the Issuer and will rank equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

The Bonds will be constituted and issued on the basis that all Bond Monies are guaranteed by the Guarantor Group.

For more information on the Guarantee in respect of the Bonds see section 2.5 of this Prospectus.

6.13 PROVISIONS OF TRUST DEED AND OTHER RESTRICTIONS ON BORROWING GROUP

Bonds will be issued pursuant to the Master Trust Deed and the Supplemental Trust Deed, both entered into between the Issuer and the Trustee (with the Guarantee, collectively referred to as the "Bond Trust Documents"). A summary of the principal provisions of the Bond Trust Documents is set out in section 4 of the Prospectus.

The Bonds are not secured by any mortgage or other charge over the assets of the Issuer or any of the members of the Guarantor Group or any other person and consequently the Bond Trust Documents contain no provisions relating to the creation of new mortgages or charges ranking in point of security ahead of, or equally with, any mortgage or charge securing the Bonds.

As the Issuer does not have any assets, the Bond Trust Documents do not contain any terms that impose limitations relating to any ratio of liabilities, or any class of liabilities, to assets, or to any class of assets, of the Issuer.

The duties of the Trustee under the Bond Trust Documents are summarised in section 4.9 of this Prospectus. The statement required to be made by the Trustee pursuant to clause 14(3) of Schedule 2 to the Securities Regulations is set out in section 5 of this Prospectus.

6.14 OTHER TERMS OF OFFER AND SECURITIES

All the terms of the offer of securities, and all the terms of the Bonds, are set out in this Prospectus, except for those implied by law or set out in a document that is:

- (a) registered with a public official; and
- (b) available for public inspection; and
- (c) referred to in this Prospectus.

6.15 REQUIREMENTS IN RESPECT OF FINANCIAL STATEMENTS

As the Issuer has only recently been incorporated and is yet to commence business, no financial statements for the Issuer are available. Financial information about the Guarantor Group is set out in Appendix B.

6.16 PLACES OF INSPECTION OF DOCUMENTS

A copy of the Issuer's constitution, the Master Trust Deed, the Supplemental Trust Deed, the material contracts referred to under section 6.9 in this Prospectus and the consolidated financial statements for the APN Group may be inspected free of charge at the Issuer's registered office at 46 Albert Street, Auckland during normal business hours of 9.00am to 5.00pm on a working day (as defined in the Companies Act).

Copies of those documents are also filed on a public register at the Companies Office, Business and Registries Branch, Ministry of Economic Development, and are available for public inspection (including at www.business.govt.nz/companies). Where relevant documents are not available on this website, they may be requested by contacting the Ministry of Economic Development Business Service Centre on 0508 266 726, on payment of a prescribed fee.

6.17 OTHER MATERIAL MATTERS

There are no material matters relating to the offer of Bonds under this Prospectus other than those set out in this Prospectus.

6.18 DIRECTORS' STATEMENT

The Issuer was incorporated on 15 October 2010 and has not yet commenced business. The borrowing group in respect of the Bonds is comprised of the Issuer only and no statement of financial position has been prepared for the Issuer. Since the date of incorporation of the Issuer and the date of registration of this Prospectus, the Directors of the Issuer are of the opinion that none of the following has materially and adversely changed the:

- trading or profitability of the Issuer;
- value of the assets of the Issuer; or
- ability of the Issuer to pay its liabilities due within the next twelve months.

6.19 SECURITIES ACT (APN MEDIA (NZ) LIMITED) EXEMPTION NOTICE 2010

The Issuer has obtained an exemption from compliance with certain provisions of the Securities Act and the Securities Regulations. The Securities Act (APN Media (NZ) Limited) Exemption Notice 2010 exempts the Issuer from regulation 26 of the Securities Regulations and section 54B(1) of the Securities Act, subject to certain conditions.

6.19.1 Regulation 26 exemption

The exemption from regulation 26 of the Securities Regulations enables the Issuer to include certain statements concerning the assets of the APN Group in any advertisement (including the Investment Statement) in respect of the Bonds. As a condition to that exemption:

- any statement of financial position of the APN Group contained or referred in an advertisement must comply with Australian generally accepted accounting principles;
- any summary statement of financial position for APN Group contained or referred to in an advertisement must be prepared in accordance with FRS-43;
- each relevant advertisement must:
 - contain a statement to the effect that the amount of the net assets, or the amounts of the total assets and total liabilities, stated in the advertisement refer to the amount of the net assets, or the amounts of the total assets and total liabilities, of the APN Group rather than the Guarantor Group;
 - state the amount of the net assets, or the amounts of the total assets and total liabilities, of the Guarantor Group as at the relevant date, being in each case an amount or amounts derived from the pro forma statement contained in Appendix B to this Prospectus;
 - contain a statement to the effect that the statement of financial position, or summary statement of financial position, comprises APN Group rather than the Guarantor Group.

6.19.2 Section 54B(1) exemption

The exemption from section 54B(1) of the Securities Act exempts the Issuer from the requirement to provide, at the request of a Bondholder, the most recent annual or half-yearly financial statements of a Guarantor and other documents referred to in regulation 44(d)(ii) of the Securities Regulations.

This exemption is conditional on the Issuer, after receiving a request from a Bondholder for a copy of any documents referred to in regulation 44(d)(ii) of the Regulations, providing to the Bondholder:

- a copy of the most recent Annual Accounts or Semi Annual Accounts of the APN Group (together with a copy of the audit report on those financial statements, if they are required to be audited under applicable law) and all documents that are required by law to be incorporated in, be attached to, or accompany those accounts; and
- a statement prepared by the auditors of APN that describes the principal differences between Australian generally accepted accounting principles and New Zealand generally accepted accounting practice; and
- a statement to the effect that the accounts provided are not those of the Guarantor Group; and
- a statement listing the members of the Guarantor Group as at the relevant date; and
- a statement by the Directors of the Issuer that they are satisfied that each Material Subsidiary of the APN Group that is not prohibited by applicable law from being a member of the Guarantor Group either is or will become a member of the Guarantor Group; and
- a pro forma statement for the Guarantor Group; and
- a statement by the Directors of the Issuer of the total assets less goodwill of the Guarantor Group as at the relevant date and that those assets less goodwill comprise not less than 85% of the total assets less goodwill of the APN Group; and
- a statement by the Directors of the Issuer of the aggregate amount of the consolidated profit or loss before interest and tax but excluding minority interests of the Guarantor Group for the accounting period ending on the relevant date and that such amount is not less than 90% of the aggregate consolidated profit or loss before interest and tax but excluding minority interests of the APN Group for that period; and
- a statement by the Directors of the Issuer that they consider that the documents and statements required to be provided provide a reasonable basis to assess the financial position of the Guarantor Group in relation to the Bonds.

on the date that the above items are provided to the Bondholder, the Directors of the Issuer must be satisfied that the difference between the total assets less goodwill of the Guarantor Group and that of the APN Group is not material (given the 15% variance permitted) and that the difference between the aggregate amount of consolidated profit or loss before interest and tax (but excluding minority interests) of the Guarantor Group for the most recently completed accounting period and that of the APN Group is not material (given the 10% variance permitted).

Alternatively, the Issuer may opt to prepare and provide to a Bondholder that requests a copy of the financial statements and documents referred to in regulation 44(d)(ii) of the Regulations, unaudited financial statements for the Guarantor Group and any documents required by any enactment or ruler of law to be incorporated in, be attached to, or accompany those financial statements.

In addition, no fee may be charged for the provision of this information and it must be sent to a Bondholder who requests it within 5 Business Days of the request being received by the Issuer.

7 GLOSSARY

In this Prospectus:

A\$ means Australian dollars.

Adshel means Adshel Street Furniture Pty Ltd.

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.

APN means as APN News & Media Limited.

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

Application Form means the application form contained in the 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 means Australian Radio Network.

ASX means the official list of 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 the Investment Statement and this 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 means Buspak Advertising Group Pty Ltd.

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

Class means 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 means 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.

Companies Act means the Companies Act 1993.

Dollars, NZ\$ and \$ means the lawful currency of New Zealand.

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 means, 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 5 of this Prospectus for further details).

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Event of Default has the meaning given to that term in the Bond Trust Documents, as summarised in this Prospectus.

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

Fairfax Media means John Fairfax Holdings Limited.

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 3 November 2010 between each member of the Guarantor Group and the Trustee.

Guaranteed Money means all indebtedness of the Issuer to the Trustee or the Bondholders.

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 Prospectus, the members of the Guarantor Group are listed in Appendix A.

IFRS means 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, 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 the investment statement relating to the Offer of the Bonds dated on or about the date of this Prospectus.

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

Issue Price means NZ\$1.00 per 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.

Listing Rules means the listing rules of NZX Limited (including any person or authority which may in the future assume and perform the functions of NZX Limited) in force from time to time.

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:

- where used in section 2.8.1 of this Prospectus, 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, and
- where used in section 6.19.2 of this Prospectus, any wholly owned Subsidiary of APN which, at the relevant date, has assets that represent 5% or more of the Total Assets of the APN Group as determined in accordance with, and by reference to, the most recent Annual Accounts or Semi Annual Accounts of APN or whose contribution to EBITDA of the APN Group as at the balance date of the most recent Annual Accounts or Semi Annual Accounts is 5% or more of EBITDA as at that date.

Maturity Date means the maturity date applicable to the Bonds and recorded in the Register, being 15 March 2016.

Minimum Holding means the minimum Principal Amount of Bonds which may be held by a Bondholder, being \$5,000.

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 28 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 Prospectus 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 means 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.

NZClear means the securities clearance system known as NZClear.

NZDX means the market for debt securities operated by NZX.

NZSX means means the New Zealand share market operated by NZX, on which APN News & Media Limited shares are listed.

NZX means NZX Limited.

Offer means the offer of Bonds by the Issuer under this Prospectus and the Investment Statement for the Bonds.

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 15 November 2010 in New Zealand (and 20 November 2010 in Australia) or such other date that the Issuer may determine.

Organising Participant means ANZ National Bank Limited.

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

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

Principal Amount means, in relation to a Bond at any time, the amount (other than interest, fees and costs) payable on the redemption or repayment of that Bond at that time.

Promoters means APN and its Directors as at the date of this Prospectus.

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, in relation to the Bonds, the register maintained by the Registrar for the Bonds.

Registrar means Link Market Services Limited, as registrar, calculation agent and paying agent for the Bonds or any successor registrar, calculation agent and paying agent for the Bonds appointed under the Registrar and Agency Agreement.

Registry Customer Agreement means the registrar and agency agreement dated 3 November 2010 under which the Registrar is appointed.

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.

Securities Act means the Securities Act 1978.

Securities Regulations means the Securities Regulations 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 (as in effect as at the date of this Prospectus) 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).

Supplemental Trust Deed means the deed between the Issuer and the Trustee dated 3 November 2010, which relates to the offer of Bonds.

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.

Total Assets means the total (on a consolidated basis) of all assets of the APN Group as determined in accordance with, and by reference to, the most recent Annual Accounts.

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 means The Radio Network.

Trustee means The New Zealand Guardian Trust Company Limited.

8 DIRECTORY

Registered Office of the Issuer

46 Albert Street
PO Box 32
Auckland
New Zealand

Board of Directors of the Issuer

John Maasland
Phillip Eustace
Peter Myers

Organising Participant

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

Joint Lead Managers

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

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
PO Box 91976
Auckland 1142

Trustee

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

Auditors of the Issuer

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1142

Solicitors for the Issuer

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

Solicitors for the Trustee

Bell Gully
171 Featherston Street
Wellington 6140

Financial advisors to the Issuer

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

APPENDIX A – Guarantor Group

Australian Guarantors	ACN/ABN	30 June 2010 Unaudited Net Assets (\$'000)	30 June 2010 Unaudited Net Tangible Assets (\$'000)
Adspace Pty Ltd	88 095 671 702	(2,710)	(2,710)
APN AP National Sales Pty Ltd (formerly Presspak Pty. Ltd.)	99 010 857 039	2,602	2,601
APN Braeside Pty Ltd	95 066 733 284	(3,433)	(3,433)
APN Broadcasting Investments Pty Ltd	24 066 758 923	114,048	114,048
APN Business Information Group Pty Ltd	39 007 598 183	(1,564)	(1,564)
APN Business Magazines Pty Ltd	42 004 260 020	717	717
APN Computing Group Pty Ltd	35 061 625 090	7,132	7,132
APN Digital Pty. Ltd	56 086 512 003	(10,759)	(10,759)
APN Educational Media Pty Ltd	58 070 900 999	(17)	(1,179)
APN Finance Pty Ltd	33 108 983 437	27,670	27,670
APN Milperra Pty Ltd	16 066 766 550	2,826	2,826
APN News & Media Ltd	95 008 637 643	1,111,267	1,111,267
APN Newspapers Pty Ltd	21 009 657 943	(223,499)	(228,139)
APN Online (Australia) Pty Limited	93 119 243 944	(24,260)	(24,196)
APN Outdoor Pty Ltd	99 008 637 661	23,560	23,560
APN Outdoor (Trading) Pty Ltd (formerly Cody Outdoor Advertising Pty Limited)	49 059 604 278	(6,837)	(7,116)
APN Printing Services Pty Ltd	50 108 983 508	(3,589)	(3,733)
Australian Posters Pty. Ltd.	48 004 828 380	0	0
Australian Provincial Newspapers International Pty Ltd	73 069 912 830	(125,698)	(125,698)
Australian Provincial Newspapers Ltd	80 009 680 424	26,599	26,599
Biffin Pty Ltd	91 008 637 625	76,955	76,955
Border Newspapers Pty. Ltd.	98 009 819 452	243	243
Buspak Advertising Group Pty Ltd	95 001 899 690	(14,828)	(51,828)

Australian Guarantors	ACN/ABN	30 June 2010 Unaudited Net Assets (\$'000)	30 June 2010 Unaudited Net Tangible Assets (\$'000)
Byron Shire News Pty Ltd	31 007 598 147	978	843
Campus Review Pty Ltd	34 010 655 446	559	559
Capricornia Newspapers Pty. Ltd	48 009 658 048	27,800	12,779
Cardcorp (Manufacturing) Pty. Ltd	94 066 868 193	0	0
Central Queensland News Publishing Company Pty Ltd	69 009 657 327	3,286	2,717
Central Telegraph Pty. Ltd	74 009 873 625	2,329	1,759
Chinchilla Newspapers Pty. Ltd	35 010 727 983	2,184	1,860
Cody Link Pty Ltd	55 067 487 236	(6,140)	(6,140)
Covette Investments Pty Ltd	60 134 268 054	526,378	526,378
Daily Commercial News Pty Ltd	005 611 012	0	0
Dalby Herald Pty Ltd	35 010 975 854	380	150
DCN (Electronic Services) Pty Ltd	064 651 921	(37)	(37)
Eastcott Investments Pty. Ltd	17 010 923 485	40,000	40,000
Everfact Pty. Limited (in its own right and as trustee for The Everfact Unit Trust)	32 067 516 287	6,843	6,843
Gatton Star Pty Limited	72 009 798 734	3,301	1,501
Gergdaam Capital Pty Ltd	58 134 268 045	1,298	1,298
Gladstone Newspaper Company Pty Ltd	25 009 781 891	8,902	6,287
GSP Print Pty Ltd	56 007 701 411	(1,487)	(1,567)
Gulgong Pty. Ltd	87 008 637 607	10,000	10,000
Gympie Times Pty. Ltd	62 009 656 928	12,545	9,235
Haswell Pty. Ltd	78 008 637 572	33,700	33,700
Kelly Publications Pty Ltd	13 002 714 490	(402)	(402)
Level 4 Investments Pty Limited	26 134 644 125	0	0
Longbeach Publications Pty Ltd (in its own right and as trustee for The Longbeach Publications Unit Trust)	53 010 201 019	(519)	(1,269)

Australian Guarantors	ACN/ABN	30 June 2010 Unaudited Net Assets (\$000)	30 June 2010 Unaudited Net Tangible Assets (\$000)
Media Tek Pty. Ltd	20 008 611 327	(158,543)	(158,543)
Melbourne Independent Newspapers Pty Ltd	77 064 919 688	(2,625)	(2,625)
Nathco Holdings Pty Ltd (incorporated on 14 October 2010)	41 146 852 593	0	0
New Hobsons Press Pty Limited	46 055 719 947	(1,077)	(1,077)
North Coast News Pty Ltd	78 000 055 578	7,656	4,312
Northern Star Ltd	43 000 011 174	12,511	(1,282)
Observer Times (Hervey Bay) Pty Ltd	50 010 975 916	254	24
Provincial Investments Pty. Ltd	43 009 706 183	867	867
Sabawin Pty Limited (in its own right and as trustee for The Stanthorpe Newspapers Services Trust)	60 010 253 344	1,810	1,549
Sunshine Coast Newspaper Company Pty. Ltd	56 009 795 859	32,651	12,355
The Brisbane Publishing Company Pty Ltd	84 009 659 830	(110)	(110)
The Bundaberg Newspaper Company Pty. Ltd	68 009 656 955	16,199	8,582
The Daily Examiner Pty Ltd	75 000 006 959	6,330	4,659
The Gold Coast Press Pty Limited	73 064 061 794	(1,439)	(1,439)
The Mackay Printing and Publishing Company Pty Ltd	32 009 657 550	27,443	16,003
The Maryborough Hervey Bay Newspaper Company Pty Ltd	24 009 656 768	8,462	6,679
The Queensland Times Pty. Ltd	94 009 658 244	10,200	1,128
The South Burnett Times Pty. Ltd.	13 009 710 098	8,576	5,434
Total Cab Media Pty Limited	82 105 362 034	(5,053)	(5,093)
The Tweed Newspaper Co Pty Ltd	69 000 006 431	4,712	4,682
The Warwick Newspaper Pty. Ltd	90 009 657 416	22,331	22,123
Toowoomba Newspaper's Pty Ltd		(1,069)	(1,960)
Universal Outdoor Pty Ltd	13 078 469 486	(14,270)	(14,270)
Valtoff Pty. Ltd	64 067 345 073	2,600	2,600

Australian Guarantors	ACN/ABN	30 June 2010 Unaudited Net Assets (\$000)	30 June 2010 Unaudited Net Tangible Assets (\$000)
Western Star Pty Ltd	97 009 798 841	1,379	691
Wilson & Horton Australia Pty Ltd	31 002 885 556	494,413	494,413
Wilson & Horton Finance Pty Ltd	82 098 505 492	0	0
Zodiac Australia Pty Ltd	007 652 717	2,000	2,000

The net tangible assets and net assets figures above have been calculated for each entity as being total assets (including deferred tax assets) less total liabilities, and less intangible assets in the case of net tangible assets. The above balances are the stand alone positions for each Australian Guarantor and include investments in subsidiaries and intercompany balances.

Audited Financial statements were not prepared for any of the Australian Guarantors as at 31 December 2009 (other than for APN News & Media Limited). Instead unaudited details have been provided for those Guarantors as at 30 June 2010 as permitted by the Securities Regulations. The net tangible assets for APN News & Media Limited as at 31 December 2009 (the date of the last audited statement of financial position for that company) was A\$1,176,402. The APN audited financial statements as at 31 December 2009 are available for inspection at www.apn.com.au.

New Zealand Guarantors	New Zealand Company Number	30 June 2010 Unaudited Net Assets (\$000)	30 June 2010 Unaudited Net Tangible Assets (\$000)
APN Digital NZ Limited	1004022	0	0
APN Educational Media (NZ) Limited	90246	2,634	2,632
APN Holdings NZ Limited	41802	359,010	362,289
APN New Zealand Limited	63392	118,228	111,752
APN NZ Investments Limited	1557012	177,149	177,149
APN Online (New Zealand) Limited	552648	(19,006)	(12,243)
APN Outdoor Limited	829971	7,167	5,957
APN Print NZ Limited	591213	38,016	37,838
APN Specialist Publications NZ Limited	44881	2,755	(4,010)
Esky Limited (formerly APNFinda Limited)	1481924	(2,226)	4,959
Mt Maunganui Publishing Co Limited	180242	155	155
Regional Publishers Limited	280556	14,482	14,482
Sell Me Free Limited	1819945	2,671	2,671
Stanley Newcomb & Co Limited	43155	(673)	(673)

New Zealand Guarantors	New Zealand Company Number	30 June 2010 Unaudited Net Assets (\$000)	30 June 2010 Unaudited Net Tangible Assets (\$000)
The Hive Online Limited	2096693	(562)	(562)
Trade Debts Collecting Co Limited	95367	0	0
W & H Interactive Limited	986986	89,904	89,904
Wilson & Horton Limited	1181195	(765,785)	(1,186,090)

The net tangible assets and net assets figures above have been calculated for each entity as being total assets (including deferred tax assets) less total liabilities, and less intangible assets in the case of net tangible assets. The above balances are the stand alone positions for each New Zealand Guarantor and include investments in subsidiaries and intercompany balances.

Audited Financial statements were not prepared for any of the New Zealand Guarantors as at 31 December 2009 (other than for Wilson & Horton Limited). Instead unaudited details have been provided for those Guarantors as at 30 June 2010 as permitted by the Securities Regulations. The net tangible assets for Wilson & Horton Limited as at 31 December 2009 (the date of the last audited statement of financial position for that company) was NZ\$1,111,950. The Wilson & Horton Limited audited financial statements as at 31 December 2009 are available for inspection at www.business.govt.nz/companies.

APPENDIX B – Guarantor Group Financial Information

Financial information about the APN Group is available on APN's website www.apn.com.au. This financial information is provided on the basis that the Guarantor Group financial position is similar to the APN Group financial position. Financial position has been assessed using two measures: asset support and ability to fund the interest payments required on the Bond.

However you should note that the Guarantor Group companies are the only members of the APN Group that guarantee the Issuer's indebtedness. Under the terms of the Guarantee, the only right of Bondholders against the Guarantor Group companies for payment of indebtedness of the Issuer is the right to claim as an unsecured creditor in the liquidation of the Guarantor Group companies. 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).

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 the date of 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%.

The Directors of the Issuer are of the opinion that the consolidated financial statements for the APN Group for the 12 month period ended 30 June 2010, when read together with the pro forma statement set out below, provide a reasonable basis to assess the financial position of the Guarantor Group in relation to the Bonds.

There are no differences between Australian IFRS and New Zealand IFRS that significantly impact the financial information set out below.

The unaudited pro forma financial statements provided below compare the Guarantor Group with the APN Group for the 12 month period ended 30 June 2010.

PRO FORMA BALANCE SHEET (30 JUNE 2010)

\$'000	APN Group Unaudited	Guarantor Group Unaudited
Current Assets		
Cash	41,633	24,956
Receivables	163,708	119,312
Inventories	8,960	8,886
Tax assets	1,046	0
Other	26,181	9,093
Assets held for sale	12,207	12,207
Total Current Assets	253,735	174,454
Non-Current Assets		
Receivables	5,316	1,130
Other financial assets	26,510	9,257
Investments accounted for using the equity method	40,239	40,239
Investment in Radio JV	0	265,130
Investment in Asia JV	0	23,136
Property, plant & equipment	259,809	229,177
Income producing intangibles	1,617,692	1,216,277
Total Non-Current Assets	1,949,566	1,784,346
Total Assets	2,203,301	1,958,798

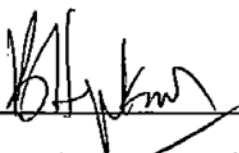
\$'000	APN Group Unaudited	Guarantor Group Unaudited
Current Liabilities		
Creditors & Borrowings	120,996	130,142
Derivative financial instruments	2,030	2,030
Interest bearing liabilities	21,244	21,244
Current tax provisions	10,816	8,211
Provisions	6,043	4,565
Liabilities related to assets held for sale	12,005	12,005
Total Current Liabilities	173,134	178,197
Non-Current Liabilities		
Payables	2,934	2,934
Interest bearing liabilities	717,663	717,663
Deferred tax liabilities	119,342	96,049
Provisions	1,026	538
Total Non-Current Liabilities	840,965	817,184
Total Liabilities	1,014,099	995,381
Net Assets	1,189,202	963,419
SHAREHOLDERS' EQUITY		
Contributed equity	1,032,803	1,032,803
Reserves	(35,882)	(35,882)
Retained Profits	(33,002)	(33,002)
Outside equity interests	225,283	(500)
Total Shareholders Equity	1,189,202	963,419
Total Assets less Goodwill	2,001,686	1,807,832
Variance		9.7%

APN Group ordinarily reports half yearly financial performance information for the 6 month period ended 30 June 2010. The unaudited "last 12 months" figures to 30 June 2010 set out below 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 financial statements were lodged with the ASX and NZX in August 2010 and are available at www.apn.com.au.

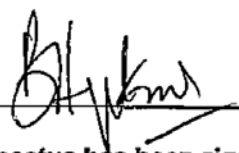
PRO FORMA PROFIT AND LOSS STATEMENT (12 MONTHS TO 30 JUNE 2010)

A\$'000	APN Group Unaudited	Guarantor Group Unaudited
Revenue before finance income	1,033,279	766,004
Other income	10,390	9,686
Expenses before finance costs	(849,429)	(641,773)
Finance income	1,520	1,500
Finance costs	(51,473)	(50,947)
Net finance costs	(49,953)	(49,447)
Share of associates - A	-	22,683
Share of associates - B	2,754	2,754
Profit before income tax expense	147,041	109,907
Income tax expense	(25,880)	(11,431)
Profit from continuing operations	121,161	98,476
Discontinued operations	-	-
Net profit attributable to minority interest	(23,011)	(328)
Net profit attributable to members of the Parent entity	98,150	98,148
EBIT (ex minority interest)	173,983	159,026
Variance in EBIT (ex minority interest)		8.6%

This Prospectus has been signed by each Director of APN Media (NZ) Limited or by their agent authorised in writing:



This Prospectus has been signed for and on behalf of APN News & Media Limited (as a promoter) by its agent authorised in writing:



This Prospectus has been signed by each Director of APN News & Media Limited (as a promoter) or by their agent authorised in writing:

