

ASX Announcement
10 September 2018

Scheme Booklet Registered with ASIC

APN Outdoor Group Limited (ASX: APO or **APN Outdoor**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the scheme booklet (**Scheme Booklet**) in relation to the proposed acquisition of 100% of the issued share capital of APN Outdoor by JCDecaux ANZ Pty Ltd, a subsidiary of JCDecaux SA, by way of a scheme of arrangement (the **Scheme**). This follows the issuance of orders by the Federal Court of Australia (the **Court**) today approving despatch of the Scheme Booklet to APN Outdoor shareholders and the convening of a meeting of APN Outdoor shareholders to consider and vote on the Scheme (**Scheme Meeting**), which was announced by APN Outdoor earlier today.

Further, the Independent Expert appointed by the Board of Directors of APN Outdoor in relation to the Scheme, Lonergan Edwards & Associates Limited, has concluded that the Scheme is fair and reasonable and therefore is in the best interests of APN Outdoor shareholders in the absence of a superior proposal. A copy of the Scheme Booklet, including the Notice convening the Scheme Meeting and the Independent Expert's Report, is attached to this announcement.

A copy of the Scheme Booklet, including the notice convening the Scheme Meeting and the Independent Expert's Report, will be sent to APN Outdoor shareholders by 13 September 2018. APN Outdoor shareholders who have elected to receive communications electronically will be sent the materials electronically and APN Outdoor will send the materials to all other shareholders by post.

The Board of Directors of APN Outdoor continues to unanimously recommend that APN Outdoor shareholders vote in favour of the Scheme at the upcoming Scheme Meeting, in the absence of a superior proposal. Subject to the same qualification, each APN Outdoor Director intends to vote all APN Outdoor shares held or controlled by them in favour of the Scheme.

For more information, please contact:

Investors

Ronn Bechler

Managing Director, Market Eye

P: +61 400 009 774

E: ronn.bechler@marketeye.com.au

Media

Neil Shoebridge

Partner, SKMG

P: +61 417 511 012

E: neil@skmediagroup.com.au

About APN Outdoor

APN Outdoor is a leading outdoor company advertising across Australia and New Zealand, with over 40,000 high-impact connection points in iconic and influential locations.

With a comprehensive, quality platform that reaches 97% of Australians every day, APN Outdoor delivers reach, impact and effectiveness. Our focus on insights, powered by data, provides a deep understanding of audiences, including where to find them and how to connect with them. At the heart of our business are innovative media solutions that amplify, engage and inspire action – ensuring our advertisers achieve smarter impact. It's not outdoor without us.

Scheme booklet

In relation to the proposed acquisition of APN Outdoor Group Limited by JCDecaux ANZ, a Subsidiary of JCDecaux SA, by way of Scheme of Arrangement.



Vote in favour

Your Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders.

The Scheme Meeting is scheduled to be held at 10.00am on 15 October 2018 at PricewaterhouseCoopers, One International Towers, Watermans Quay, Barangaroo, Sydney, NSW.

This Scheme Booklet is important and requires your prompt attention. You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Scheme. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.

If you have any questions in relation to this Scheme Booklet or the Scheme, please contact the APN Outdoor Shareholder Information Line on 1300 971 610 (within Australia) or +61 2 8022 7955 (outside Australia), Monday to Friday between 9:00am to 5:30pm.

This Scheme Booklet has been sent to you because you are shown in APN Outdoor's Register as holding APN Outdoor Shares. If you have recently sold all of your APN Outdoor Shares, please disregard this Scheme Booklet.

Financial Advisers

 Cadence Advisory  Morgan Stanley

Legal Adviser

 Allens <> Linklaters

Important notices

Nature of this Scheme Booklet

This Scheme Booklet provides APN Outdoor Shareholders with information about the proposed acquisition of APN Outdoor by JCDecaux ANZ, a Subsidiary of JCDecaux SA. You should review all of the information in this Scheme Booklet carefully. Section 1.1 sets out the reasons why you should vote in favour of the Scheme and section 1.2 sets out the reasons why you may wish to vote against the Scheme.

If you have sold all of your APN Outdoor Shares, please disregard this Scheme Booklet.

Defined terms

A number of defined terms are used in this Scheme Booklet. These terms are explained in section 9 of this Scheme Booklet.

No investment advice

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position or particular needs. It is important that you read this Scheme Booklet in its entirety before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. If you are in any doubt in relation to these matters, you should consult with a financial, legal, taxation or other professional adviser.

Not an offer

This Scheme Booklet does not constitute or contain an offer to APN Outdoor Shareholders, or a solicitation of an offer from APN Outdoor Shareholders, in any jurisdiction.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside of Australia.

Regulatory information

This document is the explanatory statement for the scheme of arrangement between APN Outdoor and the Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet in Annexure B.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to APN Outdoor Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet will be lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Notice of Scheme Meeting

The Notice of Meeting is set out in Annexure D.

APN Outdoor Shareholder's right to appear at the Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any APN Outdoor Shareholder may appear at the Second Court Hearing, expected to be held at 2.15pm on 18 October 2018 at the Federal Court of Australia – New South Wales Registry, Law Courts Building, Queens Square, 184 Phillip Street, Sydney.

Any APN Outdoor Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on APN Outdoor a notice of appearance in the prescribed form together with any affidavit that the APN Outdoor Shareholder proposes to rely on.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has directed that an explanatory statement accompany the notice of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how members should vote (on this matter members must reach their own decision); or
- has prepared, or is responsible for, the content of the explanatory statement.

Disclaimer as to forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe APN Outdoor's or the JCDecaux Group's objectives, plans, goals or expectations are or may be forward-looking statements.

Any statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of APN Outdoor's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by those forward-looking statements.

The operations and financial performance of APN Outdoor are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of APN Outdoor and/or the JCDecaux Group. APN Outdoor Shareholders should note that the historical financial performance of APN Outdoor is no assurance of future financial performance of APN Outdoor (whether the Scheme

is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which APN Outdoor operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of APN Outdoor following implementation of the Scheme, as well as the actual advantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet.

Although APN Outdoor believes that the views reflected in any forward-looking statements included in the APN Outdoor Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct. Although JCDecaux ANZ believes that the views reflected in any forward-looking statements included in the JCDecaux Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of the APN Outdoor Group, the JCDecaux Group, the APN Outdoor Group's officers, the JCDecaux Group's officers, any persons named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to any member of the APN Outdoor Group or any member of the JCDecaux Group or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, the APN Outdoor Group and the JCDecaux Group do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Effect of rounding

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

Responsibility statement

APN Outdoor has been solely responsible for preparing the APN Outdoor Information. The APN Outdoor Information concerning APN Outdoor and the intentions, views and opinions of APN Outdoor and the APN Outdoor Directors contained in this Scheme Booklet has been prepared by APN Outdoor and the APN Outdoor Directors and is the responsibility of APN Outdoor. The JCDecaux Group and its directors and officers do not assume any responsibility for the accuracy or completeness of any APN Outdoor Information or the Independent Expert's Report (or any information contained therein).

JCDecaux ANZ has been solely responsible for preparing the JCDecaux Information. The JCDecaux Information concerning the JCDecaux Group and the intentions, views and opinions of any JCDecaux Group member contained in this Scheme Booklet have been prepared by JCDecaux ANZ and is the responsibility of JCDecaux ANZ. The APN Outdoor Group and its directors and officers do not assume any responsibility for the accuracy or completeness of any JCDecaux Information.

Grant Thornton has provided and is responsible for the information contained in section 7. Neither APN Outdoor nor the JCDecaux Group assumes any responsibility for the accuracy or completeness of the information contained in section 7. Grant Thornton does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in section 7.

Lonergan Edwards & Associates Limited has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report. The Independent Expert's Report is set out in Annexure A.

Link Market Services Limited has had no involvement in the preparation of any part of this Scheme Booklet other than being named as the APN Outdoor Registry. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

Privacy

APN Outdoor and its agents and representatives may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of APN Outdoor Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist APN Outdoor to conduct the Scheme Meeting and to implement the Scheme. Personal information of the type described above may be disclosed to the APN Outdoor Registry, print and mail service providers, authorised securities brokers, any member of the JCDecaux Group, APN Outdoor and its Related Bodies Corporate, and APN Outdoor's and the JCDecaux Group's advisers and service providers. APN Outdoor Shareholders have certain rights to access personal information that has been collected. APN Outdoor Shareholders should contact the APN Outdoor Registry in the first instance, if they wish to access their personal information. APN Outdoor Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Times and dates

Unless otherwise stated, all times referred to in this Scheme Booklet are times in Sydney, Australia. All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where capable, waiver of the Conditions Precedent to the implementation of the Scheme. The Conditions Precedent are summarised in section 8.10 and set out in full in clause 3.1 of the Scheme Implementation Deed.

Currency and exchange

Unless otherwise stated, all dollar amounts in this Scheme Booklet are in Australian Dollars and all share prices and trading volumes refer to APN Outdoor Shares trading on the ASX.

Date of this Scheme Booklet

This Scheme Booklet is dated 10 September 2018.

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Key dates

Event	Date
Date of this Scheme Booklet	10 September 2018
First Court Date	10 September 2018
Scheme Meeting Proxy Forms Last date and time for receipt of Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representatives for the Scheme Meeting	10.00am (Sydney time) on 13 October 2018
Scheme Meeting record date Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on 13 October 2018
Scheme Meeting To be held at PricewaterhouseCoopers, One International Towers, Watermans Quay, Barangaroo, Sydney, NSW	10.00am (Sydney time) on 15 October 2018
Special Dividend declared¹	
If the Scheme is approved by APN Outdoor Shareholders at the Scheme Meeting	
Second Court Date For approval of the Scheme	18 October 2018
Effective Date The date on which the Scheme becomes Effective and is binding on APN Outdoor Shareholders The Court order will be lodged with ASIC and announced on ASX Last day of trading in APN Outdoor Shares – APN Outdoor suspended from trading on ASX from close of trading	18 October 2018
Special Dividend Record Date All APN Outdoor Shareholders who hold APN Outdoor Shares on the Special Dividend Record Date will be entitled to receive the Special Dividend (if declared)	7.00pm (Sydney time) on 22 October 2018
Scheme Record Date All APN Outdoor Shareholders who hold APN Outdoor Shares on the Scheme Record Date will be entitled to receive the Scheme Consideration	7.00pm (Sydney time) on 25 October 2018
Payment of the Special Dividend (if declared)	29 October 2018
Implementation Date All Scheme Shareholders will be paid the Scheme Consideration to which they are entitled on this date	31 October 2018

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other regulatory authority. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on APN Outdoor's website at <http://investors.apnoutdoorcorporate.com/Investor-Centre/?page=jcdecaux-scheme-of-arrangement>.

All references to time in this Scheme Booklet are references to Sydney, Australia time, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

APN Outdoor Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to download a copy of the Scheme Booklet, and to lodge their proxy vote online. The Scheme Booklet will also be available for viewing and downloading on the APN Outdoor website at <http://investors.apnoutdoorcorporate.com/Investor-Centre/?page=jcdecaux-scheme-of-arrangement>.

1. Subject to the determination of the APN Board.

10 September 2018

Dear APN Outdoor Shareholder,

On behalf of the APN Outdoor Board, I am pleased to provide this Scheme Booklet to you, which contains important information for you to consider about the proposed acquisition of APN Outdoor by JCDecaux ANZ, a Subsidiary of JCDecaux SA, a global outdoor advertising group listed on Euronext in Europe.

On 26 June 2018, APN Outdoor announced to the ASX that it had entered into the Scheme Implementation Deed with JCDecaux SA under which it is proposed that JCDecaux ANZ will acquire 100% of the issued share capital of APN Outdoor for a total cash consideration of \$6.70 per share by way of Scheme of Arrangement. The Scheme is subject to several conditions, including shareholder, court and regulatory approvals, together with other customary conditions.

If the Scheme is approved and implemented, APN Outdoor Shareholders who are registered as such on both the Special Dividend Record Date and the Scheme Record Date will receive a Total Cash Consideration of \$6.70 per APN Outdoor Share that they hold, comprising of the Scheme Consideration and the Special Dividend (if declared).

The APN Outdoor Board intends to declare a fully franked Special Dividend of \$0.30 per APN Outdoor Share which, subject to the Scheme becoming Effective, will be paid on the Special Dividend Payment Date. If the Special Dividend is paid to APN Outdoor Shareholders, it will form part of the Total Cash Consideration to be received by APN Outdoor Shareholders.

Depending on the tax status of each APN Outdoor Shareholder, and on the proviso that a favourable class ruling is obtained from the ATO, each APN Outdoor Shareholder will also receive \$0.13 per APN Outdoor Share in franking credits associated with the Special Dividend of \$0.30.

The Total Cash Consideration of \$6.70 per APN Outdoor Share represents the following transaction metrics:

- > 18% premium to the 'undisturbed' closing price on 19 June 2018² of \$5.68 per share;
- > 26% premium to the 3-month VWAP to 19 June 2018² of \$5.32; and
- > 34% premium to the 6-month VWAP to 19 June 2018² of \$5.01.

Furthermore, the 'undisturbed' APN Outdoor closing price of \$5.68 on 19 June 2018², was close to the 52-week high of \$5.76 per share (7 June 2018).

The Total Cash Consideration values APN Outdoor's equity at \$1,119 million³, and implies an EV of \$1,217 million⁴ for APN Outdoor, implying an EV/FY18E multiple of 12.9x⁵.

In addition to the Scheme Consideration, each APN Outdoor Shareholder will be entitled to receive APN Outdoor's fully franked Interim Dividend of \$0.07 per APN Outdoor Share that they held on the Interim Dividend Record Date. The Interim Dividend is independent of the Scheme and will not reduce the Scheme Consideration that is payable pursuant to the Scheme.

APN Outdoor Directors' recommendation

The APN Outdoor Board unanimously recommends that APN Outdoor Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders. Furthermore, each APN Outdoor Director intends to vote all the APN Outdoor Shares held or controlled by them in favour of the Scheme, subject to those same qualifications.

The APN Outdoor Directors have concluded that the Scheme is compelling for APN Outdoor Shareholders for the following reasons:

- > the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of APN Outdoor Shareholders in the absence of a Superior Proposal;

2. 19 June 2018, being the day prior to media speculation regarding JCDecaux SA's takeover interest in APN Outdoor.

3. Calculated based on 167,005,841 ordinary shares outstanding (excluding 861,163 APN Outdoor Performance Rights and 650,163 APN Outdoor Options).

4. Based on reported net debt of \$98.2 million as at 30 June 2018.

5. Based on forecast underlying FY2018 EBITDA of \$94 million (mid-point of guidance issued to the market by APN Outdoor on 28 May 2018).

- > all cash consideration delivers certainty and immediate value for your APN Outdoor Shares;
- > the Total Cash Consideration represents an attractive premium over APN Outdoor's recent share price performance;
- > the Total Cash Consideration represents an attractive premium to multiples paid in recent outdoor media transactions in Australia and New Zealand; and
- > APN Outdoor Shareholders who can take advantage of the franking credits attached to the Special Dividend will receive an additional benefit from the value of those franking credits.

Independent Expert

The APN Outdoor Board appointed Lonergan Edwards & Associates Limited as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interest of APN Outdoor Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the fully diluted value of APN Outdoor Shares at between \$6.33 and \$6.88. The Total Cash Consideration of \$6.70 per APN Outdoor Share exceeds the midpoint of the Independent Expert's assessed valuation range on a 100% controlling interest basis.

A complete copy of the Independent Expert's Report is included in Annexure A.

How to vote

For the Scheme to be approved by APN Outdoor Shareholders, votes in favour of the Scheme must be received from a majority in number (more than 50%) of APN Outdoor Shareholders present and voting (either in person or by proxy or representative) at the Scheme Meeting (unless the Court orders otherwise) and at least 75% of the total number of votes cast on the Scheme Resolution by APN Outdoor Shareholders (either in person or by proxy or representative).

Your vote is important and we encourage you to vote by completing the Proxy Form accompanying this Scheme Booklet, or alternatively by attending the Scheme Meeting to be held at 10.00am (Sydney time) at PricewaterhouseCoopers, One International Towers, Watermans Quay, Barangaroo, Sydney, NSW, on 15 October 2018.

Further information

The Scheme Booklet sets out important information relating to the Scheme, the reasons why the APN Outdoor Board has recommended that APN Outdoor Shareholders vote in favour of the Scheme, together with the Independent Expert's Report. The Scheme Booklet also sets out some of the reasons why APN Outdoor Shareholders may wish to vote against the Scheme.

Please read this document carefully and in its entirety. It will assist you in making an informed decision on how to vote. APN Outdoor Shareholders should also seek independent financial, legal and taxation advice before making any decision in relation to their APN Outdoor Shares.

If you have any questions in relation to this Scheme Booklet or the Scheme you should contact the APN Outdoor Shareholder Information Line on 1300 971 610 (within Australia) or +61 2 8022 7955 (outside of Australia) between 9.00am and 5.30pm (AEST) on Business Days.

On behalf of the APN Outdoor Board, I would like to take this opportunity to thank you for your ongoing support of APN Outdoor and I look forward to your participation at the Scheme Meeting.

Yours sincerely,



Doug Flynn

Chairman

APN Outdoor Group Limited

Section

one



**Key considerations
relevant to your vote**

1 Key considerations relevant to your vote

1.1 Why you should vote in favour of the Scheme

The Scheme has a number of advantages and disadvantages which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.1 provides a summary of some of the reasons why the APN Outdoor Board unanimously recommends Shareholders vote in favour of the Scheme. This section should be read in conjunction with section 1.2, which sets out some of the reasons why Shareholders may wish to vote against the Scheme.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

While the APN Outdoor Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

Your Directors have formed the view that the Scheme is in the best interests of APN Outdoor Shareholders for the following reasons:

a. The APN Outdoor Directors have assessed the merits of the Scheme and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders

In reaching their recommendation, the APN Outdoor Board has considered the advantages and disadvantages of the Scheme, including the information contained in:

- > section 1.1 (Why you should vote in favour of the Scheme);
- > section 1.2 (Why you may wish to vote against the Scheme);
- > section 6 (Risks) and section 7 (Taxation Implications); and
- > Annexure A (Independent Expert's Report).

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders, each of the APN Outdoor Directors intends to vote all APN Outdoor Shares that he or she holds or controls in favour of the Scheme.

Further details of the interests of the APN Outdoor Directors are contained in section 8.1.

b. The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of APN Outdoor Shareholders in the absence of a Superior Proposal

The APN Outdoor Directors appointed Lonergan Edwards & Associates Limited as the Independent Expert to assess the merits of the Scheme and to provide an opinion as to whether the Scheme is in the best interests of APN Outdoor Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of APN Outdoor Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the fully diluted value of APN Outdoor Shares to be in the range of \$6.33 and \$6.88. The Total Cash Consideration of \$6.70 exceeds the midpoint of the Independent Expert's assessed valuation range on a 100% controlling interest basis.

The Independent Expert assessed the value of APN Outdoor Shares on an ex-dividend basis (i.e. post the payment of the Interim Dividend). The Interim Dividend is independent of the Scheme and APN Outdoor Shareholders will be entitled to receive a fully franked Interim Dividend of \$0.07 for each APN Outdoor Share they held on the Interim Dividend Record Date.

A complete copy of the Independent Expert's Report is included in Annexure A. The APN Outdoor Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.

1 Key considerations relevant to your vote

c. All cash consideration delivers certainty and immediate value for your APN Outdoor Shares

The offer from JCDecaux ANZ is a 100% cash offer. This offers a high degree of certainty of value and timing. If the Scheme is implemented, APN Outdoor Shareholders will receive the Scheme Consideration in cash for each APN Outdoor Share that they own at the Scheme Record Date, to be paid on the Implementation Date. If the Special Dividend is declared, APN Outdoor Shareholders will receive the Special Dividend in cash for each APN Outdoor Share that they own at the Special Dividend Record Date, to be paid on the Special Dividend Payment Date.

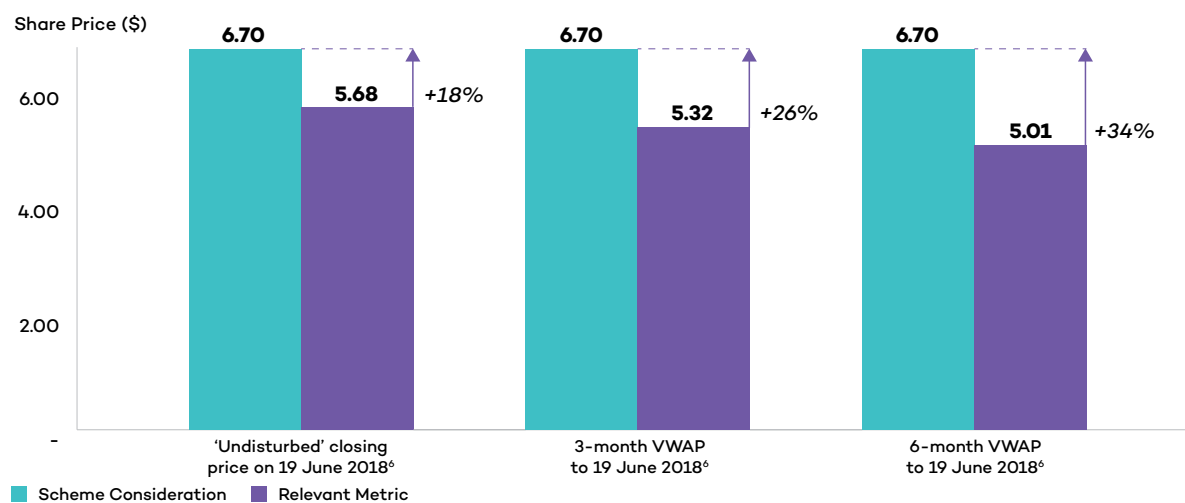
In contrast, if the Scheme does not proceed, the amount which APN Outdoor Shareholders will be able to realise for their investment in APN Outdoor Shares will be uncertain. The Scheme removes this uncertainty for APN Outdoor Shareholders. For details of the risks relating to remaining an APN Outdoor Shareholder, see section 6.

d. The Total Cash Consideration represents an attractive premium over the last close, 3-month VWAP and 6-month VWAP of APN Outdoor Shares to 19 June 2018⁶

If the Scheme is approved and implemented, APN Outdoor Shareholders who are registered as such on both the Scheme Record Date and Special Dividend Record Date will receive the Total Cash Consideration of \$6.70 for each APN Outdoor Share that they own.

The Total Cash Consideration represents an attractive premium of:

- > 18% premium to the 'undisturbed' closing price on 19 June 2018⁶ of \$5.68;
- > 26% premium to the 3-month VWAP to 19 June 2018⁶ of \$5.32; and
- > 34% premium to the 6-month VWAP to 19 June 2018⁶ of \$5.01.



Furthermore, the 'undisturbed' APN Outdoor closing price of \$5.68 on 19 June 2018⁶ was close to the 52-week high of \$5.76 per share (7 June 2018).

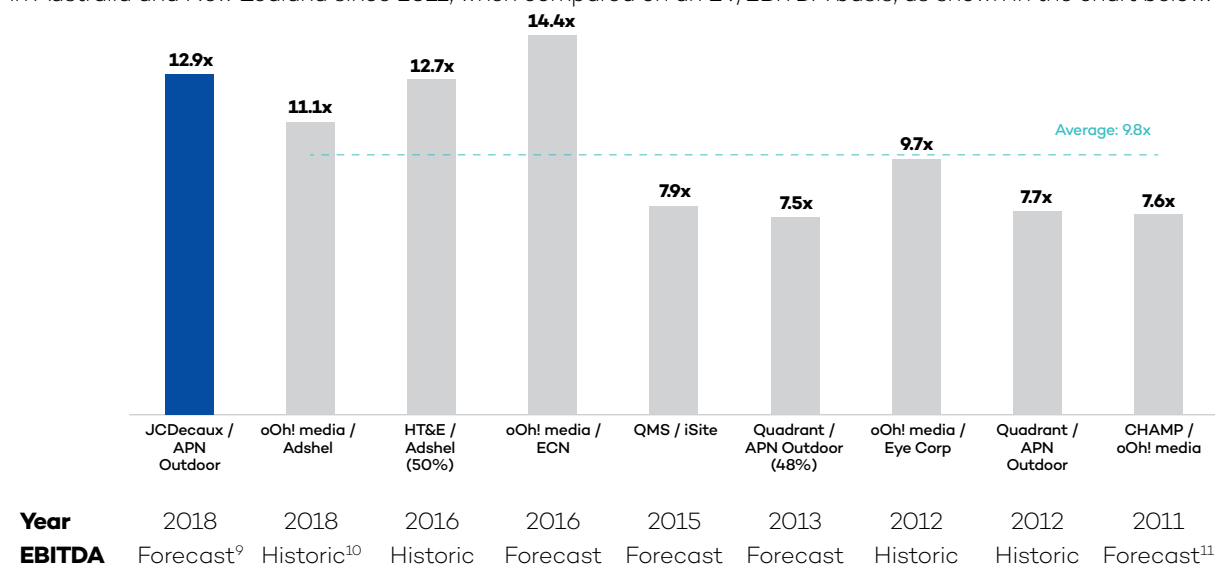
In addition to the Total Cash Consideration, each APN Outdoor Shareholder will be entitled to receive the fully franked Interim Dividend of \$0.07 per APN Outdoor Share that they held on the Interim Dividend Record Date. The Interim Dividend is independent of the Scheme.

6. 19 June 2018, being the day prior to press speculation regarding JCDecaux SA's takeover interest in APN Outdoor.

e. The Total Cash Consideration represents an attractive premium with reference to multiples paid in precedent outdoor media transactions in Australia and New Zealand

The Total Cash Consideration implies an EV/FY18E multiple of 12.9x⁷.

These transaction metrics represent a significant premium to selected precedent outdoor media transactions in Australia and New Zealand since 2011, when compared on an EV/EBITDA basis, as shown in the chart below:⁸



f. Those APN Outdoor Shareholders who can take advantage of the franking credits attached to the Special Dividend (provided a favourable class ruling is obtained from the ATO) will receive additional benefit from the value of those franking credits to them

The APN Outdoor Board intends to declare a fully franked Special Dividend of \$0.30 per APN Outdoor Share which, subject to the Scheme becoming Effective, will be paid on the Special Dividend Payment Date. It remains at the discretion of the APN Outdoor Board whether the Special Dividend is ultimately declared and paid. If the Scheme becomes Effective, APN Outdoor Shareholders may be entitled to receive the fully franked Special Dividend, subject to remaining an APN Outdoor Shareholder on the Special Dividend Record Date. If the Special Dividend is paid, it will form part of the Total Cash Consideration to be received by APN Outdoor Shareholders.

Depending on the tax status of each APN Outdoor Shareholder and on the proviso that a favourable class ruling is obtained from the ATO, each APN Outdoor Shareholder will also receive \$0.13 per APN Outdoor Share in franking credits associated with the Special Dividend. Section 7 sets out a general summary regarding taxation implications of the Scheme for APN Outdoor Shareholders. You should consult your own taxation advisor to determine the tax consequences relevant to your circumstances.

In addition, each APN Outdoor Shareholder will be entitled to receive the fully franked Interim Dividend of \$0.07 per share, if they were an APN Outdoor Shareholder on the Interim Dividend Record Date. The Interim Dividend is independent of the Scheme and will not reduce the Total Cash Consideration that is payable pursuant to the Scheme.

7. Based on forecast underlying FY18 EBITDA of \$94.0 million (mid-point of guidance issued to the market on 28 May 2018).
 8. Transactions included in this figure have been selected by APN Outdoor as what it considered to be the most relevant Australian and New Zealand outdoor media transactions since 2011. The figure does not include all transactions that have been announced and completed in the outdoor media sector, and as such should not be considered to be an exhaustive list of all relevant transactions.
 9. Multiple for JCDecaux SA/APN Outdoor of 12.9x shown on a next twelve months basis, calculated using the forecast underlying FY18 EBITDA of \$94.0 million (mid-point of guidance issued to the market on 28 May 2018).
 10. Multiple for oOh! media/Adshel of 11.6x based on forecast EBITDA announced to market on 25 June 2018.
 11. Multiple based on midpoint of maintainable earnings as assessed by the independent expert for the transaction.

1 Key considerations relevant to your vote

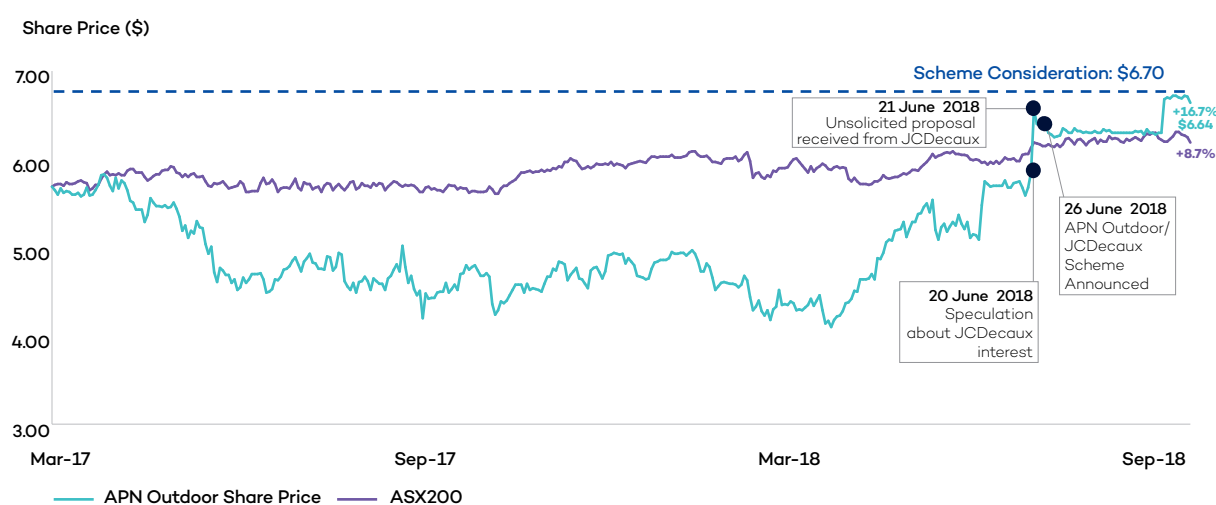
g. Since the announcement of the Scheme, no Superior Proposal has emerged

Since the initial announcement of the Scheme on 26 June 2018 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the APN Outdoor Directors are not aware of any Superior Proposal that is likely to emerge.

h. APN Outdoor's Share Price may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal

The closing APN Outdoor Share price on 19 June 2018 was \$5.68, being the last trading day prior to press speculation regarding JCDecaux SA's interest in acquiring APN Outdoor. Since then, it has increased by 16.9% to \$6.64 per APN Outdoor Share on 5 September 2018 (being the last practicable trading day prior to the date of the Scheme Booklet).

The chart below shows APN Outdoor's share price performance over the last 18 months to 5 September 2018.



If the Scheme is not implemented, the APN Outdoor Directors believe that the price of the APN Outdoor Shares may fall from current levels to below the price levels at which it has traded since 19 June 2018.

i. No brokerage or stamp duty will be payable by you for the transfer of your APN Outdoor Shares under the Scheme

You will not incur any brokerage or stamp duty on the transfer of your APN Outdoor Shares to JCDecaux ANZ under the Scheme. It is possible that such charges may be incurred if you transfer your APN Outdoor Shares other than under the Scheme.

1.2 Why you may wish to vote against the Scheme

Although the Scheme is recommended unanimously by your Directors and the Independent Expert has concluded that the Scheme is in the best interests of APN Outdoor Shareholders in the absence of a Superior Proposal, factors which may lead you to consider voting against the Scheme include the following:

a. You may disagree with your Directors' unanimous recommendation and the Independent Expert's conclusion and consider that the Scheme is not in your best interests

Despite the view of your Directors and the Independent Expert, you may believe that the Scheme is not in the best interests of APN Outdoor Shareholders or not in your individual interest.

b. You may prefer to realise the potential value of APN Outdoor over the long term, and may consider that the Scheme does not capture APN Outdoor's long term potential

If the Scheme is approved and implemented, you will cease to be an APN Outdoor Shareholder. As such, you will no longer be able to participate in the financial performance of APN Outdoor in the future, or the future prospects of APN Outdoor's ongoing business, including any benefits that may result from being an APN Outdoor Shareholder. However, there is no guarantee as to APN Outdoor's future performance, as with all investments in listed securities.

c. You may believe that it is in your interests to maintain your current investment and risk profile

You may wish to maintain your investment in APN Outdoor in order to have an investment in a publicly listed company with the specific characteristics of APN Outdoor in terms of industry, operations, profile, size, capital structure and potential dividend stream.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. APN Outdoor Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of APN Outdoor and they may incur transaction costs in undertaking any new investment.

d. The tax consequences of the Scheme may not suit your current financial position

Implementation of the Scheme may trigger taxation consequences for APN Outdoor Shareholders, such as the realization of a capital gain or a capital loss. A general guide to the taxation implications of the Scheme is set out in section 7. This guide is expressed in general terms only and APN Outdoor Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

e. You may consider that there is potential for a Superior Proposal to be made in the foreseeable future

It is possible that, if APN Outdoor were to continue as an independent listed entity, a corporate control proposal for APN Outdoor could materialise in the future, such as a takeover bid with a higher price. Implementation of the Scheme will mean that APN Outdoor Shareholders will not receive the benefit of any such proposal.

Since the announcement of the indicative, non-binding proposal from JCDecaux SA by APN Outdoor on 21 June 2018 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the APN Outdoor Directors are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed prohibits APN Outdoor from soliciting a Competing Proposal. However, APN Outdoor is permitted to respond to any Competing Proposal should the APN Outdoor Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties (and after having obtained written advice from APN Outdoor's external legal and financial advisers). Further details of the key terms of the Scheme Implementation Deed (including a summary of APN Outdoor's obligations in relation to responding to a Competing Proposal) are provided in section 8.10.

1.3 Other considerations relevant to your vote on the Scheme

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme.

a. The Scheme may proceed even if you vote against it

The Scheme will be implemented if the Scheme Resolution is passed by the requisite majorities and is approved by the Court, irrespective of whether you do not vote or you vote against the Scheme Resolution at the Scheme Meeting.

If this occurs, any APN Outdoor Shares you hold on the Scheme Record Date will be transferred to JCDecaux ANZ and you will receive the Scheme Consideration of \$6.70 per APN Outdoor Share (less the amount of any Special Dividend paid to APN Outdoor Shareholders who are registered as such on the Special Dividend Record Date).

b. If the Scheme does not proceed, APN Outdoor Shareholders will not receive the Scheme Consideration or the Special Dividend (if declared)

If the Scheme is not approved or all outstanding Conditions Precedent are not satisfied or waived, the Scheme will not proceed. In that case, APN Outdoor Shareholders will not receive the Scheme Consideration or the Special Dividend (if declared), APN Outdoor will continue to operate as it does currently and APN Outdoor Shares will remain listed on the ASX.

If the Scheme is not implemented, the advantages of the Scheme described in section 1.1 (Why you should vote in favour of the scheme) will not be realised.

Section

two



Frequently asked questions

2 Frequently asked questions

Question	Answer	More Information
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are an APN Outdoor Shareholder and APN Outdoor Shareholders are being asked to vote on a Scheme, which, if approved, will result in JCDecaux ANZ, a Subsidiary of JCDecaux SA, acquiring all of the APN Outdoor Shares.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution which needs to be passed at the Scheme Meeting to allow the Scheme to proceed.</p>	N/A
What is the Scheme?	<p>The Scheme is a scheme of arrangement, which is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>The Scheme is between APN Outdoor and the Scheme Shareholders and will effect the acquisition of APN Outdoor by JCDecaux ANZ.</p> <p>If the Scheme is approved and implemented, APN Outdoor Shareholders will receive the Total Cash Consideration of \$6.70 per Share comprising:</p> <ul style="list-style-type: none"> > the Scheme Consideration for each APN Outdoor Share that they hold on the Scheme Record Date; and > a fully franked Special Dividend of \$0.30 per share (if declared) payable to APN Outdoor Shareholders who are registered on the Register on the Special Dividend Record Date. 	Section 3 contains an overview of the Scheme and a copy of the Scheme is contained in Annexure B.
What do the APN Outdoor Directors recommend and how do they intend to vote?	<p>Your Directors unanimously recommend that APN Outdoor Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders.</p> <p>Each APN Outdoor Director who holds APN Outdoor Shares intends to vote all APN Outdoor Shares held or controlled by them in favour of the Scheme subject to the same qualifications.</p>	<p>Section 1.1 provides a summary of the reasons why the APN Outdoor Directors consider that APN Outdoor Shareholders should vote in favour of the Scheme.</p> <p>Section 1.2 provides a summary of some of the reasons why APN Outdoor Shareholders may wish to vote against the Scheme.</p>
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of APN Outdoor Shareholders, in the absence of a Superior Proposal.	A copy of the Independent Expert's Report is contained in Annexure A.

2 Frequently asked questions

Question	Answer	More Information
<p>Who are JCDecaux SA and JCDecaux ANZ?</p>	<p>JCDecaux SA is a French company listed on the Eurolist of Euronext Paris stock exchange. It is the holding company of the JCDecaux Group. The JCDecaux Group is a global Out-of-Home advertising group, with more than one million advertising panels in more than 80 countries (including in Europe, North America and Asia) and in more than 4,033 cities around the world. The JCDecaux Group has more than 13,000 employees across its global organisation.</p> <p>JCDecaux ANZ is a newly incorporated Australian proprietary company established for the purpose of acquiring all of the APN Outdoor Shares if the Scheme is implemented. JCDecaux ANZ was incorporated on 31 July 2018 and is a wholly-owned indirect subsidiary of JCDecaux SA.</p>	<p>Section 5 contains further details about JCDecaux ANZ and the JCDecaux Group.</p>
<p>Are there any conditions to be satisfied?</p>	<p>There are certain conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding conditions include:</p> <ul style="list-style-type: none"> > FIRB approval; > NZ OIO approval; > approval from eligible APN Outdoor Shareholders; > Court approval; > no legal or regulatory restraints on or orders preventing the implementation of the Scheme; > no APN Outdoor Regulated Event occurring between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date; > no APN Outdoor Material Adverse Change occurring between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date; and > no APN Outdoor Prescribed Occurrence occurring between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date. <p>As at the date of this Scheme Booklet, the Directors are not aware of any reason why these conditions should not be satisfied or waived (where capable of waiver).</p>	<p>Section 8.10 contains further information on the conditions to the Scheme.</p> <p>Section 8.11 contains further information on the status of the regulatory conditions to the Scheme.</p>
<p>Can I sell my APN Outdoor Shares now?</p>	<p>You can sell your APN Outdoor Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>APN Outdoor intends to apply to ASX for APN Outdoor Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be 18 October 2018). You will not be able to sell your APN Outdoor Shares on market after this time.</p>	<p>N/A</p>
<p>What vote is required to approve the Scheme?</p>	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> > a majority in number (more than 50%) of APN Outdoor Shareholders who vote on the Scheme Resolution (either in person or by proxy or representative); and > at least 75% of the votes cast by APN Outdoor Shareholders on the Scheme Resolution (either in person or by proxy or representative). <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	<p>Section 3.3(a) and the Notice of Meeting contained in Annexure D set out further details on the Scheme approval requirements.</p>

Question	Answer	More Information
Am I entitled to vote?	Each APN Outdoor Shareholder who is registered on the Register at 7.00pm on 13 October 2018 is entitled to vote at the Scheme Meeting.	The Notice of Meeting contained in Annexure D sets out further details on your entitlement to vote.
How do I vote?	You can vote by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf or by attending the Scheme Meeting in person.	The Notice of Meeting contained in Annexure D sets out further details on how to vote at the Scheme Meeting.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held on 15 October 2018 at PricewaterhouseCoopers, One International Towers, Watermans Quay, Barangaroo, Sydney, NSW, commencing at 10.00am (Sydney time).	The Notice of Meeting contained in Annexure D sets out further details on the Scheme Meeting.
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.	N/A
What happens to my APN Outdoor Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	<p>If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any APN Outdoor Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 25 October 2018) will be transferred to JCDecaux ANZ and you will receive the Total Cash Consideration of \$6.70 per Share comprising:</p> <ul style="list-style-type: none"> > the Scheme Consideration for each APN Outdoor Share that you hold on the Scheme Record Date; and > a fully franked Special Dividend of \$0.30 per share (if declared) payable to APN Outdoor Shareholders if you are registered on the Register on the Special Dividend Record Date, <p>notwithstanding that you may not have voted or voted against the Scheme.</p>	N/A
Can I oppose the Scheme at the Second Court Hearing?	You have the right as an APN Outdoor Shareholder to appear and make submissions at the Second Court Hearing which is scheduled to be held at 2.15pm on 18 October 2018 at the Federal Court of Australia – New South Wales Registry, Law Courts Building, Queens Square, 184 Phillip Street, Sydney.	Important notices
When will I be paid?	<p>Payment of the Scheme Consideration (less any Special Dividend) will occur in accordance with the Scheme on the Implementation Date. The Implementation Date is expected to occur on 31 October 2018.</p> <p>Payment of the Special Dividend will occur in accordance with the Scheme on the Special Dividend Payment Date. The Special Dividend Payment Date is expected to occur on 29 October 2018.</p>	Section 3.2 sets out further details on the Scheme Consideration.
How will I be paid?	<p>All payments will be made by direct deposit into your nominated bank account, as advised to the APN Outdoor Registry as at the Scheme Record Date.</p> <p>If you have not nominated a bank account, payment will be made by Australian dollar cheque, sent by post to your registered address as shown on the Register.</p>	Section 3.2 sets out further details on the Scheme Consideration.

2 Frequently asked questions

Question	Answer	More Information
<p>What are the taxation implications of the Scheme?</p>	<p>The taxation implications of the Scheme will depend on your personal circumstances.</p> <p>A general outline of the main Australian taxation implications of the Scheme for certain APN Outdoor Shareholders is set out in section 7 of this Scheme Booklet.</p> <p>As this outline is general in nature, you should consult with your own taxation advisers for detailed tax advice regarding the Australian and, if applicable, foreign taxation implications for participating in the Scheme in light of the particular circumstances which apply to you before making a decision as to how to vote on the Scheme.</p>	<p>Section 7 sets out further details on the tax implications of the Scheme.</p>
<p>Do I have to give any warranties in relation to my Scheme Shares?</p>	<p>Yes. Each Scheme Shareholder will be deemed to have warranted to APN Outdoor and JCDecaux ANZ that all of their APN Outdoor Shares will, at the date of transfer under the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their APN Outdoor Shares to JCDecaux ANZ (together with all rights and entitlements attaching to such shares).</p>	<p>Section 8.9 sets out further details on the warranties given by Scheme Shareholders.</p>
<p>What happens if the Scheme does not proceed?</p>	<p>If the Scheme is not approved at the Scheme Meeting, or another condition to the Scheme is not satisfied or waived (where capable of waiver), the Scheme will not be implemented.</p> <p>If the Scheme is not implemented, Scheme Shareholders will not receive the Scheme Consideration or the Special Dividend but will retain their APN Outdoor Shares. In these circumstances, APN Outdoor will, in the absence of another proposal, continue to operate as a stand-alone company listed on ASX and you will continue to hold your Shares and continue to be exposed to risks and opportunities associated with your investment in APN Outdoor.</p>	<p>Section 6 sets out further details of the risks relating to remaining an APN Outdoor Shareholder.</p>
<p>Where can I get further information?</p>	<p>For further information, you can call the Shareholder Information Line on 1300 971 610 (within Australia) or +61 2 8022 7955 (outside Australia).</p>	<p>N/A</p>

Section

three



Overview of the Scheme

3 Overview of the Scheme

3.1 Scheme

On 26 June 2018, APN Outdoor announced that it had entered into the Scheme Implementation Deed with JCDecaux SA, under which it is proposed that JCDecaux ANZ, a Subsidiary of JCDecaux SA, will acquire all of the APN Outdoor Shares on issue by way of the Scheme.

If the Scheme is approved by APN Outdoor Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and conditions for the Scheme are satisfied or waived (where capable of waiver), APN Outdoor will become a wholly-owned subsidiary of JCDecaux ANZ and will be delisted from the ASX.

If the Scheme is not approved, the Scheme will not proceed and APN Outdoor will continue as a stand-alone entity listed on the ASX.

This Scheme Booklet contains information that the APN Outdoor Board considers is material to APN Outdoor Shareholders in making a decision whether or not to vote in favour of the Scheme. You should carefully read this Scheme Booklet as part of your consideration of the Scheme.

3.2 Scheme Consideration

If the Scheme is approved and implemented, Scheme Shareholders will receive a total cash payment of \$6.70 per APN Outdoor Share (less the amount of any Special Dividend), in return for the transfer of their APN Outdoor Shares to JCDecaux ANZ.

The APN Outdoor Board intends to declare a fully franked Special Dividend of \$0.30 per APN Outdoor Share which, subject to the Scheme becoming Effective, will be paid on the Special Dividend Payment Date. If the Special Dividend is paid by APN Outdoor to APN Outdoor Shareholders who are registered as such on the Special Dividend Record Date, it will form part of the Total Cash Consideration to be received by APN Outdoor Shareholders.

Payments will be made by direct deposit into your nominated bank account, as advised to the APN Outdoor Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque.

If the Scheme Shareholder does not have a registered address, or APN Outdoor considers the Scheme Shareholder is not known at its registered address and no bank account has been nominated, payments due to the Scheme Shareholder will be held by APN Outdoor until claimed or applied under the relevant laws dealing with unclaimed money.

Payment of the Special Dividend will be made on the Special Dividend Payment Date, currently expected to be 29 October 2018. Payment of the Scheme Consideration will be made on the Implementation Date, currently expected to be 31 October 2018.

3.3 Key steps in the Scheme

a. Scheme approval requirements

The Scheme will become Effective and be implemented only if it is:

- > approved by the requisite majorities of APN Outdoor Shareholders at the Scheme Meeting to be held on 15 October 2018; and
- > approved by the Court at the Second Court Hearing.

Approval by APN Outdoor Shareholders requires the Scheme Resolution to be approved by:

- > a majority in number (more than 50%) of APN Outdoor Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy or representative); and
- > at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by APN Outdoor Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy or representative).

The Court has the power to waive the first requirement.

In the event that:

- > the Scheme is agreed by the requisite majorities of APN Outdoor Shareholders at the Scheme Meeting; and
- > all other conditions (except Court approval of the Scheme) have been satisfied or waived (where capable of waiver),

then APN Outdoor will apply to the Court for orders approving the Scheme.

Each APN Outdoor Shareholder has the right to appear at the Second Court Hearing.

b. Effective Date

If the Court approves the Scheme and all other conditions have been satisfied or waived, where capable of waiver, the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. APN Outdoor will, on the Scheme becoming Effective, give notice of that event on ASX.

APN Outdoor intends to apply to ASX for APN Outdoor Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

c. Special Dividend Record Date

APN Outdoor Shareholders will be entitled to receive the Special Dividend (if declared) in respect of the APN Outdoor Shares they hold as at 7.00pm (Sydney time) on the Special Dividend Record Date. The Special Dividend will only be paid if the Scheme becomes Effective.

d. Scheme Record Date

The Scheme Shareholders will be entitled to receive the Scheme Consideration in respect of the APN Outdoor Shares they hold as at the Scheme Record Date (being the fifth Business Day after the Effective Date).

e. Dealings on or prior to the Scheme Record Date

For the purpose of determining which APN Outdoor Shareholders are eligible to participate in the Scheme, dealings in APN Outdoor Shares will be recognised only if:

- > in the case of dealings of the type to be effected using CHESS (Clearing House Electronic Subregister System), the transferee is registered on the Register as the holder of the relevant APN Outdoor Shares as at 7.00pm (Sydney time) on the Scheme Record Date (currently expected to be 25 October 2018); and
- > in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the APN Outdoor Registry on or before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, APN Outdoor will not accept for registration or recognise any transfer or transmission applications in respect of APN Outdoor Shares received after the Scheme Record Date.

f. Dealings after the Scheme Record Date

For the purposes of determining entitlements to the Scheme Consideration, APN Outdoor must maintain the Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- > all statements of holding for Scheme Shares will cease to have effect as documents relating to title in respect of such Scheme Shares; and
- > each entry on the Register relating to the Scheme Shares will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of such Scheme Shares.

3 Overview of the Scheme

g. Implementation Date

The Implementation Date is, subject to certain conditions set out in the Scheme, the fourth Business Day after the Scheme Record Date. The Implementation Date is currently expected to be 31 October 2018.

Prior to implementation of the Scheme, and by the Business Day prior to the Implementation Date, JCDecaux ANZ must pay or procure the payment into a trust account nominated by APN Outdoor the aggregate of the Scheme Consideration payable to Scheme Shareholders.

On the Implementation Date, which is currently expected to be 31 October 2018:

- > APN Outdoor will pay the Scheme Consideration received from JCDecaux ANZ to Scheme Shareholders; and
- > the Scheme Shares will be transferred to JCDecaux ANZ without Scheme Shareholders needing to take any further action.

Section

four



Information about APN Outdoor

4 Information about APN Outdoor

4.1 Overview

APN Outdoor is a leading Out-of-Home media and advertising provider with operations across Australia and New Zealand.

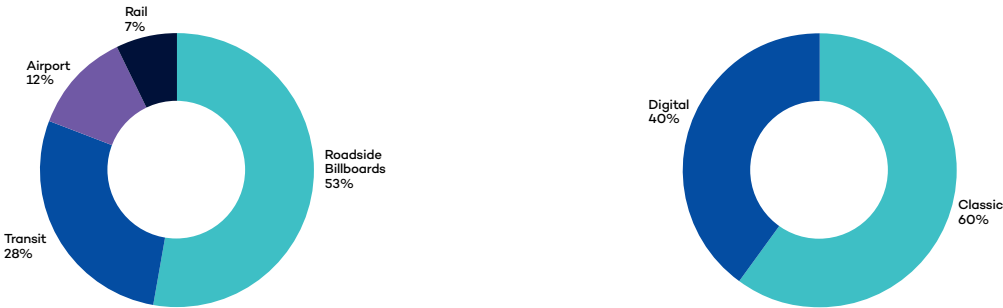
APN Outdoor is listed on the ASX (ASX:APO). As at 5 September 2018, being the last practicable date before the date of this Scheme Booklet, APN Outdoor had a market capitalisation of approximately A\$1,109 million (based on a closing price of \$6.64 per APN Outdoor Share).

APN Outdoor was formed in 2004 through the combination of three major outdoor operators owned by APN News & Media – Cody, Australian Posters and Buspak. APN Outdoor New Zealand was launched in the following year.

In 2012, Quadrant Private Equity and APN News & Media formed an outdoor advertising joint venture operating in Australia and New Zealand. The joint venture retained the name APN Outdoor, and included all of APN News & Media’s wholly-owned outdoor advertising businesses as well as APN News & Media’s 50% interest in Rainbow Premium Outdoor in Indonesia. In early 2014, Quadrant Private Equity and management acquired the remaining interest in APN Outdoor from APN News & Media. In November 2014, APN Outdoor was listed on the ASX.

APN Outdoor derives its income from the sale of advertising space primarily to advertising agencies across its inventory of approximately 500 digital screens and 42,000 classic panels. APN Outdoor operates primarily in four outdoor categories: Roadside Billboards, Transit, Airports and Rail, with an asset base comprised of both digital and classic formats. Over the last four years, APN Outdoor has diversified its business to include a larger proportion of revenue from digital operations.

The following figures outline the split of revenues for the last twelve months to 30 June 2018 by format and asset type.


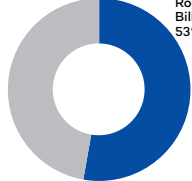

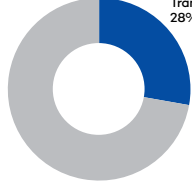

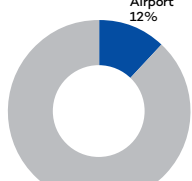

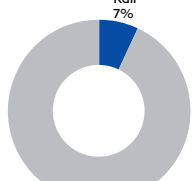


4.2 Overview of assets and operations

APN Outdoor’s diversified asset base spans Australia and New Zealand, and is comprised of both digital screens and classic panels across its four formats.

a. Asset formats

APN Outdoor currently offers four outdoor asset formats: Roadside Billboards, Transit, Airports and Rail. Descriptions of these formats and relative financial contribution of each for the last twelve months to 30 June 2018 are outlined below.

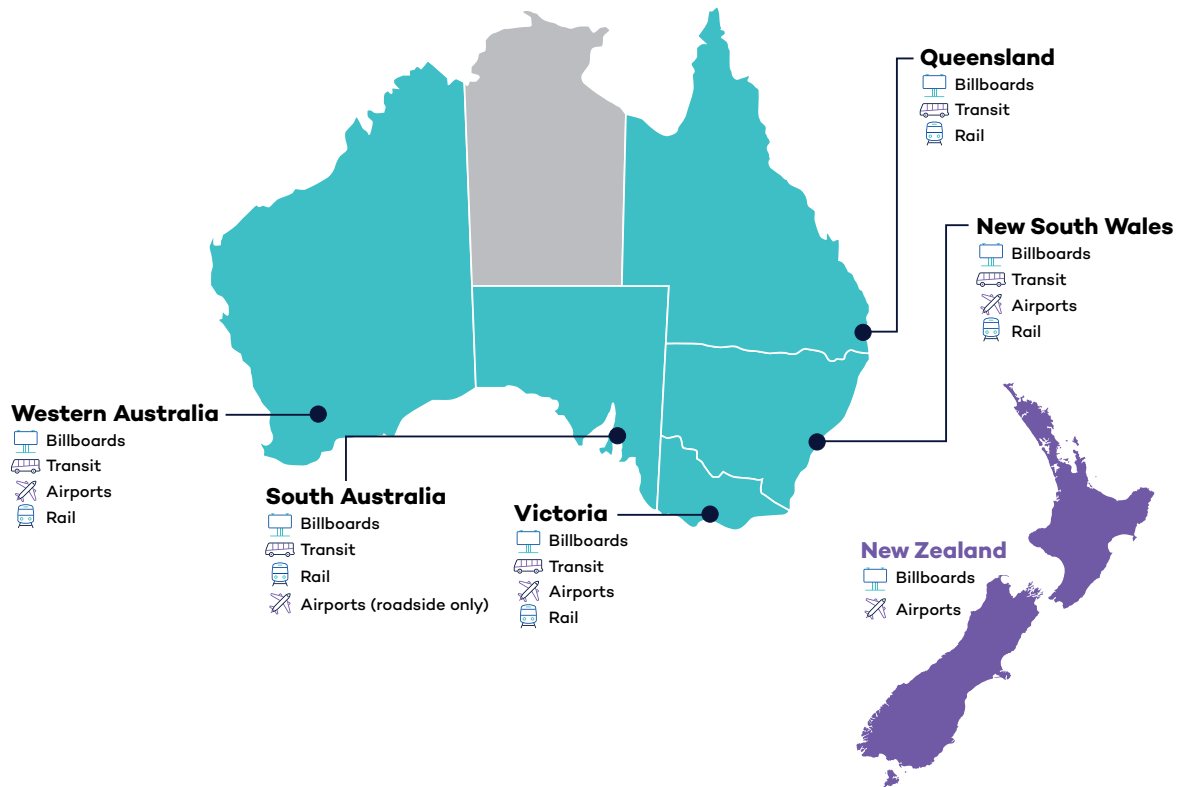
Format	Highlights	Contribution to LTM18 Revenue
 <p>Roadside Billboards</p>	<ul style="list-style-type: none"> > Metro focus > Broad range Freestanding or fixed to exterior of building roofs > Focus on high quality displays and sites > Located on sites leased or licensed through agreements with landlords and asset owners 	 <p>Roadside Billboards 53%</p>
 <p>Transit</p>	<ul style="list-style-type: none"> > Variety of differentiated panel options > Expertise in quality delivery of complex logistic operations > Internal and external rights to buses > Multi-year contracts with government and transit operators for the exclusive right to display content > Covers a large proportion of Australian capital cities 	 <p>Transit 28%</p>
 <p>Airports</p>	<ul style="list-style-type: none"> > External and internal rights in domestic and international terminals > Desirable advertiser location > Exposure to travellers > Multiple consumer contact points > Variety of digital and classic opportunities 	 <p>Airport 12%</p>
 <p>Rail</p>	<ul style="list-style-type: none"> > Long commuter dwell time > High demand network in Sydney, Melbourne, Brisbane, Adelaide and Perth > Xtrack TV offered in Sydney, Melbourne, Brisbane, Adelaide and Perth – digital cross-track platform which adds full motion video and audio capability 	 <p>Rail 7%</p>

4 Information about APN Outdoor

b. Site locations

APN Outdoor has outdoor advertising assets in New South Wales, Victoria, Queensland, Western Australia, South Australia and New Zealand.

APN Outdoor Locations



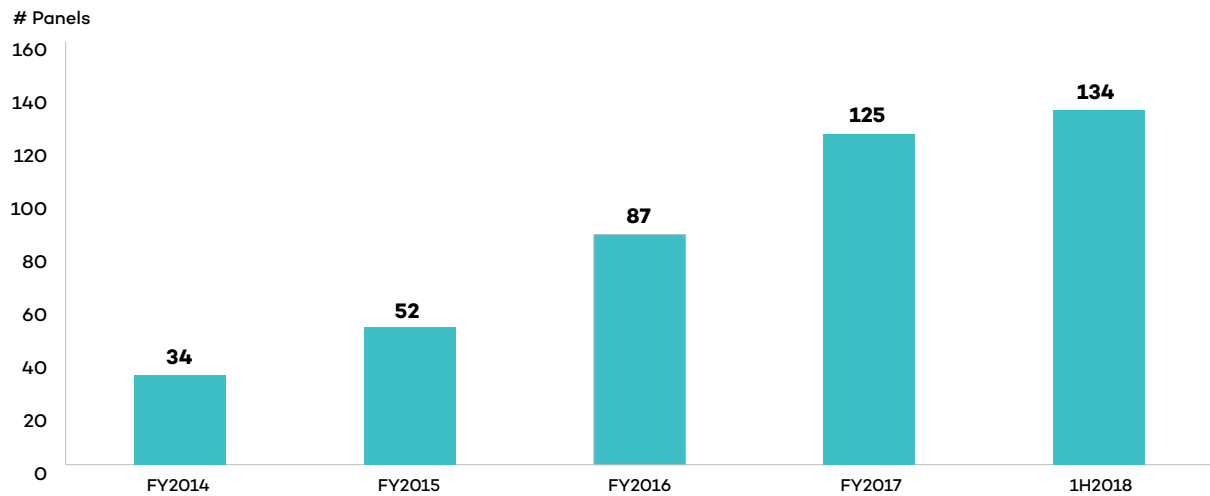
Lease renewal dynamics differ depending on the type of contract. Most contracts are tested in the market or are tender driven, whether with individual landlords, larger government/private organisations and asset owners.

c. Digital assets and coverage

APN Outdoor is a leading supplier of elite digital large format billboard screens across Australia and New Zealand, both by the number and quality of locations, and also the quality of screens built. In the last twelve months to 30 June 2018, digital operations contributed 40% of APN Outdoor's total revenues.

As at 30 June 2018, following the roll out of 38 new elite digital billboards during 2017 and nine during the first half of 2018, APN Outdoor had 134 large format digital screens across Australia and New Zealand, with a further 20 sites approved for development.

APN Outdoor Elite Screen Rollout

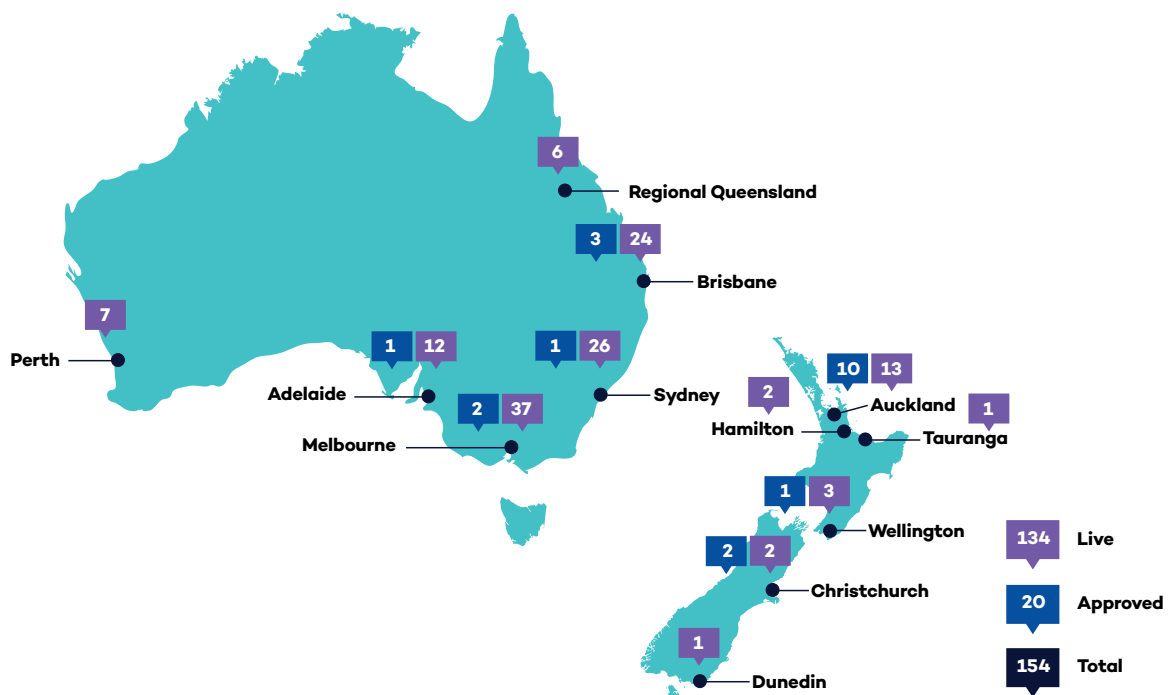


Elite digital large format billboard screens are comprised of:

- > **Spectaculars:** At over 80 square metres in size, Spectaculars are significantly larger than Supersites and are typically 18.99m x 4.5m or 19m x 4.57m. Optimised for long range viewing, these billboards are typically located on main arterials and inner-city locations, providing premium visibility and high impact for advertisers looking to maximise brand presence.
- > **Supersites:** With over 40 square metres of advertising space, the 12.66m x 3.35m Supersites are the industry standard for billboard signage. These sites are commonly found in prominent locations, including on main arterials, highways and freeways.
- > **Super 8s:** At 8.3m x 2.2m, Super 8s are proportionally the same but a smaller version of the Supersites. Positioned in key locations in the inner-city and suburbs (mostly on secondary roads), Super 8s provide a more cost effective platform for advertisers.

Elite Digital Coverage Live and Approved

As at 30 June 2018



4 Information about APN Outdoor

Total Elite Screens	Built – 30 June 18	Approved	Total
Australia Only	112	7	119
New Zealand Only	22	13	35
ANZ Total	134	20	154
Large Format Digital (Spectacular, Supersite)	108	18	126
Super 8	26	2	28
ANZ Total	134	20	154

APN Outdoor's FY18 digitisation programme will have an increasingly targeted approach focusing on:

- > Geo pockets (to ensure the elite screen portfolio is appropriately balanced across the major cities and regions);
- > Contract delivery;
- > Notable sites (in Metropolitan areas); and
- > Extension of regional assets.

d. Customers

APN Outdoor has a diversified customer base by advertiser and industry, including Australian domiciled customers as well as the divisions of multinational corporations operating in Australia. Customers include both advertising agencies and direct clients.

e. APN Outdoor's strategy

APN Outdoor seeks to remain at the forefront of the Out-of-Home advertising sector in Australia and New Zealand through innovation and targeted capital investment, continuously improving its offering to advertisers. APN Outdoor supplements organic growth with a focus on building its digital offering.

4.3 Board and Key Management Personnel

a. APN Outdoor Board

As at the date of this Scheme Booklet, the APN Outdoor Board is comprised of the following directors:

Name	Current position
Doug Flynn	Independent non-executive Chairman
James Warburton	Chief Executive Officer and Managing Director
Pat O'Sullivan	Independent non-executive Director
Lisa Chung	Independent non-executive Director
Jack Matthews	Independent non-executive Director

b. APN Outdoor Senior Management

As at the date of this Scheme Booklet, the senior management of APN Outdoor is comprised of the following members:

Name	Current position
James Warburton	Chief Executive Officer and Managing Director
Philip Knox	Chief Financial Officer
Andrew Hines	Chief Operating Officer
Charlotte Valente	General Manager – Marketing
Mark Fairhurst	General Manager – Sales
Annaliese van Riet	Head of People, Culture and Performance
Mike Watkins	Country Head, New Zealand
Jeremy Howe	Chief Innovation and Strategy Officer

4.4 Corporate governance

The APN Outdoor Board is responsible for the overall corporate governance of APN Outdoor. The APN Outdoor Board has incorporated each of the ASX Corporate Governance Council's Revised Principles and Recommendations, in accordance with ASX Listing Rule 4.10.3 into its corporate governance policies.

Detailed below are the main corporate governance practices of APN Outdoor that are in place at the date of this Scheme Booklet. APN Outdoor also makes its Corporate Governance policies and charters available on its website at www.apnoutdoor.com.au.

APN Outdoor corporate governance policies

Corporate governance policy	Description
APN Outdoor Board	<p>The APN Outdoor Board has adopted a Board Charter that formalises its roles and responsibilities, including defining matters that are reserved for the APN Outdoor Board and setting the powers and responsibilities of management.</p> <p>The APN Outdoor Board consists of a majority of independent directors, with 4 independent non-executive directors (including the Chairman) and one executive Director. The performance of the APN Outdoor Board and senior management is assessed on an annual basis.</p> <p>The APN Outdoor Board has established a Remuneration and Nomination Committee and an Audit and Risk Management Committee to assist the APN Outdoor Board in fulfilling its responsibilities.</p>

4 Information about APN Outdoor

Corporate governance policy	Description
Ethical and responsible decision making	<p>APN Outdoor has adopted a written Code of Conduct which reflects APN Outdoor's commitment to conducting business honestly and fairly, and in strict compliance with all laws and regulations. The Code of Conduct applies to all employees, managers and the board of APN Outdoor.</p> <p>APN Outdoor has established and disclosed on its website its Diversity Policy. Among other things, the Diversity Policy sets out APN Outdoor's commitment to ensure that its corporate culture supports diversity in the workplace and that recruitment and selection practices are appropriately structured so that a diverse range of candidates are considered.</p> <p>APN Outdoor has adopted a Securities Trading Policy which applies to APN Outdoor, its directors, company secretary and senior management and other persons nominated by the board from time to time. The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in APN Outdoor Shares that is prohibited under the Corporations Act and to establish procedures in relation to such persons dealing in APN Outdoor Shares.</p>
Safeguard integrity in financial reporting	<p>APN Outdoor has established an Audit and Risk Management Committee which assists the Board in fulfilling its responsibilities for corporate governance and oversight of APN Outdoor's financial reporting, internal control structure, risk management systems and internal and external audit functions.</p> <p>The Audit and Risk Management Committee is comprised of four independent non-executive directors. The chair is an independent director who is not the Chairman of the APN Outdoor Board. The Audit and Risk Management Committee meets as required, and at least twice a year.</p> <p>The Audit and Risk Management Committee operates under a Charter approved by the APN Outdoor Board which is available on APN Outdoor's website.</p>
Market disclosure and Shareholder communications	<p>APN Outdoor has adopted a Disclosure Policy and established a Disclosure Committee comprised of the Chairman of the APN Outdoor Board and senior management to ensure compliance with its continuous disclosure requirements under the Listing Rules and the Corporations Act.</p> <p>The Disclosure Policy sets out the circumstances in which price sensitive information must be disclosed to the market and requires all staff to inform a member of the Disclosure Committee of any price sensitive information as soon as they become aware of it.</p> <p>APN Outdoor aims to ensure that Shareholders are informed in a timely and readily accessible manner of all matters which affect their investment in APN Outdoor through its Shareholder Communication Policy. Information is provided to Shareholders through APN Outdoor's annual and half-yearly reports, the investor relations section of APN Outdoor's website, releases to ASX and annual general meetings.</p> <p>APN Outdoor encourages Shareholders to receive company information electronically by registering their email address online with the APN Outdoor Registry and to attend Annual General Meetings, where Shareholders can express their views to the APN Outdoor Board and vote on the APN Outdoor Board's proposals.</p>

Corporate governance policy	Description
Risk management	<p>The Audit and Risk Management Committee is responsible for overseeing the effectiveness of APN Outdoor's financial controls and systems and the risk management function, and evaluating the structure and adequacy of APN Outdoor's insurance coverage periodically.</p> <p>APN Outdoor's management is responsible for establishing APN Outdoor's risk management framework, including identifying major or potentially major risk areas and developing APN Outdoor's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks. Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.</p>
Directors' fees and executive remuneration	<p>The APN Outdoor Board has established a Remuneration and Nomination Committee which is responsible for evaluating and approving the remuneration packages for the Chief Executive Officer and other senior management and non-executive directors.</p> <p>The Remuneration and Nomination Committee is comprised of four members, all of whom are independent non-executive directors. The chair of the committee is an independent director, who is not the Chairman of the APN Outdoor Board. The Remuneration and Nomination Committee meets as required, and at least once a year.</p> <p>The Remuneration and Nomination Committee operates under a charter approved by the APN Outdoor Board, which is available on APN Outdoor's website.</p>

4.5 Capital structure

a. Capital structure and market capitalisation

As at the date of this Scheme Booklet, APN Outdoor had:

- > 167,005,841 APN Outdoor Shares on issue;
- > 650,163 APN Outdoor Options on issue; and
- > 861,163 APN Outdoor Performance Rights on issue.

See section 8.12 for further information on the intended treatment of the APN Outdoor Options and APN Outdoor Performance Rights in connection with the Scheme.

4 Information about APN Outdoor

b. Substantial shareholders

Based on filings to ASX, the substantial holders of APN Outdoor Shares as at 5 September 2018 are set out below.

Name	Number of APN Outdoor Shares ¹²	Percentage
Credit Suisse Holdings (Australia) Limited	14,586,312	8.73%
UBS Group AG	12,407,557	7.43%
Ellerston Capital Limited	11,560,356	6.92%

The shareholdings listed in this section 4.5(b) are as disclosed to APN Outdoor by the shareholders in substantial holding notices. Information in regard to substantial holdings arising, change or ceasing after this time or in respect of which the relevant announcement is not available on the ASX website (www.asx.com.au) is not included above.

4.6 Group structure

The following entities are Subsidiaries of APN Outdoor Group Limited.

Name	Principal place of business/ country of incorporation	Ownership interest
APNO Group Holdings Pty Limited	Australia	100%
APNO Finance Pty Limited	Australia	100%
APN Outdoor Pty Limited	Australia	100%
Eastcott Investments Pty Limited	Australia	100%
Cody Link Pty Limited	Australia	100%
Valtoff Pty Limited	Australia	100%
Everfact Pty Limited	Australia	100%
Everfact Unit Trust	Australia	100%
APN Outdoor (Trading) Pty Limited	Australia	100%
Adspace Pty Limited	Australia	100%
TMS Outdoor Advertising Pty Limited	Australia	100%
Nettlefold Outdoor Advertising Unit Trust	Australia	100%
Nettlefold Advertising Pty Limited	Australia	100%
National Outdoor Advertising Pty Limited	Australia	100%
Buspak Advertising Group Pty Limited	Australia	100%
Total Cab Media Pty Limited	Australia	100%
Universal Outdoor Pty Limited	Australia	100%
TaxiMedia Pty Limited	Australia	100%
SOL Australia Pty Limited	Australia	100%
Australian Posters Pty Limited	Australia	100%
The Australasian Advertising Company Pty Limited	Australia	100%
GSP Print Pty Limited	Australia	100%
iOM Pty Ltd	Australia	100%
APN Outdoor Holdings (NZ) Limited	New Zealand	100%
APN Outdoor Limited	New Zealand	100%

12. This refers to the number of APN Outdoor Shares in which the person or any associate has a Relevant Interest.

4.7 Recent APN Outdoor share price performance

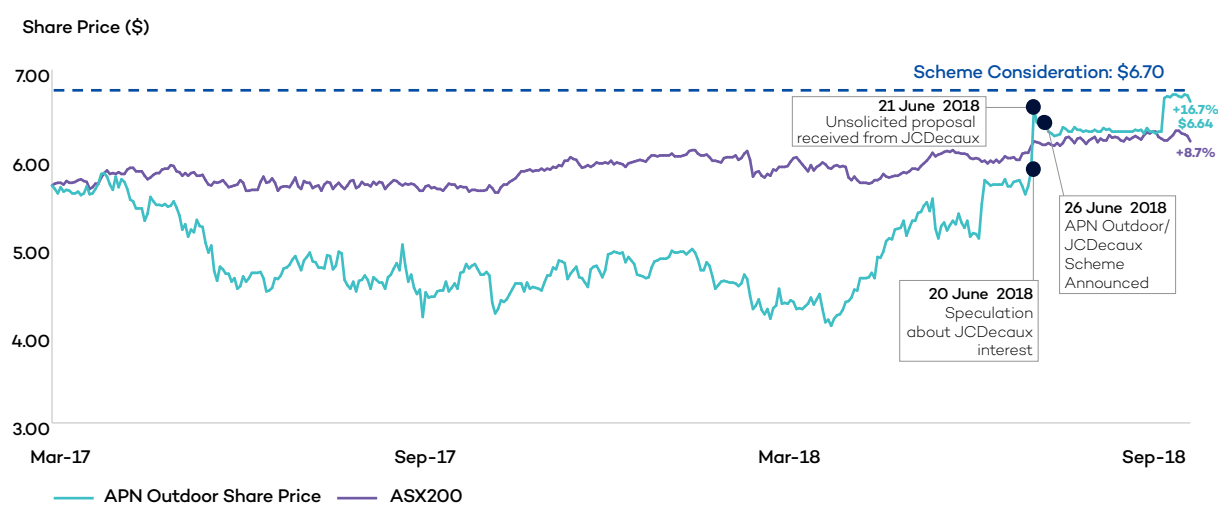
The APN Outdoor Shares are listed on the ASX under the trading symbol “APO”.

The closing price of APN Outdoor Shares on the ASX on 19 June 2018 (i.e. the day prior to press speculation regarding JCDecaux SA’s takeover interest in APN Outdoor) was \$5.68.

During the three months ended 5 September 2018:

- the highest recorded daily closing price for APN Outdoor Shares was \$6.72 on 3 September 2018; and
- the lowest recorded daily closing price for APN Outdoor Shares on the ASX was \$5.59 on 18 June 2018.

The chart below shows APN Outdoor’s share price performance over the last 18 months to 5 September 2018. As depicted below, APN Outdoor has had substantial growth in its share price of 16.7% over the past 18 months, and during that period has outperformed the S&P/ASX200 Index.



4.8 Historical financial information

This section contains financial information relating to APN Outdoor for the half-year ended 30 June 2018, and financial years ended 31 December 2016 and 31 December 2017. The financial information has been extracted from APN Outdoor’s financial results for the half-year ended 30 June 2018, and its audited financial statements for the financial years ended 31 December 2016 and 31 December 2017, which were audited by PricewaterhouseCoopers.

The financial information in this section is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

Further detail about APN Outdoor’s financial performance can be found in the financial statements for the half-year ended 30 June 2018, as announced to ASX on 23 August 2018, and for the financial year ended 31 December 2017, as announced to ASX on 20 February 2018 and which can be found on the APN Outdoor website at <http://investors.apnoutdoorcorporate.com/Investor-Centre/>.

a. Basis of preparation

The historical financial information of APN Outdoor is presented in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. APN Outdoor considers that, for the purposes of this Scheme Booklet, the historical financial information presented is more meaningful to APN Outdoor Shareholders. The historical financial information of APN Outdoor has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

4 Information about APN Outdoor

b. Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2018 and financial years ended 31 December 2017 and 31 December 2016.

	1H2018 \$'000	FY2017 \$'000	FY2016 \$'000
Revenue	168,374	342,912	330,938
Expenses			
Rental of advertising space	(68,266)	(139,846)	(134,716)
Sales and marketing	(20,926)	(36,259)	(36,015)
Employee benefits	(18,096)	(34,953)	(32,404)
Production and installation	(9,119)	(17,833)	(19,002)
Impairment of assets	–	(2,126)	–
Restructuring expenses	(454)	(900)	–
Depreciation and amortisation	(8,308)	(15,224)	(12,861)
Raw materials and consumables used	(2,876)	(6,689)	(6,626)
Advisory costs related to corporate activity	(2,555)	(3,432)	(1,132)
Finance expenses	(2,532)	(4,172)	(3,229)
Other expenses	(9,386)	(18,754)	(15,426)
Total expenses	(142,518)	(280,188)	(261,411)
Profit before income tax	25,856	62,724	69,527
Income tax expense	(8,051)	(18,678)	(21,081)
Profit after income tax	17,805	44,046	48,446
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of cash flow hedges taken to equity, net of tax	(47)	31	(8)
Foreign currency translation, net of tax	489	(2,620)	1,422
Other comprehensive income /(loss) for the year, net of tax	442	(2,589)	1,414
Total comprehensive income for the year	18,247	41,457	49,860
	Cents	Cents	Cents
Basic earnings per share	10.67	26.44	29.08
Diluted earnings per share	10.64	26.33	28.98

c. Consolidated Statement of Financial Position

The following table presents the historical consolidated statement of financial position as at 30 June 2018, 31 December 2017 and 31 December 2016.

	1H2018 \$'000	FY2017 \$'000	FY2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	17,516	16,872	18,977
Trade and other receivables	56,089	63,818	69,213
Inventories	526	646	716
Income tax	4,309	169	–
Prepayments	8,686	6,733	5,561
Total current assets	87,126	88,238	94,467
Non-current assets			
Investments accounted for using the equity method	–	–	678
Property, plant and equipment	113,162	106,838	96,643
Intangibles	255,436	255,480	256,445
Deferred tax	–	–	387
Other	2,750	2,750	2,750
Total non-current assets	371,348	365,068	356,903
Total assets	458,474	453,306	451,370
Liabilities			
Current liabilities			
Trade and other payables	29,959	23,238	30,585
Derivative financial instruments	67	–	44
Income tax	440	1,418	12,595
Employee benefits	2,726	2,695	2,556
Provisions	553	1,489	1,975
Other	5,153	2,056	1,870
Total current liabilities	38,898	30,896	49,625
Non-current liabilities			
Borrowings	114,961	114,812	102,677
Deferred tax	24,607	23,899	24,493
Employee benefits	234	176	214
Provisions	706	582	1,433
Other	3,567	3,591	3,729
Total non-current liabilities	144,075	143,060	132,546
Total liabilities	182,973	173,956	182,171
Net assets	275,501	279,350	269,199
Equity			
Issued capital	222,334	222,334	222,334
Reserves	4,547	3,664	5,569
Retained profits	48,620	53,352	41,296
Total equity	275,501	279,350	269,199

4 Information about APN Outdoor

d. Consolidated Statement of Cash Flows

The following table presents the historical consolidated statement of cash flows for the financial half-year ended 30 June 2018, and financial years ended 31 December 2017 and 31 December 2016.

	1H2018 \$'000	FY2017 \$'000	FY2016 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	178,515	350,241	324,352
Payments to suppliers and employees (inclusive of GST)	(128,000)	(268,312)	(232,178)
	50,515	81,929	92,174
Interest and other finance costs paid	(2,237)	(3,413)	(2,523)
Income taxes paid	(12,295)	(30,492)	(23,351)
Net cash from operating activities	35,983	48,024	66,300
Cash flows from investing activities			
Payments for property, plant and equipment	(12,441)	(24,796)	(28,762)
Payments for Intangibles	(2,059)	(4,534)	(34,973)
Net cash used in investing activities	(14,500)	(29,330)	(63,735)
Cash flows from financing activities			
Proceeds from borrowings	15,000	41,651	61,981
Repayment of borrowings	(15,000)	(28,886)	(25,480)
Payment of borrowing costs	(3)	(1,281)	(61)
Dividends paid	(20,876)	(31,990)	(29,158)
Net cash (used in)/from financing activities	(20,879)	(20,506)	7,282
Net (increase)/decrease in cash and cash equivalents	604	(1,812)	9,847
Cash and cash equivalents at the beginning of the financial year	16,872	18,977	9,020
Effects of exchange rate changes on cash and cash equivalents	40	(293)	110
Cash and cash equivalents at the end of the financial year	17,516	16,872	18,977

4.9 Half-year results

APN Outdoor publicly released its consolidated financial statements for the financial half-year ended 30 June 2018 on 23 August 2018. The following should be noted:

- > revenue has increased 4% to \$168.4 million from \$162.3 million in 1H2017
- > Underlying EBITDA has increased 7% to \$39.7 million from \$37.2 million in 1H2017
- > Underlying NPATA has slightly increased to \$21.5 million from \$21.4 million in 1H2017
- > statutory NPAT has increased 13% to \$17.8 million from \$15.8 million in 1H2017

4.10 FY2018 guidance

In an announcement to the ASX on 23 August 2018, APN Outdoor reaffirmed its earnings guidance given in its announcement to the ASX on 28 May 2018 that it expects the APN Outdoor FY2018 Underlying EBITDA for the 12 months ending 31 December 2018 to be in the range between \$92 million and \$96 million.

4.11 Material changes to APN Outdoor's financial position since 30 June 2018

Within the knowledge of the APN Outdoor Directors and other than as disclosed in the Scheme Booklet or announced on ASX, the financial position of APN Outdoor has not materially changed since 30 June 2018, being the date of APN Outdoor's financial report for the six months ended 30 June 2018.

4.12 APN Outdoor Directors' intentions for the business

The Corporations Act requires a statement by the APN Outdoor Directors of their intentions regarding APN Outdoor's business. If the Scheme is implemented, the existing APN Outdoor Directors will resign and the APN Outdoor Board will be reconstituted in accordance with the instructions of JCDecaux ANZ after the Implementation Date. Accordingly, it is not possible for the APN Outdoor Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- > the continuation of the business of APN Outdoor or how APN Outdoor's existing business will be conducted;
- > any major changes, if any, to be made to the business of APN Outdoor; or
- > any future employment of the present employees of APN Outdoor.

If the Scheme is implemented, JCDecaux ANZ will own and control all of APN Outdoor's securities. The APN Outdoor Directors have been advised that the intentions of JCDecaux ANZ with respect to these matters are set out in section 5.4.

If the Scheme is not implemented, the APN Outdoor Directors intend to continue to operate in the ordinary course of the business of APN Outdoor.

4.13 Risks relating to APN Outdoor's business

There are existing risks relating to APN Outdoor's business and an investment in APN Outdoor which will continue to be relevant to APN Outdoor Shareholders if the Scheme does not become Effective. A summary of the key risks relating to APN Outdoor's business and an investment in APN Outdoor is set out in section 6.

4.14 Publicly available information

APN Outdoor is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, APN Outdoor is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information APN Outdoor has that a reasonable person would expect to have a material effect on the price or value of APN Outdoor Shares.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to ASX by APN Outdoor is available on ASX's website at www.asx.com.au.

In addition, APN Outdoor is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by APN Outdoor may be obtained from an ASIC office.

APN Outdoor Shareholders may obtain a copy of:

- > APN Outdoor's 2017 Annual Report (being the last full financial statements given to ASX); and
- > the financial statements for the financial half-year ended 30 June 2018,

free of charge, by calling the Shareholder Information Line on 1300 971 610 (within Australia) or +61 2 8022 7955 (outside of Australia) Monday to Friday between 9:00am and 5:30pm (Sydney time), or from ASX's website at www.asx.com.au.

4 Information about APN Outdoor

A list of announcements made by APN Outdoor to ASX from the time that APN Outdoor announced that it and JCDecaux SA had entered into the Scheme Implementation Deed on 26 June 2018 to 5 September 2018, being the last practicable date before the date of this Scheme Booklet are set out below.

Announcement	Date
Becoming a substantial holder	5 September 2018
Ceasing to be a substantial holder from NAB	5 September 2018
Becoming a substantial holder	5 September 2018
Becoming a substantial holder from NAB	3 September 2018
Ceasing to be a substantial holder	31 August 2018
Becoming a substantial holder	30 August 2018
Becoming a substantial holder	28 August 2018
Ceasing to be a substantial holder	27 August 2018
Ceasing to be a substantial holder	24 August 2018
Change in substantial holding	24 August 2018
Half Year Results Presentation	23 August 2018
Half Year Results Announcement	23 August 2018
Dividend/Distribution – APO	23 August 2018
Appendix 4D and Half Year Accounts	23 August 2018
ACCC Clears JCDecaux Transaction	23 August 2018
AXX: ACCC will not oppose outdoor advertising	23 August 2018
Ceasing to be a substantial holder	20 August 2018
Ceasing to be a substantial holder	16 August 2018
Becoming a substantial holder	16 August 2018
Change in substantial holding	13 August 2018
Forfeiture of LTIP Options and Performance Rights	3 August 2018
Half Year Results Release Date	3 August 2018
Change in substantial holding	25 July 2018
Change in substantial holding	13 July 2018
Becoming a substantial holder	10 July 2018
Change in substantial holding	9 July 2018
Change in substantial holding	4 July 2018
Change in substantial holding	29 June 2018
XTD: XTD Renews APN Outdoor Sales Agreement	28 June 2018
Change in substantial holding x2	28 June 2018
Ceasing to be a substantial holder	27 June 2018
Corporate Governance Statement	26 June 2018
Execution of Scheme Implementation Deed	26 June 2018

Section

five



Information about the JCDecaux Group and JCDecaux ANZ

5 Information about the JCDecaux Group and JCDecaux ANZ

The information concerning the JCDecaux Group and JCDecaux ANZ contained in this section 5 has been provided by JCDecaux ANZ and is the responsibility of JCDecaux ANZ. APN Outdoor, the APN Outdoor Directors and APN Outdoor's officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

5.1 Overview of the JCDecaux Group

a. Corporate overview, principal activities and operations

JCDecaux SA is a French company listed on the Eurolist of Euronext Paris stock exchange. It is the holding company of the JCDecaux Group and is part of the Euronext 100 and Euronext Family Business indexes. It trades under the symbol 'DEC' and has a market capitalisation of approximately €5.898 billion.¹³

In the year ended 31 December 2017, the JCDecaux Group reported consolidated adjusted revenue of €3,472 million, EBIT before impairment charges of approximately €358 million and net assets of approximately €2,412 million.

The JCDecaux Group is a global Out-of-Home advertising group, with more than 1 million advertising panels in more than 80 countries (including in Europe, North America and Asia) and in more than 4,033 cities around the world. The JCDecaux Group has more than 13,000 employees across its global organisation.

The JCDecaux Group designs, installs and maintains a range of services financed by advertisements, including bus shelters, self-service bicycle schemes, passenger information panels and mobile charging terminals.

The JCDecaux Group was founded in France, in 1964, by Jean-Claude Decaux. In creating the first advertising bus shelter, Jean-Claude Decaux invented the concept of financing street furniture via advertising. The JCDecaux Group has since exported this idea throughout the world.

The JCDecaux Group has been providing architecturally designed street furniture in Australia since 1997 after winning the City of Sydney tender in the lead up to the Sydney Olympics. Its Australian business includes street furniture and a smaller presence in transport and rail/bus station advertising.

A substantial amount of information about the JCDecaux Group is also available in electronic form from: <https://www.jcdecaux.com>.

b. Governance of JCDecaux SA

JCDecaux SA is a French corporation with an Executive Board and a Supervisory Board. The Executive Board manages JCDecaux SA and has responsibility for defining and implementing JCDecaux SA's broad strategic direction and monitoring proper performance. The Supervisory Board's role is the supervision of the Executive Board's management of JCDecaux SA.

The members of the Executive Board are as at the date of this Scheme Booklet:

- > Jean-Charles Decaux (Chairman of the Executive Board and Co-Chief Executive Officer);
- > Jean-François Decaux (Co-Chief Executive Officer);
- > Jean-Sébastien Decaux (Chief Executive Officer for Southern Europe, Africa, Belgium, Luxemburg and Israel);
- > David Bourg (Chief Financial and Administrative Officer);
- > Emmanuel Bastide (Chief Executive Officer for Asia); and
- > Daniel Hofer (Chief Executive Officer for Germany, Austria, Central and Eastern Europe and Central Asia).

13. Based on JCDecaux SA's stock price of €27.72, as at 4 September 2018

The members of the Supervisory Board are as at the date of this Scheme Booklet:

- > Gérard Degonse (Chairman of the Supervisory Board);
- > Jean-Pierre Decaux (Vice Chairman of the Supervisory Board);
- > Michael Bleitrach;
- > Alexia Decaux-Lefort;
- > Xavier de Sarrau;
- > Bénédicte Hautefort;
- > Pierre Mutz;
- > Pierre-Alain Pariente;
- > Marie-Laure Sauty de Chalon;
- > Leila Turner; and
- > Sylvie Lelouarn.

5.2 Overview of JCDecaux ANZ

a. Corporate overview, principal activities and operations

JCDecaux ANZ is a newly incorporated Australian proprietary company established for the purpose of acquiring all of the APN Outdoor Shares if the Scheme is implemented. JCDecaux ANZ was incorporated on 31 July 2018 and is a wholly-owned indirect subsidiary of JCDecaux SA.

b. Directors of JCDecaux ANZ

The directors of JCDecaux ANZ as at the date of this Scheme Booklet are:

- > Stephen Andrew O'Connor; and
- > Brendan Paul O'Neill.

5.3 Rationale for the proposed acquisition of APN Outdoor

The proposed acquisition by JCDecaux ANZ of APN Outdoor will combine the JCDecaux Group's business with a complementary business focused on Out-of-Home segments where it is not a material participant in Australia and New Zealand.

In this regard, the proposed acquisition of APN Outdoor will provide the JCDecaux Group with exposure to different Out-of-Home segments and, in particular, large format billboards where it has no presence in Australia. This will enable the JCDecaux Group to compete more effectively against online and other mainstream advertising channels.

An important development in the Out-of-Home business has been the shift to digital Out-of-Home infrastructure assets and the supporting ad platform technology (e.g. to enable the automation of buying and selling media). The proposed acquisition presents an opportunity for the JCDecaux Group and the APN Outdoor Group to join their expertise and investments in digital technology to improve the quality of service offered to the merged entity's customers and to offer more compelling advertising solutions to compete with other OOH operators, as well as other advertising channels, such as internet, mobile, television, radio, newspapers, magazines and cinema. The JCDecaux Group expects to face competitors that are increasingly integrated across multiple advertising channels, as demonstrated by the recently announced Nine/Fairfax merger.

5.4 The intentions of JCDecaux ANZ and the JCDecaux Group

a. Overview

This section sets out the present intentions of JCDecaux ANZ in relation to the following:

- > the continuation of the business of the APN Outdoor Group;
- > any major changes to the business of the APN Outdoor Group and any redeployment of the fixed assets of the APN Outdoor Group; and
- > the future employment of the present employees of the APN Outdoor Group.

5 Information about the JCDecaux Group and JCDecaux ANZ

These statements of intention are based on the information concerning the APN Outdoor Group, its business and the general business environment, which is known to JCDecaux ANZ at the time of preparation of this section 5 of this Scheme Booklet. Final decisions will only be reached by JCDecaux ANZ in light of increased knowledge through exposure to the business and material information and circumstances at the relevant time. Any major decisions regarding the business of APN Outdoor Group will only be made following receipt of appropriate legal, taxation and financial advice and a detailed review of APN Outdoor Group's strategic, financial and commercial operational matters to determine the optimum manner of operating and managing the business. Accordingly, the statements set out in this section 5 are statements of current intention only which may change as new information becomes available or circumstances change.

The intentions of JCDecaux ANZ set out in this section 5 also reflect the intentions of the JCDecaux Group, subject to the same qualifications set out above.

b. Intentions upon the Scheme being approved

If the Scheme becomes Effective, the current intentions of JCDecaux ANZ are as set out below.

i. Business continuity and general operational matters

Following implementation of the Scheme, JCDecaux ANZ intends to conduct a detailed review of the APN Outdoor Group's strategic, financial and commercial operations to:

- > evaluate the APN Outdoor Group's performance, profitability and prospects; and
- > determine the optimum manner of operating and managing the APN Outdoor Group business.

Subject to completion of this review and other matters described in this Scheme Booklet, it is the current intention of JCDecaux SA and JCDecaux ANZ, on the basis of the facts and information concerning the APN Outdoor Group known to it and the existing circumstances affecting the assets and operations of the APN Outdoor Group as at the date of this Scheme Booklet, that:

- > the business of the APN Outdoor Group will be conducted in the same manner as at the date of this Scheme Booklet;
- > no major changes will be made to the APN Outdoor Group business; and
- > there will be no redeployment of the fixed assets of the APN Outdoor Group.

ii. Corporate Structure

If the Scheme is implemented, JCDecaux ANZ will become the holder of all APN Outdoor Shares and JCDecaux SA will be the ultimate holding company of APN Outdoor.

As part of business as usual planning following implementation of the Scheme, there may be changes in the APN Outdoor Group's corporate and operating structure as part of integrating the APN Outdoor Group into the JCDecaux Group's corporate and operating structure.

iii. Board of Directors

If the Scheme is implemented, JCDecaux ANZ intends to reconstitute the boards of APN Outdoor and its subsidiaries to comprise JCDecaux Group nominees, who are yet to be identified.

iv. Management and employees

The JCDecaux Group recognises the knowledge and experience of APN Outdoor Group's senior management team and employees. The detailed review of APN Outdoor Group's operations noted in paragraph (i) above will include specific consideration of staffing and organisational structure. Accordingly, final decisions on these matters (including any changes to the employment of the present employees of the APN Outdoor Group) will, if necessary, only be made by the JCDecaux Group following the completion of the post-acquisition review process described above and will be based on all material facts and circumstances at the relevant time.

v. APN Outdoor to be delisted

If the Scheme is implemented, JCDecaux ANZ will procure that APN Outdoor applies to the ASX to be removed from the official list of ASX after implementation of the Scheme.

5.5 Funding arrangements for the Scheme Consideration

The Scheme Consideration is 100% cash.

If the Scheme is implemented, Scheme Shareholders will become entitled to receive the Scheme Consideration per Scheme Share.

JCDecaux SA and JCDecaux ANZ have executed a deed poll dated 30 August 2018 in favour of the Scheme Shareholders. Under the Deed Poll, JCDecaux SA and JCDecaux ANZ have undertaken that, subject to the Scheme becoming Effective and in consideration for the transfer of each APN Outdoor Share to JCDecaux ANZ, JCDecaux ANZ will pay the Scheme Consideration to each Scheme Shareholder on the Implementation Date.

Based on APN Outdoor's total diluted share capital as at the date of this Scheme Booklet, the total maximum amount of cash required to be paid by JCDecaux ANZ to the Scheme Shareholders under the Scheme is \$1,125,196,546.

JCDecaux Group and JCDecaux ANZ intend to fund the Scheme Consideration using cash on hand and debt facilities.

As at 30 June 2018, JCDecaux SA has available cash reserves of approximately €354.4 million, or approximately A\$560.8 million (based on an exchange rate of 1.5823 Australian Dollar to 1 Euro as at 4 September 2018).

In addition, the JCDecaux Group has available undrawn borrowing capacity of approximately €825 million under its existing committed revolving credit facility, or approximately A\$1.3 billion (based on an exchange rate of 1.5823 Australian Dollar to 1 Euro as of 4 September 2018). This amount exceeds the maximum total Scheme Consideration payable by JCDecaux ANZ.

The JCDecaux Group revolving credit facility is provided by a syndicate of lenders comprising various financial institutions, including BNP Paribas as the leading agent. This revolving credit facility is valid until July 2022 and the availability of funds under the facility is subject to customary conditions to borrowing, none of which relate to the Scheme or are outside the control of JCDecaux Group.

5.6 Other information

a. JCDecaux ANZ's interests in APN Outdoor Shares

As at the date of this Scheme Booklet, no member of the JCDecaux Group has any relevant interest or voting power in any APN Outdoor Shares.

b. No dealings in APN Outdoor Shares in previous four months

Neither JCDecaux ANZ nor any of its Associates has provided, or agreed to provide, consideration for APN Outdoor Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

c. Pre-Scheme benefits

During the period of four months before the date of this Scheme Booklet, neither JCDecaux ANZ nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- > vote in favour of the Scheme; or
- > dispose of APN Outdoor Shares,

and which is not offered to all APN Outdoor Shareholders.

d. Benefits to current APN Outdoor officers

Save as otherwise disclosed in this Scheme Booklet, neither JCDecaux ANZ nor any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of APN Outdoor or any of its Related Bodies Corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices in connection with the Scheme.

Section

six



Risks

6 Risks

6.1 Introduction

The APN Outdoor Board considers that it is appropriate for APN Outdoor Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of APN Outdoor, as well as the value of APN Outdoor and its dividends.

This section outlines:

- > general investment risks (refer to section 6.2); and
- > risks associated with your current investment in APN Outdoor Shares (refer to section 6.3).

This section 6 is a summary only. There may be additional risks and uncertainties not currently known to APN Outdoor which may also have a material adverse effect on APN Outdoor's financial and operational performance now or in the future.

If the Scheme is implemented, you will receive the Scheme Consideration, will cease to be an APN Outdoor Shareholder and will also no longer be exposed to the risks set out below (and other risks to which APN Outdoor may be exposed). If the Scheme does not proceed, you will continue to hold your APN Outdoor Shares and continue to be exposed to risks and opportunities associated with that investment.

In making your decision to vote on the Scheme Resolution, you should read this Scheme Booklet carefully. You should carefully consider the risk factors outlined below and your individual circumstances. This section 6 is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

While the Board recommends a vote in favour of the Scheme in the absence of a Superior Proposal, Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

6.2 General investment risks

The market price of APN Outdoor Shares and future distributions made to APN Outdoor Shareholders are influenced by a number of factors in each of the countries in which APN Outdoor operates, including the following:

- > change in investor sentiment and overall performance of the Australian and international stock markets;
- > changes in sentiment in credit markets;
- > changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- > changes in government fiscal, monetary and regulatory policies, including foreign investment;
- > loss of key personnel;
- > interruptions at APN Outdoor's workplaces arising from industrial disputes, work stoppages and accidents, which may result in business operations delays;
- > natural disasters and catastrophes, whether in global, regional or local scale; and
- > accounting standards which affect the financial performance and position reported by APN Outdoor.

6.3 Risks associated with your current investment in APN Outdoor Shares

There are a range of business-specific risks associated with your current investment in APN Outdoor Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed, in which case, in the absence of a Superior Proposal which is ultimately consummated, APN Outdoor will continue to operate as a stand-alone entity.

a. Exposure to the advertising industry

The revenues and operating profits of APN Outdoor depend on spending levels in the overall media industry, which can fluctuate significantly based on economic conditions and which by its nature, is cyclical and subject to change. There is no guarantee that overall economic conditions will improve or remain stable, and there is no guarantee that the level of advertising spend in the Out-of-Home and online media sector will increase in the future. Advertising spending is highly dependent on the general condition of the economy. Frequently in periods of lower economic activity, companies cut their advertising budgets more severely than

6 Risks

they reduce spending in other areas. If there were to be a downturn in economic conditions in one or more of the regions in which APN Outdoor conducts its business activities, it is likely that its revenues would be reduced, possibly by a significant amount. Because a substantial portion of APN Outdoor's costs will be fixed and will not vary with revenues, a reduction in revenues due to a deterioration in economic conditions would be likely to have a significant impact on APN Outdoor's operating profit.

b. Increased competition

APN Outdoor operates in a highly competitive industry, and may not be able to maintain its position, and as a result current advertising and sales revenues. APN Outdoor will continue to compete for advertising revenue with other Out-of-Home and online media operators (particularly in relation to mobile advertising), as well as with other media, such as radio, newspapers, magazines, television, direct mail, satellite radio and internet-based services, which are substitutable for Out-of-Home and online advertising. The actions of existing competitors or the entry of new competitors may make it difficult for APN Outdoor to grow or maintain its revenues.

APN Outdoor's competitors may develop services or advertising media that are equal or superior to those provided by APN Outdoor or that achieve greater acceptance and brand recognition. It also is possible that new competitors may emerge, or existing competitors may expand and rapidly acquire significant share in any of APN Outdoor's business categories. An increased level of competition for advertising spend may lead to lower advertising prices as APN Outdoor attempts to retain customers or may cause APN Outdoor to lose customers to competitors who offer lower prices and/or higher quality offerings. In addition, increased competition from alternative advertising services could result in an adverse effect on APN Outdoor's future financial performance.

c. Changes in technology and impact on consumer and advertiser behaviour

The Australian and New Zealand media sector will continue to be affected by changes in technology. Newer technologies are increasing the number of media and entertainment choices available to audiences. These technological developments and new ways for advertisers to reach consumers may cause changes in consumer behaviour and may make APN Outdoor's product offering less attractive to customers or reduce the level of advertising spend that is directed to Out-of-Home and online advertising.

Developments in alternative forms of media or advertising and changes in consumer behaviour could have an adverse effect on the Out-of-Home sector; for example, by reducing the overall share of advertising spend won by Out-of-Home advertising in comparison to other platforms, which in turn could adversely affect APN Outdoor's ability to generate revenue and profit.

In addition, APN Outdoor's ability to compete and to generate digital revenue in the media industry effectively in the future may be impacted by its ability to maintain or develop appropriate technology platforms for the efficient delivery of its services. Maintaining or developing appropriate technologies may require significant capital investment by APN Outdoor.

d. Loss of revenue from media agencies and key customers

The performance of APN Outdoor is heavily reliant on winning advertising spend from media agencies. Change in the size and/or structure of the media agency market or APN Outdoor's relationship with agencies may impact APN Outdoor's revenues and profitability in the future. In addition, the loss of revenue from other key customers could impact APN Outdoor's future operating and business performance.

e. Loss of Out-of-Home advertising sites or failure to achieve lease renewals on favourable terms

APN Outdoor holds leases/licences to various site locations for their panels. Many of these contracts require APN Outdoor to participate in competitive bidding processes at each renewal. It is also the experience of APN Outdoor that landlords will market test their leases or licences in a variety of ways. There is no guarantee that APN Outdoor will be able to obtain or renew contracts and/or concessions on terms favourable or acceptable to APN Outdoor, or at all. Loss of sites in the future may impact APN Outdoor's operating and financial performance profitability.

In particular, APN Outdoor's transit business requires it to obtain and renew contracts with private transit operators and other governmental entities. Many of these contracts require APN Outdoor to participate in competitive bidding processes at each renewal, and typically have revenue share and/or fixed rent components. APN Outdoor's inability to successfully negotiate, renew or complete these contracts in the future due to governmental demands and delay and the highly competitive bidding processes for these

contracts could affect its ability to offer these products to its clients, or to offer them to its clients at rates that are competitive to other forms of advertising, which may adversely affect APN Outdoor's operating and financial performance.

APN Outdoor's transit business depends on certain key lease arrangements (e.g. contracts with metro bus or rail authorities), the loss of which could have a serious impact on its operating and financial performance.

In addition, because APN Outdoor may be required to incur capital expenditure upfront as part of a contract or concession, APN Outdoor may experience reductions in its cash flows, which may adversely affect APN Outdoor's ability to pay dividends or comply with its debt servicing obligations.

f. Employee recruitment risk and reliance on key management personnel

Failure to appropriately recruit and retain employees may adversely affect APN Outdoor's ability to develop and implement its business strategies, resulting in a material increase in the costs of obtaining experienced and high-performing employees and may ultimately materially adversely affect APN Outdoor's business, operating and financial performance.

The success of APN Outdoor depends to a significant extent on key personnel. APN Outdoor may not be able to attract and retain key staff or be able to find effective replacements in a timely manner. Loss of key management, operating or sales personnel may result in loss of customers and this may adversely affect APN Outdoor's operating and financial performance.

g. Seasonality of revenue

APN Outdoor's revenue cycles have historically demonstrated seasonality consistent with the advertising industry in general. Traditionally, peak revenue periods have been September through to December (coinciding with peak consumer trading periods) and during the Easter period, which historically has resulted in stronger revenue generation in the six months ending 31 December compared to the six months ending 30 June.

In contrast, a substantial portion of APN Outdoor's costs are fixed and give rise to depreciation charges that do not vary with revenues. Accordingly, APN Outdoor 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 2018 or the next financial year ending 31 December 2019.

h. Government regulation of Out-of-Home advertising

Changes in legislation or government policy in Australia and New Zealand (whether local, State, Federal or otherwise) which affect the media or advertising industry or the Out-of-Home advertising sector, may affect the ability of APN Outdoor to continue to use certain sites or advertise for certain industries, which, in turn, may impact the future earnings of APN Outdoor and, therefore, the relative attractiveness of an investment in APN Outdoor.

Government laws, regulations and policies have a significant impact on the Out-of-Home advertising sector and the business of APN Outdoor, including regulating the ability to erect and maintain roadside billboards, the size and location of billboards and advertising panels and, as with the advertising sector more broadly, the content of advertising. In particular, construction, repair, maintenance, lighting, upgrading, height, size, spacing, the location and permitting of billboards and advertising panels and the use of new technologies for changing displays, such as digital displays, are regulated by local, State and Federal governments. Changes in laws, regulations and policies affecting Out-of-Home advertising, or changes in the interpretation of those laws, regulations and policies, at any level of government, including New Zealand, could limit the development of new Out-of-Home advertising locations, and could have a significant financial impact on APN Outdoor by requiring significant expenditures or otherwise limiting or restricting some of APN Outdoor's operations.

In particular, APN Outdoor's proposed program of digital conversions and construction of new panels requires satisfaction of both State and local government planning processes and development approvals. While APN Outdoor has extensive experience working with regulatory authorities, there can be no guarantee that approvals and timings will be achieved for the pipeline of potential conversions and new sites. In the future, additional regulation at a Federal, State and/or local level may be implemented to specifically regulate digital Out-of-Home advertising (including large format digital billboards) and such regulation could have a significant financial impact on APN Outdoor by reducing its ability to convert or install digital products, reducing the amount of content that APN Outdoor can display on its digital products or by otherwise limiting or restricting some of APN Outdoor's operations.

6 Risks

i. Underperformance of digital assets

APN Outdoor's existing and proposed program of digital conversions, installations and launch of new digital products is based on business cases and revenue projections which make certain assumptions about the revenue and earnings attributable to such conversion, installation and introduction of new digital products.

The forward-looking statements in relation to digital products in this Scheme Booklet are based on an assessment of recent historical performance, present economic and operating conditions, comparable products in other markets and on a number of best estimate assumptions regarding the future performance of the products offered in the digital formats.

However, the digital products offered by APN Outdoor may not achieve the performance expected by management, and such underperformance may impact APN Outdoor's operation and financial performance.

In addition, the growth in digital Out-of-Home advertising may in the future lead to price deflation in relation to classic Out-of-Home advertising (including products which APN Outdoor will continue to offer to its customers), which may further impact the performance of APN Outdoor.

j. Changes in technology

Technology plays an increasingly important role in the delivery of media content to customers in a cost-effective and competitive manner. An increasing proportion of APN Outdoor's revenue relies on the companies' abilities to develop, operate and maintain appropriate technology platforms for the efficient delivery of their services. Developing and maintaining appropriate and competitive technologies may require significant capital investment by APN Outdoor. Further, no assurance can be given that in the future APN Outdoor will have the resources to acquire or the ability to develop new competitive technologies.

k. Digital platforms, IT risk, privacy and cyber-crime

APN Outdoor relies on significant IT infrastructure and systems. The business of APN Outdoor depends on the efficient and uninterrupted operation of core technologies. APN Outdoor's core technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attack, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of APN Outdoor's core technologies to become unavailable. Any interruptions to these operations would impact APN Outdoor's ability to operate and could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect APN Outdoor's operating and financial performance.

APN Outdoor will use technologies which involve the collection of individual personal information. Through the ordinary course of its business, APN Outdoor will be likely to be exposed to cyber-attacks. Cyber-attacks may lead to compromise or even breach of the technology platform used by APN Outdoor to protect confidential information. It is possible that the measures taken by APN Outdoor (including firewalls, encryption of client data, a privacy policy and policies to restrict access to data to authorised employees) will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential information, whether malicious or inadvertent.

There is a risk that, if a cyber-attack is successful, any data security breaches or APN Outdoor's inadvertent failure to protect confidential information could result in a loss of information integrity, breaches of APN Outdoor's obligations under applicable laws or client agreements, system outages and the hacking of APN Outdoor's digital assets and/or systems, each of which may potentially have a material adverse impact on APN Outdoor's reputation and financial performance.

l. Protection of intellectual property

APN Outdoor relies on laws relating to trade secrets, copyright and trademarks to assist in producing its proprietary publishing platform. However, there is a risk that unauthorised use or copying of APN Outdoor's technology platform will occur. In addition, there is a risk that the validity, ownership or unauthorised use of intellectual property relevant to APN Outdoor's business will be successfully challenged by third parties, or that APN Outdoor may inadvertently infringe the intellectual property rights of third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if any alternative solution were not available, or not cost effective, it could materially adversely affect APN Outdoor's business, operating and financial performance.

m. Counterparty risk

APN Outdoor is exposed to collection risks where the counterparty fails to fulfil its contractual obligations. In particular, APN Outdoor is exposed to media agencies with which they conduct regular business on behalf of their respective clients. This means that APN Outdoor will be exposed to increased collection risk with agencies (rather than individual clients) in circumstances where agencies encounter financial difficulties.

n. Contracts

The risks associated with APN Outdoor's concession agreements and media contracts include:

- > contracts may be terminated for a variety of reasons (including for change of control), lost or impaired, or renewed on less favourable terms, or key advertisers may reduce their advertising spend with APN Outdoor either temporarily or permanently; and
- > although the relevant parties may continue to operate on existing commercial terms, a number of existing contracts have expired or will shortly expire.

In relation to customer contracts, the majority of the revenue of APN Outdoor is not underpinned by long term contracts to any given Out-of-Home or online advertising participant. As the needs of advertisers change frequently and are dependent on economic circumstances, retail trading conditions and competitive dynamics, it is possible that APN Outdoor's financial performance may be adversely affected.

o. Impairment of goodwill and other assets

A substantial proportion of APN Outdoor's total assets consists of goodwill and certain other assets including licences, systems and processes that may become impaired. As required under the Australian Accounting Standards, APN Outdoor tests goodwill and certain intangible and other assets annually, and on an interim date if impairment indicators become apparent that would require an interim test of these assets. If the carrying value of goodwill and certain other assets is revised downward due to impairment, such charges could increase the volatility of reported earnings and materially affect APN Outdoor's financial position and profitability.

p. Changes in accounting policy

The Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside of APN Outdoor's control. There is a risk that changes to the Australian Accounting Standards issued by the AASB could materially and adversely affect APN Outdoor and the financial position and performance reported in APN Outdoor's financial statements.

Moreover, there is a risk of changes to the interpretation, implementation or enforcement of the Australian Accounting Standards. In addition, there is a risk that APN Outdoor's current and historical interpretation of the Australian Accounting Standards could be determined to be incorrect by the relevant regulator. If there are any changes to the interpretation, implementation or enforcement of the Australian Accounting Standards or if the relevant regulator considers that APN Outdoor has not correctly interpreted the Australian Accounting Standards, this could require APN Outdoor to change certain of its accounting policies or its interpretation of the accounting policies (as applicable) which could materially and adversely affect APN Outdoor and the financial position and performance reported in APN Outdoor's financial statements.

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q. Changes to accounting treatment of intangible assets

APN Outdoor has received an enquiry from ASIC with respect to APN Outdoor's accounting policy for intangible assets.

Under APN Outdoor's current accounting policy, licences, systems and processes (June 2018 carrying value: \$137 million) are amortised over an estimated useful life of 40 years. APN Outdoor's assessment of useful life includes expectations around the renewal of site licences which, based on historical experience, often extend beyond the initial contract term.

APN Outdoor notes that if there were to be any changes to its amortisation period this would be non-cash related. Any change to APN Outdoor's amortisation policy would have no impact on APN Outdoor's cash position, debt covenants, EBITDA, Underlying NPATA nor would it be expected to impact APN Outdoor's ability to pay dividends.

A reduction in the estimated useful life of an asset would result in an increased amortisation expense and a reduction in NPAT.

The APN Outdoor Directors have considered and are comfortable with the current accounting policy and notes the critical accounting judgments, estimates and assumptions note disclosure made in APN Outdoor's financial statements for the half-year ended 30 June 2018¹⁴.

r. Fluctuations in the AUD exchange rate

While APN Outdoor predominantly purchases parts from local suppliers in Australian dollars, a significant portion of the capital cost of digital billboards are manufactured overseas and priced in US dollars or Euros. Fluctuations in the value of currencies may affect the prices at which APN Outdoor purchases parts from suppliers in the future and result in volatility in APN Outdoor's costs and profitability.

In addition, a part of each of APN Outdoor's business is conducted in New Zealand dollars and a change in the value of the Australian and New Zealand dollars relative to each other will impact the contribution of APN Outdoor's New Zealand business to the overall operating and financial performance of APN Outdoor.

s. Ability to refinance debt or access debt and equity capital markets

APN Outdoor obtains significant funding from banks. APN Outdoor is subject to the risk that it may not be able to refinance its bank facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent APN Outdoor from being able to refinance some or all of its debt.

In addition, APN Outdoor may in the future require additional debt or equity capital in order to fund growth strategies, in particular for acquisition opportunities that may arise from time to time. There is a risk that APN Outdoor may be unable to access debt or equity funding from the capital markets on favourable terms, or at all.

t. Interest rate fluctuations

APN Outdoor's debt facilities are floating-rate borrowings, which will be affected by changes in interest rates (although fluctuations may be partially offset by any interest rate hedging arrangements of APN Outdoor). Any increase in interest rates will affect APN Outdoor's costs of servicing these borrowings, which may adversely affect its financial position.

u. Maintenance of professional reputation

The success of APN Outdoor is reliant on the maintenance of its reputation and brand names.

Any factors that damage the reputation of APN Outdoor may potentially result in a failure to win new contracts and impinge on the ability to maintain relationships with existing customers, as well as affect its ability to attract key employees. If any of these occur, this could materially adversely affect APN Outdoor's business, operating and financial performance.

14. For further information, please refer to APN Outdoor's Appendix 4D and Half Year Accounts announcement to the ASX on 23 August 2018.

v. Divestment and acquisition activities

APN Outdoor may, from time to time, evaluate acquisition and divestment opportunities. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, cultural compatibility and operational integration. Integration of new businesses into APN Outdoor may be costly, may not generate expected earnings and may occupy a large amount of management's time. To the extent that acquisitions are not successfully implemented, the financial performance of APN Outdoor could be materially adversely affected.

w. Health and safety

Employees of APN Outdoor will be at risk of workplace accidents and incidents. In the event that an APN Outdoor employee is injured in the course of their employment, APN Outdoor may be liable for penalties or damages. This has the potential to harm both the reputation and financial performance of APN Outdoor.

In particular, the operation of an Out-of-Home media business, and specifically the installation and maintenance of advertising structures poses a safety risk to employees and installers. There is also a risk that APN Outdoor's advertising structures could pose a risk to community safety in the event the structure is improperly installed or maintained, or is tampered with. Any claim relating to employee, installer or community safety or injury could materially affect APN Outdoor's reputation, as well as its business, operating and financial performance.

x. Insurance

APN Outdoor seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. Any future increase in the cost of such insurance policies could adversely affect APN Outdoor's business, financial condition and operational results.

y. Inability to pay dividends or make distributions

The payment of dividends (if any) by APN Outdoor will be determined by the APN Outdoor Board from time to time at its discretion, and will be dependent upon factors including the profitability and cash flow of APN Outdoor's business at the relevant time.

Section seven



Taxation implications

7 Taxation implications

This section 7 provides a general overview of the Australian income tax, GST, and stamp duty considerations for Scheme Shareholders who:

- a. participate in the Scheme and dispose of their APN Outdoor Shares to JCDecaux ANZ;
- b. are either:
 - i. residents of Australia for Australian income tax purposes; or
 - ii. non-residents of Australia for Australian income tax purposes and do not hold their APN Outdoor Shares in carrying on business through a permanent establishment in Australia; and
- c. hold their APN Outdoor Shares on capital account for Australian income tax purposes.

The comments in this section 7 are not applicable to all Scheme Shareholders and are not intended to cover Scheme Shareholders who:

- > hold their APN Outdoor Shares as a revenue asset (e.g. trading entities or entities who acquired their APN Outdoor Shares for the purposes of resale at a profit) or as trading stock for Australian income tax purposes;
- > acquired their APN Outdoor Shares through, or in connection with, an employee share scheme where those shares remain subject to deferred taxation as at the Implementation Date;
- > are under a legal disability;
- > are temporary residents for the purposes of Australian income tax law;
- > may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations and entities subject to the Investment Manager Regime under Subdivision 842-1 of the Income Tax Assessment Act 1997 (Cth) in respect of their APN Outdoor Shares; or
- > are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their APN Outdoor Shares.

This summary is based on Australian tax law, and practice of the tax authorities, at the date of this Scheme Booklet. Taxation laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of APN Outdoor Shares will depend upon each Scheme Shareholder's specific circumstances.

The comments in this section 7 are not a substitute for advice from an appropriate professional adviser having regard to each Scheme Shareholder's individual circumstances. All Scheme Shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances.

The information contained in this Section 7 does not constitute "financial product advice" within the meaning of the Corporations Act.

Grant Thornton, which is providing the information contained in this section 7, is not licensed to provide financial product advice under the Corporations Act. To the extent that this summary contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product.

This section 7 does not take into account the objectives, financial situation or needs of any individual APN Outdoor Shareholder. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

In preparing this section 7, Grant Thornton has relied on information obtained from documents provided to Grant Thornton, and during various discussions with personnel from APN Outdoor. Grant Thornton has relied on the accuracy and completeness of the information provided and has not undertaken any procedures to validate or verify the completeness or accuracy of such information. Therefore, Grant Thornton does not accept any responsibility or any liability arising from the inaccuracy or incompleteness of any information provided to it.

7 Taxation implications

General Income Tax Implications of the Scheme

7.1 Dealings in APN Outdoor Shares

a. Class Ruling Application

APN Outdoor has requested the Australian Taxation Office (**ATO**) to issue a Class Ruling which seeks to confirm a range of matters relating to the income tax treatment of those Scheme Shareholders who receive the Special Dividend (if declared).

The ATO has not issued the Class Ruling requested as at the date of the Scheme Booklet.

The Class Ruling will be available on the ATO website at www.ato.gov.au.

It is anticipated that the Commissioner of Taxation's (**the Commissioner's**) views to be expressed in the Class Ruling will be generally consistent with the income tax information in this summary (to the extent that this summary deals with the position of resident taxpayers).

However, it is possible that the Commissioner may reach different conclusions. Accordingly, it is important that this summary be read on the understanding that the Commissioner may not issue a final ruling until after the Implementation Date.

b. Certain Income Tax consequences of the Scheme for Scheme Shareholders

Under the Scheme, Scheme Shareholders will dispose of their APN Outdoor Shares to JCDecaux ANZ in exchange for the Scheme Consideration.

Scheme Shareholders may also receive the Special Dividend in respect of each APN Outdoor Share that they hold on the Special Dividend Record Date on or before the Implementation Date, if the Special Dividend is declared.

Non-resident Scheme Shareholders should refer to section 7.2(d) below.

c. Capital Gains Tax Event

The disposal of APN Outdoor Shares to JCDecaux ANZ under the Scheme will give rise to a CGT event at the time Scheme Shareholders transfer their APN Outdoor Shares to JCDecaux ANZ under the Scheme (i.e. at the Implementation Date).

d. Calculation of Capital Gain or Loss

Scheme Shareholders will make a capital gain on the disposal of each of their APN Outdoor Shares to the extent that the capital proceeds received in respect of each APN Outdoor Share is more than its cost base. Conversely, Scheme Shareholders will make a capital loss to the extent that the capital proceeds in respect of each of their APN Outdoor Shares is less than their reduced cost base for those APN Outdoor Shares.

e. Capital Proceeds

The capital proceeds from the disposal of the APN Outdoor Shares should include the Scheme Consideration received by Scheme Shareholders.

If no Special Dividend is declared, each Scheme Shareholder will receive the Scheme Consideration of \$6.70 per APN Outdoor Share for the transfer of their APN Outdoor Shares to JCDecaux ANZ. In this case, the capital proceeds should include the Scheme Consideration received of \$6.70 per APN Outdoor Share.

The Special Dividend, if declared, should not form part of the capital proceeds for the disposal of the APN Outdoor Shares. In this case, the capital proceeds should include the Total Cash Consideration received of \$6.70 less the cash amount of the Special Dividend per APN Outdoor Share.

Nevertheless, the Commissioner may adopt a contrary view in regard to the Special Dividend (if any) and include the Special Dividend in capital proceeds. As at the date of this Scheme Booklet, the Commissioner has not made clear his position in relation to this issue.

Should the Commissioner determine that the Special Dividend forms part of the capital proceeds for the disposal of the APN Outdoor Shares, Scheme Shareholders will be required to take this into account in calculating the amount of any capital gain or capital loss. An 'anti-overlap' rule applies such that a capital gain made by a Scheme Shareholder would be reduced by the amount of the Special Dividend, to the extent that the Special Dividend is otherwise included in their assessable income. Where a Scheme Shareholder

makes a capital loss on disposal of their APN Outdoor Shares, the capital loss would be reduced by the amount of the Special Dividend.

f. Cost Base and Reduced Cost Base

The cost base (or reduced cost base) of each APN Outdoor Share held by a Scheme Shareholder will broadly be:

- i. the amount of money paid, or the value of property given, in order to acquire the APN Outdoor Share; plus
- ii. any 'incidental costs' as defined in the CGT rules; plus
- iii. any non-capital costs not claimed as an income tax deduction; less
- iv. any previous capital returns made by APN Outdoor.

g. CGT Discount

As the Scheme Consideration is to be provided in cash only, no CGT roll-over is available. However, the CGT discount should be available to those Scheme Shareholders who are individuals, trusts or complying superannuation funds and have held their APN Outdoor Shares for at least 12 months before the Implementation Date.

In general, the CGT discount rules enable Scheme Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds. The CGT discount is not available to Scheme Shareholders that are companies or non-residents for taxation purposes.

h. Capital losses

A capital loss on the disposal of APN Outdoor Shares may be used to offset any other capital gains derived by a Scheme Shareholder for the relevant year of income (including any capital gain derived by a Scheme Shareholder on other APN Outdoor Shares) or may potentially be carried forward to offset capital gains in future income years.

Specific loss recoupment rules apply to companies and trusts to restrict their ability to utilise capital losses in future years in some circumstances. Scheme Shareholders should obtain their own tax advice in relation to the operation of these rules.

i. Non-residents

Scheme Shareholders who are not residents of Australia for income tax purposes and do not hold their APN Outdoor Shares through a permanent establishment in Australia, should be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their APN Outdoor Shares to JCDcaux ANZ. This is on the basis of advice from APN Outdoor that the APN Outdoor Shares will not constitute 'taxable Australian real property' at the Implementation Date.

j. Stamp duty

No stamp duty should be payable by Scheme Shareholders on the disposal of APN Outdoor Shares under the Scheme.

k. GST

No GST will be payable by Scheme Shareholders in respect of the disposal of their APN Outdoor Shares under the Scheme. Scheme Shareholders may however be charged GST on their costs (such as advisor fees) that relate to their participation in the Scheme.

Scheme Shareholders may be entitled to full or partial input tax credits for any GST payable on such costs, but this will depend on each Scheme Shareholder's individual circumstances. Scheme Shareholders should seek independent advice in this regard.

7.2 Receipt of Special Dividend

a. Overview

The Special Dividend will only be paid to APN Outdoor Shareholders who are registered as such on the Special Dividend Record Date if the Special Dividend is declared by the APN Outdoor Board. The Special Dividend may be franked to the maximum extent possible by APN Outdoor, subject to compliance with the benchmark franking rule under the Income Tax Assessment Act 1997 (Cth) and a requirement that the

7 Taxation implications

franking account of APN Outdoor not being in deficit after the payment of the Special Dividend (and prior to the declaration of or resolution to pay any Special Dividend). Based on its current franking account balance, APN Outdoor expects to 'fully frank' the Special Dividend.

The Special Dividend, if declared, will, subject to the Scheme becoming Effective, be paid on or before the Implementation Date to Scheme Shareholders who hold APN Outdoor Shares on the Special Dividend Record Date.

If the Special Dividend is declared, the Scheme Consideration that JCDecaux ANZ must pay to Scheme Shareholders as consideration for the acquisition of their APN Outdoor Shares is \$640 per APN Outdoor Share.

This summary does not consider the treatment of the Interim Dividend which will be paid prior to, and is entirely independent of, the Scheme.

b. Announced but not yet enacted change in law

In the Mid-Year Economic and Fiscal Outlook 2016-17, the Government announced that it would introduce a specific measure to prevent a company from attaching franking credits to distributions to shareholders made outside or additional to the company's normal dividend cycle, to the extent the distributions are funded directly or indirectly by capital raising activities that result in the issue of new equity interests. This measure was stated to apply to distributions made after 12:00pm (AEDT) on 19 December 2016.

As the Government is yet to release draft legislation in relation to this measure, it is not possible to comment on whether it might apply to the Special Dividend and nor is APN Outdoor able to request a ruling from the Commissioner on the potential for the new measure to apply to the Special Dividend.

The following comments should therefore be read in the knowledge that the legislation, once enacted, could apply to prevent franking credits from being attached to the Special Dividend.

c. Implications for resident Scheme Shareholders

Resident Scheme Shareholders who receive the Special Dividend should be assessable on the amount of the Special Dividend.

Such Scheme Shareholders should be required to include the amount of any franking credits attached to the Special Dividend in their assessable income and should be entitled to claim a tax offset equal to the amount of those franking credits (the 'gross up and offset' approach) in the calculation of their income tax liability. Resident Scheme Shareholders that are a complying superannuation fund or an individual may be entitled to a refund of any excess franking offsets that exceeds their income tax liability for the relevant year of income. Other Scheme Shareholders will simply reduce their income tax liability by the amount of the franking credit attached to the Special Dividend.

In order for this 'gross up and offset' approach to apply, a Scheme Shareholder would need to satisfy the '45 day/at risk' rules in connection with the Special Dividend. The Class Ruling will set out the Commissioner's views on when a Scheme Shareholder will satisfy these rules.

Broadly speaking, subject to there not being a 'related payment', the '45 day/at risk' rules require a Scheme Shareholder to hold their APN Outdoor Shares 'at risk' for a continuous period of 45 days (not including the day of acquisition and day of disposal) during a prescribed period of time.

Scheme Shareholders should not be treated as holding their APN Outdoor Shares 'at risk' on and from the Scheme Record Date. To qualify for franking benefits, a Scheme Shareholder would at least need to hold their APN Outdoor Shares 'at risk' for 45 days starting on the day after they acquired their APN Outdoor Shares and ending on the day before the Scheme Record Date.

Scheme Shareholders will not be treated as holding their APN Outdoor Shares 'at risk' in relation to any day on which they have 'positions' that reduce their exposure to gains and losses in respect of those shares below 30%. Any days on which Scheme Shareholders are not treated as holding their shares 'at risk' do not count towards the 45 day requirement, but do not break the continuity of the 'at risk' period.

If there is a 'related payment' in relation to the Special Dividend, the period within which a Scheme Shareholder must hold their APN Outdoor Shares 'at risk' is truncated so that it would start 45 days before the Ex-Dividend Date and end 45 days after the day after the Ex-Dividend Date (the Ex-Dividend Date being one day after the Special Dividend Record Date).

The disposal of shares under a scheme of arrangement may be regarded as a 'related payment' in relation to a permitted special dividend. The Class Ruling will set out the Commissioner's view in this regard. Further, Scheme Shareholders should also consider whether they may have separately entered into any other arrangements that may result in a 'related payment', e.g. hedging transactions such as options.

Under the 'small shareholder exemption', a Scheme Shareholder who is an individual will not be required to satisfy the '45 day/at risk' rules where the total amount of franking credits attached to dividends received by that individual over the course of an income year is less than or equal to \$5,000 and they do not make a related payment in relation to any of those dividends.

Even if a Scheme Shareholder satisfies the '45 day/at risk' rules, there are separate anti-avoidance rules by which the Commissioner may prevent a Scheme Shareholder from utilising any franking credits attached to the Special Dividend.

APN Outdoor has lodged a Class Ruling application with the ATO in which it has requested the Commissioner to confirm the tax treatment of the Special Dividend including:

- i. that he will not use the franking anti-avoidance rules to deny any franking offsets that would otherwise be available to Scheme Shareholders;
- ii. whether a 'related payment' will occur in relation to the Special Dividend (such that the testing period for the '45 day/at risk' rules will be the longer test period described above);
- iii. that Scheme Shareholders will no longer hold their APN Outdoor Shares 'at risk' on and from the Scheme Record Date; and
- iv. that the amount of the Special Dividend will not form part of the capital proceeds received by Scheme Shareholders in respect of the sale of their APN Outdoor Shares for capital gains tax purposes.

However, as at the date of this Scheme Booklet, the Class Ruling has not been issued and so the final position of the Commissioner on these issues is unknown. It is possible that the Commissioner may take a contrary position to the views we have put forward in this section 7. Special Dividend franking rules apply to APN Outdoor Shares held by trusts and companies. Scheme Shareholders who are trusts or companies should seek professional advice in relation to the taxation treatment of the Special Dividend.

d. Implications for non-resident APN Outdoor Shareholders

Where the Special Dividend is fully franked (as expected), Scheme Shareholders who are not residents of Australia for income tax purposes and who are not acting through a permanent establishment in Australia in connection with their APN Outdoor Shares should not be assessable on the Special Dividend and no amount of withholding tax should be deducted from the Special Dividend. The "gross up and offset" approach described above should not apply.

Section

eight



Additional information

8 Additional information

8.1 Interests of APN Outdoor Directors in APN Outdoor securities

The table below lists the Relevant Interests of APN Outdoor Directors in APN Outdoor Shares as at the date of this Scheme Booklet.

APN Outdoor Director	Position	Relevant Interest in APN Outdoor Shares
Doug Flynn	Independent non-executive Chairman	250,000 Shares
Pat O'Sullivan	Independent non-executive Director	29,412 Shares
Lisa Chung	Independent non-executive Director	9,804 Shares
Jack Matthews	Independent non-executive Director	29,412 Shares
James Warburton	Chief Executive Officer and Managing Director	–

APN Outdoor Directors who hold APN Outdoor Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with the other Scheme Shareholders.

Each APN Outdoor Director intends to vote, or cause to be voted, all APN Outdoor Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of APN Outdoor Shareholders.

The table below lists the Relevant Interests of APN Outdoor Directors in APN Outdoor Options and APN Outdoor Performance Rights as at the date of this Scheme Booklet.

APN Outdoor Director	Position	Relevant Interest in APN Outdoor Options	Relevant Interest in APN Outdoor Performance Rights
Doug Flynn	Independent non-executive Chairman	–	–
Pat O'Sullivan	Independent non-executive Director	–	–
Lisa Chung	Independent non-executive Director	–	–
Jack Matthews	Independent non-executive Director	–	–
James Warburton	Chief Executive Officer and Managing Director	–	133,038

Please refer to section 8.12 for details regarding the treatment of APN Outdoor Options and APN Outdoor Performance Rights if the Scheme becomes Effective.

8.2 Marketable securities in JCDecaux ANZ held by, or on behalf of, APN Outdoor Directors

No marketable securities of JCDecaux ANZ are held by, or on behalf of, APN Outdoor Directors as at the date of this Scheme Booklet.

8.3 Interests of APN Outdoor Directors in contracts of JCDecaux ANZ

No APN Outdoor Director has an interest in any contract entered into by JCDecaux ANZ.

8.4 Other interests of APN Outdoor Directors

Other than as noted above and as set out in section 8.5 below, no APN Outdoor Director has any other interest, whether as a director, member or creditor of JCDecaux ANZ or otherwise, which is material to the Scheme, other than in their capacity as a holder of APN Outdoor Shares, APN Outdoor Options or APN Outdoor Performance Rights.

8 Additional information

8.5 Agreements or arrangements with APN Outdoor Directors

As noted in section 8.1 above, James Warburton, Chief Executive Officer and Managing Director, holds 133,038 APN Outdoor Performance Rights that will be subject to the regime described in section 8.12. Other than this, there is no agreement or arrangement made between any APN Outdoor Director and any other person, including a JCDecaux Group Member, in connection with or conditional upon the outcome of the Scheme.

8.6 Payments and other benefits to directors, secretaries or executive officers of APN Outdoor

Except as set out in section 8.5 above, no payment or other benefit is proposed to be made or given to a director, secretary or executive officer of APN Outdoor or any member of the APN Outdoor Group as compensation for loss of, or as consideration for or in connection with their retirement from, office in APN Outdoor or any member of APN Outdoor Group as a result of the Scheme.

8.7 Suspension of trading of APN Outdoor Shares

If the Court approves the Scheme, APN Outdoor will notify ASX. It is expected that suspension of trading on ASX in APN Outdoor Shares will occur from close of trading on the Effective Date. This is expected to occur on 18 October 2018.

8.8 Deed Poll

JCDecaux SA and JCDecaux ANZ have executed the Deed Poll pursuant to which they have undertaken in favour of each Scheme Shareholder to procure that each Scheme Shareholder is provided the Scheme Consideration to which they are entitled under the Scheme, in accordance with the terms of the Scheme and subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in Annexure C.

8.9 Warranties by Scheme Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to JCDecaux ANZ that all of their Scheme Shares which are transferred under the Scheme will, at the date of transfer be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and transfer their Scheme Shares (together with all rights and entitlements attaching to such shares) to JCDecaux ANZ.

8.10 Summary of Scheme Implementation Deed

On 26 June 2018, APN Outdoor and JCDecaux SA entered into a binding Scheme Implementation Deed under which APN Outdoor agreed to propose the Scheme. The Scheme Implementation Deed contains terms and conditions that are standard for these types of agreements, including in relation to the parties' obligations to implement the Scheme and APN Outdoor's obligation to conduct its business in the ordinary course during the Scheme process.

A summary of the key elements of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was lodged with ASX on 26 June 2018 and can be obtained from www.asx.com.au or from <http://investors.apnoutdoorcorporate.com/Investor-Centre/>.

a. Conditions

Implementation of the Scheme is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented:

- i. **FIRB Approval:** before 5.00pm on the Business Day before the Second Court Date, one of the following has occurred:
 - A. JCDecaux SA has received written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), by or on behalf of the Treasurer of the Commonwealth of Australia (**Treasurer**), advising that the Commonwealth Government has no objections to the Transaction either unconditionally or on terms that are acceptable to JCDecaux SA acting reasonably and in good faith;

- B. the Treasurer becomes precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the Transaction and the Transaction is not prohibited by section 82 of the FATA; or
 - C. where an interim order is made under section 68 of the FATA in respect of the Transaction, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision.
- ii. **Competition Approval:** JCDecaux SA has received informal merger clearance in respect of the Transaction, either unconditionally or on conditions that are acceptable to JCDecaux SA acting reasonably and in good faith, by notice in writing from the ACCC stating, or stating to the effect, that the ACCC does not propose to intervene or seek to prevent the acquisition of APN Outdoor Shares by JCDecaux SA and that notice remains in full force and effect in all material respects and has not been withdrawn, revoked, suspended, restricted or materially amended (or become subject to any notice, intimation or indication of intention to do any such thing) before 8.00am on the Second Court Date.
 - iii. **NZ OIO Approval:** before 5.00pm on the Business Day before the Second Court Date, JCDecaux SA has received in writing all consents, approvals or clearances if any required under the *Overseas Investment Act 2005* (New Zealand) and the *Overseas Investment Regulations 2005* (New Zealand) for the implementation of the Scheme, either unconditionally or on terms that are acceptable to JCDecaux SA acting reasonably and in good faith, and such consents, approvals or clearances (as the case may be) have not been withdrawn, suspended, revoked or materially adversely amended.
 - iv. **Shareholder Approval:** APN Outdoor Shareholders approve the Scheme.
 - v. **Independent Expert's Report:** the Independent Expert issues an Independent Expert's Report which concludes at all times prior to the Second Court Date that the Scheme is in the best interest of APN Outdoor Shareholders.
 - vi. **Court Approval:** the Court approves the Scheme.
 - vii. **No Restraints:** between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date, there is no Order or other material legal restraint or prohibition, and no action or investigation announced, commenced or threatened by a government agency, which prevents or makes illegal the implementation of the Scheme.
 - viii. **No APN Outdoor Prescribed Occurrence:** no APN Outdoor Prescribed Occurrence occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.
 - ix. **No APN Outdoor Regulated Event:** no APN Outdoor Regulated Event occurs between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date, provided in the case of paragraphs (c), (e), (f) and (h) in the definition of APN Outdoor Regulated Event in the Glossary below, the relevant event is, individually or when aggregated with all such events, material in the context of the Transaction as a whole.
 - x. **No APN Outdoor Material Adverse Change:** no APN Outdoor Material Adverse Change occurs, or becomes known to JCDecaux SA, between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.

b. Exclusivity

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of JCDecaux SA. These arrangements are in line with market practice and may be summarised as follows:

- i. **Cease Discussions:** APN Outdoor and its Related Bodies Corporate must cease any negotiations or discussions with any third party in respect of a Competing Proposal (or which may reasonably be expected to lead to a Competing Proposal, or reduce the likelihood of success of the Transaction).
- ii. **No Talk:** APN Outdoor must not, and must ensure that none of its, or its Related Bodies Corporate's, Related Persons or agents, participate in negotiations or discussions, or enter into any agreement or understanding, with any third party in relation to a Competing Proposal (or which could reasonably be expected to lead to a Competing Proposal).
- iii. **No Shop:** APN Outdoor must not, and must ensure that none of its, or its Related Bodies Corporate, Related Persons or agents, solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to a Competing Proposal (or which would reasonably be expected to lead to a Competing Proposal).

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- iv. **No Disclosure:** APN Outdoor must not disclose or otherwise provide or make available any non-public information about the business or affairs of the APN Outdoor Group to a third party (being a person other than JCDecaux SA, its Related Bodies Corporate and its other Associates) which would reasonably be expected to encourage or lead to the formulation of a Competing Proposal. This includes, without limitation, providing such information for the purposes of the conduct of due diligence on the APN Outdoor Group.
- v. **Notification:** If APN Outdoor (or any of its Related Bodies Corporate or any of their respective Related Persons) becomes aware of any:
 - A. approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
 - B. proposal made to APN Outdoor, any of its Related Bodies Corporate or any of their respective Related Persons in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - C. provision by APN Outdoor, any of its Related Bodies Corporate or any of their respective Related Persons of any non-public information concerning the business or operations of APN Outdoor or the APN Outdoor Group to any third party in connection with an actual, proposed or potential Competing Proposal,

APN Outdoor must within two Business Days notify JCDecaux SA (with the notice including the material terms of the Competing Proposal and the identity of the third party making the Competing Proposal).

- vi. **Matching Right:** APN Outdoor must:
 - A. not, and must ensure that its Related Bodies Corporate do not, enter into any legally binding agreement, arrangement or understanding to implement a Competing Proposal; and
 - B. ensure that none of the APN Outdoor Directors recommend a Competing Proposal or withdraw or change their recommendation or voting intention,unless the Competing Proposal is a Superior Proposal and APN Outdoor has given JCDecaux SA at least five Business Days to make a proposal that matches or exceeds the Competing Proposal.

However, APN Outdoor is not required to comply with its obligations under the 'no talk' and 'no disclosure' provisions in the Scheme Implementation Deed if the APN Outdoor Board determines that complying with those provisions would be likely to constitute a breach of the fiduciary or statutory duties owed by the APN Outdoor Board.

These exclusivity arrangements are set out in full in clause 11 of the Scheme Implementation Deed.

c. Reimbursement Fee

APN Outdoor has agreed to pay JCDecaux SA a reimbursement fee of \$11,300,000 (**Reimbursement Fee**) if:

- i. **Change in recommendation:** any APN Outdoor Director:
 - A. withdraws or adversely changes their recommendation that APN Outdoor Shareholders vote in favour of the Scheme at the Scheme Meeting; or
 - B. supports or endorses a Competing Proposal,other than where the Independent Expert concludes that the Scheme is not in the best interests of APN Outdoor Shareholders (except where that conclusion is a result of a Superior Proposal), or in circumstances where APN Outdoor is entitled to terminate the Scheme Implementation Deed under clauses 13.1(a) or 13.2(a) of the Scheme Implementation Deed.
- ii. **Competing Proposal announced and transaction subsequently completing:** a Competing Proposal is announced by a third party prior to the earlier of termination of the Scheme Implementation Deed and the End Date and, within one year after that occurring, the third party or their Associate:
 - A. completes in all material aspects a transaction of the kind referred to in the definition of a Competing Proposal; or
 - B. has a relevant interest in at least 50% of APN Outdoor Shares or otherwise acquires (either alone or in aggregate) Control of APN.

- iii. **JCDecaux SA terminates the Scheme Implementation Deed:** JCDecaux SA terminates the Scheme Implementation Deed due to:
- A. a material breach by APN Outdoor (and APN Outdoor fails to remedy such breach within the required period); or
 - B. any of the conditions referred to in paragraphs 8.10(a)(viii), 8.10(a)(ix) or 8.10(a)(x) above not being satisfied or waived.

However, the Reimbursement Fee is not payable if the Scheme nevertheless becomes Effective.

For full details of the Reimbursement Fee, see clause 12 of the Scheme Implementation Deed.

d. Termination

Either APN Outdoor or JCDecaux SA can terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- i. the other party is in material breach of the Scheme Implementation Deed (including a representation and warranty where the loss reasonably expected to follow from the relevant breach is at least \$10 million), and that breach is not remedied within five Business Days of receiving written notice from the non-breaching party;
- ii. In certain circumstances where:
 - A. the Court or another government agency (including any other court) has taken any action permanently restraining or otherwise prohibiting or preventing the Transaction, or has refused to do anything necessary to permit the Transaction to be implemented by the End Date, and the action or refusal has become final and cannot be appealed or reviewed;
 - B. there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied or from being satisfied by the time and date specified in the Scheme Implementation Deed, and that Condition Precedent is not waived; or
 - C. the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date.

JCDecaux SA can terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if any APN Outdoor Director has withdrawn or adversely changed his or her recommendation that APN Outdoor Shareholders vote in favour of the Scheme at the Scheme Meeting or has recommended or made a statement supporting or endorsing a Competing Proposal.

APN Outdoor can terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if a majority of the APN Outdoor Board withdraws its recommendation that APN Outdoor Shareholders vote in favour of the Scheme at the Scheme Meeting, and, if required to pay the Reimbursement Fee as a result of such withdrawal, APN Outdoor has paid JCDecaux SA the Reimbursement Fee.

e. Nomination by JCDecaux SA

JCDecaux SA has nominated JCDecaux ANZ to acquire all of the Scheme Shares. Accordingly, JCDecaux SA must procure that JCDecaux ANZ complies with its obligations and JCDecaux SA shall not otherwise be relieved of its obligations under the Scheme Implementation Deed.

8.11 Status of regulatory conditions

As at the date of this Scheme Booklet:

- a. **ACCC approval:** ACCC approval has been obtained;
- b. **FIRB approval:** the Treasurer of the Commonwealth of Australia has not yet provided notice that there are no objections to the Transaction under the FATA; and
- c. **OIO approval:** JCDecaux SA has not yet received in writing all consents, approvals or clearances required under the *Overseas Investment Act 2005* (New Zealand) and the *Overseas Investment Regulations 2005* (New Zealand) for the implementation of the Scheme.

An update on the status of the FIRB approval and OIO approval will be provided at the Scheme Meeting.

8 Additional information

8.12 APN Outdoor Options and APN Outdoor Performance Rights

a. APN Outdoor Options and APN Outdoor Performance Rights on issue

As detailed in APN Outdoor's annual report for the year ended 31 December 2017, APN Outdoor operates the APN Outdoor LTIP under which options and performance rights are granted to senior executives as an incentive and reward. As at the date of this Scheme Booklet, APN Outdoor has the following number of options and performance rights on issue:

- i. 650,163 APN Outdoor Options; and
- ii. 861,163 APN Outdoor Performance Rights.

As set out in section 8.1, none of the non-executive APN Outdoor Directors hold any APN Outdoor Options or APN Outdoor Performance Rights.

Each APN Outdoor Option confers on its holder the entitlement to acquire one APN Outdoor Share (by way of issue or transfer) at the exercise price upon the exercise of the option. APN Outdoor Options may be exercised at any time from the vesting date to the expiry date. All of the APN Outdoor Options have an exercise price of \$5.95.

Each APN Outdoor Performance Right confers on its holder the entitlement to receive one APN Outdoor Share (by way of issue or transfer) upon the exercise of the APN Outdoor Performance Right. No amount is payable by the holder of the APN Outdoor Performance Right upon exercise. Performance rights may be exercised at any time from the vesting date to the expiry date. The APN Outdoor Performance Rights have a zero exercise price.

b. Intended treatment of APN Outdoor Options and APN Outdoor Performance Rights in connection with the Scheme

Under the terms of the Scheme Implementation Deed, APN Outdoor must procure the APN Outdoor Board to make any necessary determinations to cause all of the APN Outdoor Options and the APN Outdoor Performance Rights to vest and be exercised so that they convert into APN Outdoor Shares and therefore be entitled to participate in the Scheme.

Under the terms of the APN Outdoor LTIP, in the event of a proposed change of control of APN Outdoor, the APN Outdoor Board has discretion to determine the treatment of any unvested APN Outdoor Options and APN Outdoor Performance Rights and the timing of such treatment. In accordance with and as permitted by the terms of the APN Outdoor LTIP, the APN Outdoor Board has exercised its discretion and determined to:

- i. accelerate the vesting of all APN Outdoor Performance Rights and, subject to the Scheme becoming Effective, all of the APN Outdoor Performance Rights will automatically convert on a one-for-one basis so that 861,163 APN Outdoor Shares (representing 0.52% of total APN Outdoor Shares on issue¹⁵) will be issued to the holders of those APN Outdoor Performance Rights prior to the Special Dividend Record Date and will be acquired by JCDecaux ANZ under the Scheme on the Implementation Date and the holders of those APN Outdoor Shares will be entitled to receive the Scheme Consideration and the Special Dividend (if declared); and
- ii. accelerate the vesting of all APN Outdoor Options and, subject to the Scheme becoming Effective, all of the APN Outdoor Options may be exercised in accordance with their terms of issue such that, upon exercise by the holders of those APN Outdoor Options, 72,779 APN Outdoor Shares (representing 0.04% of total APN Outdoor Shares on issue¹) will be issued prior to the Special Dividend Record Date and will be acquired by JCDecaux ANZ under the Scheme on the Implementation Date and the holders of those APN Outdoor Shares will be entitled to receive the Scheme Consideration and the Special Dividend (if declared).

15. Calculated based on 167,005,841 ordinary shares outstanding immediately prior to the exercise of the APN Outdoor Options and APN Outdoor Performance Rights.

8.13 ASIC Relief

Pursuant to rule 5.1.01(b) and clause 8302(h) of Schedule 8 of the Corporations Regulations, the explanatory statement required for a Scheme must set out whether, within the knowledge of the directors of APN Outdoor, the financial position of APN Outdoor has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to shareholders in accordance with sections 314 or 317 of the Corporations Act, as well as the full particulars of the changes.

ASIC has granted APN Outdoor relief from this requirement so that this Scheme Booklet only need set out, within the knowledge of the APN Outdoor Directors, that the financial position of APN Outdoor has not materially changed since 30 June 2018 (being the last date of the period to which the financial statements for the half-year ended 30 June 2018 relate).

8.14 Consents and disclosures

- a. The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:
 - i. Morgan Stanley as financial adviser to APN Outdoor;
 - ii. Cadence Advisory as financial adviser to APN Outdoor;
 - iii. Link Market Services as the manager of the Register;
 - iv. Grant Thornton as tax adviser to APN Outdoor in relation to the Scheme; and
 - v. Allens as legal adviser to APN Outdoor in relation to the Scheme.
- b. The Independent Expert has given and has not withdrawn its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in Annexure A to this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.
- c. JCDecaux SA and JCDecaux ANZ have each given, and neither has withdrawn, its consent to be named in this Scheme Booklet and in relation to the inclusion of the JCDecaux Information in this Scheme Booklet in the form and context in which that information is included.
- d. Each person named in this section 8.14:
 - i. has not authorised or caused the issue of this Scheme Booklet;
 - ii. does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this section 8.14; and
 - iii. to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 8.14.

8.15 No unacceptable circumstances

The APN Outdoor Directors believe that the Scheme does not involve any circumstances in relation to the affairs of APN Outdoor that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

8.16 No other information material to the making of a decision in relation to the Scheme

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Attachments to this Scheme Booklet, there is no other information that is material to the making of a decision by an APN Outdoor Shareholder whether or not to vote in favour of the Scheme Resolution to approve the Scheme, being information that is known to any APN Outdoor Director and which has not previously been disclosed to APN Outdoor Shareholders.

8 Additional information

8.17 Supplementary information

If APN Outdoor becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Court Approval Date:

- > a material statement in this Scheme Booklet is false or misleading;
- > a material omission from this Scheme Booklet;
- > a significant change affecting a matter in this Scheme Booklet; or
- > a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, APN Outdoor may circulate and publish any supplementary document by:

- > making an announcement to ASX;
- > placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- > posting the supplementary document to APN Outdoor Shareholders at their registered address as shown in the Register; or
- > posting a statement on APN Outdoor's website at www.apnoutdoor.com.au,

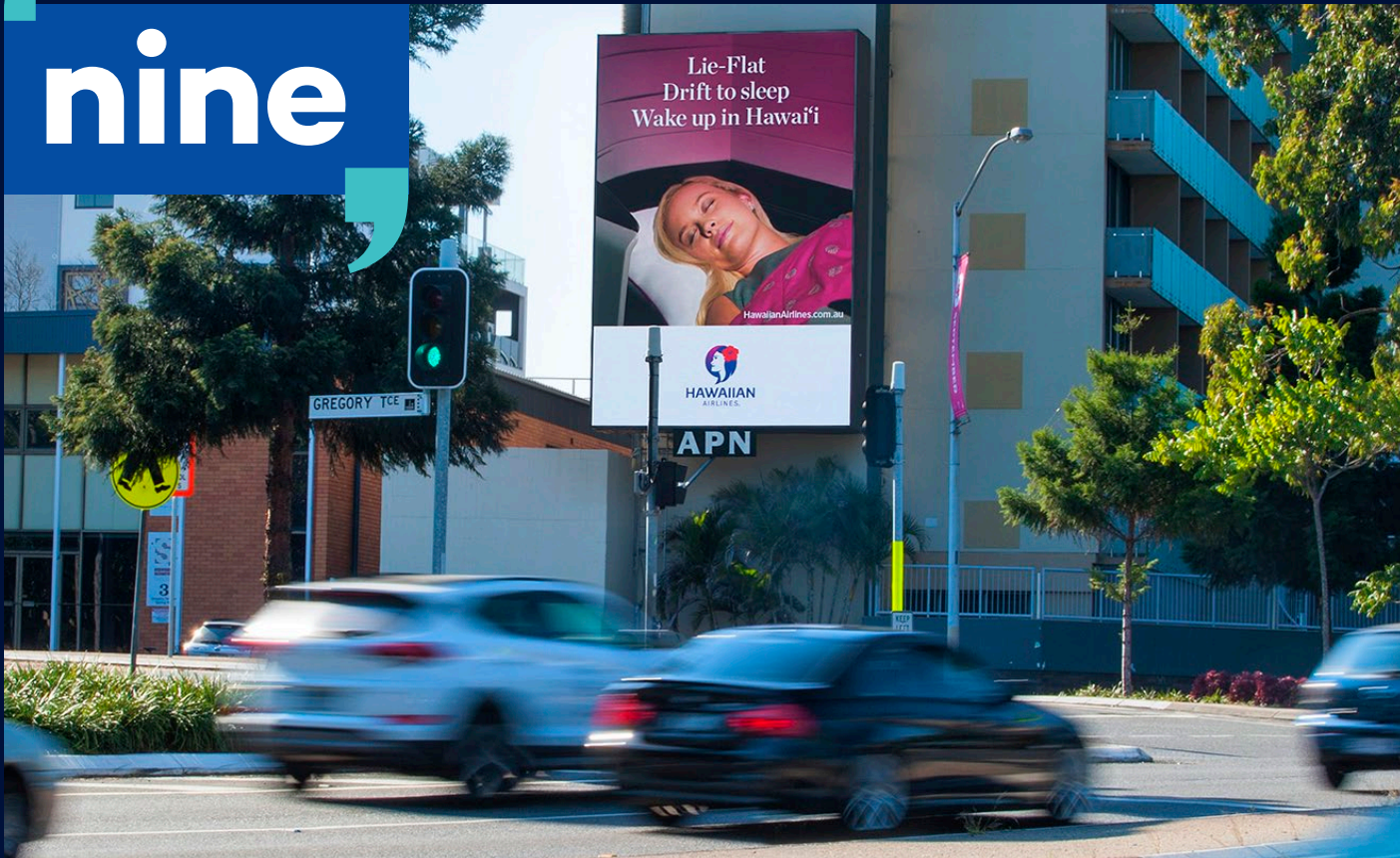
as APN Outdoor in its absolute discretion considers appropriate.

8.18 Transaction costs

APN Outdoor estimates that it will incur approximately \$14.3 million in external transaction costs related to the Scheme, which includes advisory fees, legal fees, valuation fees, Court fees and registry, printing and mailing costs. Of this, approximately \$2.6 million will be incurred regardless of whether the Scheme becomes Effective or not, including Independent Expert's fees of \$150,000 plus GST.

Section

nine



Glossary and interpretation

9 Glossary and interpretation

9.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

Term	Meaning
1H2017	the financial half-year ended 30 June 2017.
1H2018	the financial half-year ended 30 June 2018.
ACCC	Australian Competition and Consumer Commission.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
APN Outdoor	APN Outdoor Group Limited (ACN 155 848 589).
APN Outdoor Board or Board	the board of directors of APN Outdoor.
APN Outdoor Director or Your Director	a member of the APN Outdoor Board.
APN Outdoor Group	APN Outdoor and each of its Subsidiaries and a reference to an "APN Outdoor Group Member" or a "member of the APN Outdoor Group" is to APN Outdoor or any of its Subsidiaries.
APN Outdoor Information	the information contained in this Scheme Booklet, other than the JCDecaux Information, the information contained in Annexure A (except the information provided by APN Outdoor to Lonergan Edwards & Associates Limited) and the information contained in section 7 (Taxation Implications).
APN Outdoor LTIP	the long term equity incentive plans of APN Outdoor.
APN Outdoor Material Adverse Change	<p>A</p> <p>a. a relevant party to a Relevant Material Contract has not provided APN Outdoor in writing a binding waiver or release (either unconditionally or subject to conditions that are reasonably acceptable to JCDecaux SA) of its rights under the Material Contract that makes that contract a Relevant Material Contract, which remains unvaried or unrevoked before 8.00am on the Second Court Date; or</p> <p>b. a Material Contract is terminated, or an APN Outdoor Group member receives, or gives, any notice of termination of any Material Contract which remains unrevoked or unremedied before 8.00am on the Second Court Date, and the aggregate of the underlying EBITDA (on an annualised basis) contributed or reasonably likely to be contributed by the Material Contracts in (a) and (b) above for the APN Outdoor Group is \$7,500,000 or more. For the avoidance of doubt, the fact that APN Outdoor has disclosed to JCDecaux SA that certain Material Contract change of control clauses may be triggered will not prevent JCDecaux SA relying on such a change of control as an APN Outdoor Material Adverse Change;</p> <p>B</p> <p>if it becomes apparent to JCDecaux SA, acting reasonably, that the amount of aggregate stamp duty payable by JCDecaux SA in accordance with clause 14.1 of the Scheme Implementation Deed will be \$5,000,000 or more; or</p>

Term	Meaning
APN Outdoor Material Adverse Change <i>continued</i>	<p>C</p> <p>an event, change, condition, matter, circumstance or thing occurring before, on or after the date of the Scheme Implementation Deed (each a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:</p> <ol style="list-style-type: none"> a. a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the APN Outdoor Group taken as a whole; or b. without limiting the generality of paragraph (c) above: <ol style="list-style-type: none"> i. the effect of a diminution in the value of the consolidated net assets of the APN Outdoor Group as at 31 December 2017, taken as a whole, by at least \$20,000,000; or ii. the effect of a diminution in the consolidated underlying EBITDA of the APN Outdoor Group, taken as a whole, by at least \$10,000,000 (on an annualised basis) against what it would reasonably have been expected to have been but for such Specified Event, <p>in the case of (C) above, other than those events, changes, conditions, matters, circumstances or things:</p> <ol style="list-style-type: none"> c. required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; d. that are Fairly Disclosed in the Disclosure Materials; e. agreed to in writing by JCDecaux SA; f. arising as a result of any generally applicable change in law or governmental policy, including changes to the accounting standards in Australia, New Zealand or France; g. arising from changes in political, economic or business conditions that impact on APN Outdoor and its competitors in a similar manner; or h. that APN Outdoor has Fairly Disclosed in an announcement made by APN Outdoor to ASX in the 12 month period prior to the date of the Scheme Implementation Deed or a publicly available document lodged by it with ASIC in the 12 month period prior to the date of the Scheme Implementation Deed.
APN Outdoor Options	the options in APN Outdoor issued under the APN Outdoor LTIP, as set out in section 8.12.
APN Outdoor Performance Rights	the performance rights issued under the APN Outdoor LTIP, as set out in section 8.12.
APN Outdoor Prescribed Occurrence	<p>other than as:</p> <ol style="list-style-type: none"> a. required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; b. Fairly Disclosed in the Disclosure Materials; c. agreed to in writing by JCDecaux SA; or d. Fairly Disclosed by APN Outdoor in an announcement made by APN Outdoor to ASX, or a publicly available document lodged by it with ASIC in the 12 month period prior to the date of the Scheme Implementation Deed,

9 Glossary and interpretation

Term	Meaning
APN Outdoor Prescribed Occurrence <i>continued</i>	<p>the occurrence of any of the following:</p> <ul style="list-style-type: none"> e. APN Outdoor converting all or any of its shares into a larger or smaller number of shares; f. a member of the APN Outdoor Group resolving to reduce its share capital in any way; g. a member of the APN Outdoor Group: <ul style="list-style-type: none"> i. entering into a buy-back agreement; or ii. resolving to approve the terms of a buy-back agreement under the Corporations Act; h. a member of the APN Outdoor Group issuing or agreeing to issue shares or securities convertible into shares other than an issue of shares pursuant to the conversion of (or in satisfaction of) an APN Outdoor Option or APN Outdoor Performance Right under the APN Outdoor LTIP in accordance with clause 4.6 of the Scheme Implementation Deed; i. a member of the APN Outdoor Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; j. a member of the APN Outdoor Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or k. an Insolvency Event occurs in relation to a member of the APN Outdoor Group.
APN Outdoor Registry	Link Market Services Limited.
APN Outdoor Regulated Event	<p>other than as:</p> <ul style="list-style-type: none"> a. required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; b. Fairly Disclosed in the Disclosure Materials; c. agreed to in writing by JCDecaux SA; or d. Fairly Disclosed by APN Outdoor in an announcement made by APN Outdoor to ASX, or a publicly available document lodged by it with ASIC, in the twelve month period prior to the date of the Scheme Implementation Deed, <p>the occurrence of any of the following:</p> <ul style="list-style-type: none"> e. an APN Outdoor Group member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; f. an APN Outdoor Group Member acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of, any asset or business, or entering into any corporate transaction, which would or would reasonably be likely to involve a material change in: <ul style="list-style-type: none"> i. the manner in which the APN Outdoor Group conducts its business; ii. the nature (including balance sheet classification), extent or value of the assets of the APN Outdoor Group; or iii. the nature (including balance sheet classification), extent or value of the liabilities of the APN Outdoor Group; g. JCDecaux SA becoming aware that the APN Outdoor representation and warranty in paragraph (j) of Schedule 3 of the Scheme Implementation Deed is inaccurate;

Term	Meaning
APN Outdoor Regulated Event <i>continued</i>	<ul style="list-style-type: none"> <li data-bbox="501 365 1394 488">h. APN Outdoor announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie) other than a Interim Dividend or Special Dividend; <li data-bbox="501 499 1394 528">i. a member of the APN Outdoor Group making any change to its constitution; <li data-bbox="501 539 1394 633">j. a member of the APN Outdoor Group commencing business activities not already carried out as at the date of the Scheme Implementation Deed, whether by way of acquisition or otherwise; <li data-bbox="501 645 1394 853">k. a member of the APN Outdoor Group: <ul style="list-style-type: none"> <li data-bbox="539 680 948 710">i. acquiring, leasing or disposing of; <li data-bbox="539 721 1289 750">ii. agreeing, offering or proposing to acquire, lease or dispose of; or <li data-bbox="539 761 1394 853">iii. announcing or proposing a bid, or tendering, for, any business, assets, entity or undertaking, the value of which exceeds \$7,500,000 (individually or in aggregate); <li data-bbox="501 864 1394 958">l. a member of the APN Outdoor Group entering into a contract or commitment restraining a member of the APN Outdoor Group from competing with any person or conducting activities in any market; <li data-bbox="501 969 1394 1435">m. a member of the APN Outdoor Group: <ul style="list-style-type: none"> <li data-bbox="539 1005 1394 1128">i. entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the APN Outdoor Group in excess of \$7,500,000 (individually or in aggregate) other than any payment required by law; <li data-bbox="539 1140 1394 1200">ii. (without limiting the foregoing) agreeing to incur capital expenditure of more than \$7,500,000 (individually or in aggregate); <li data-bbox="539 1211 1394 1305">iii. waiving any material third party default where the financial impact on the APN Outdoor Group will be in excess of \$7,500,000 (individually or in aggregate); or <li data-bbox="539 1317 1394 1435">iv. accepting as a compromise of a matter less than the full compensation due to a member of the APN Outdoor Group where the financial impact of the compromise on the APN Outdoor Group is more than \$7,500,000 (individually or in aggregate); <li data-bbox="501 1447 1394 1570">n. a member of the APN Outdoor Group providing financial accommodation other than to members of the APN Outdoor Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$7,500,000 (individually or in aggregate); <li data-bbox="501 1581 1394 1704">o. a member of the APN Outdoor Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments; <li data-bbox="501 1715 1394 1839">p. a member of the APN Outdoor Group entering into, or resolving to enter into, a transaction with any related party of APN Outdoor (other than a related party which is a member of the APN Outdoor Group), as defined in section 228 of the Corporations Act; <li data-bbox="501 1850 1394 2045">q. a member of the APN Outdoor Group entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above other than the Agreed Retention Payments;

9 Glossary and interpretation

Term	Meaning
APN Outdoor Regulated Event <i>continued</i>	<ul style="list-style-type: none"> r. a member of the APN Outdoor Group paying any of its officers, directors, other executives or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials, and other than the Agreed Retention Payments; s. a member of the APN Outdoor Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; t. a member of the APN Outdoor Group agreeing to pay or incur any fees (whether or not disclosed in the disclosure letter between APN Outdoor and JCDecaux SA prior to the Scheme Implementation Deed) in relation to its retainers and mandates with financial advisers and fee estimates for other advisers, which it is not under a contractual obligation to pay (and for the avoidance of doubt, the carve out in item 2 above for items Fairly Disclosed does not apply), amending in any material respect any arrangement with its financial adviser and other advisers, or entering into arrangements with a new financial adviser or other advisers, in respect of the Transaction or a Competing Proposal; u. a member of the APN Outdoor Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; v. a member of the APN Outdoor Group doing anything that would result in a change in the APN Outdoor Consolidated Tax Group; or w. notice of any material investigation, prosecution, arbitration, litigation or dispute threatened against a member of the APN Outdoor Group which could reasonably be expected to give rise to a liability for the APN Outdoor Group in excess of \$5,000,000 (Material Proceedings) and for the avoidance of doubt which is not frivolous or vexatious, or circumstances arising which could reasonably be expected to give rise to any Material Proceedings. For the avoidance of doubt, Material Proceedings do not include any liability relating to an investigation, prosecution, arbitration, litigation or dispute to the extent that an insurer has agreed to cover the liability under an insurance policy maintained by a member of the APN Outdoor Group.
APN Outdoor Share or Share	a fully paid ordinary share in the capital of APN Outdoor.
APN Outdoor Shareholder or Shareholder	each person who is registered as the holder of an APN Outdoor Share in the Register.
Associate	has the meaning set out in section 12 of the Corporations Act.
ATO	Australian Tax Office.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney.
Cadence Advisory	Cadence (90) Investments No. 1 Pty Limited (ACN 152 487 351).

Term	Meaning
Competing Proposal	<p>any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would mean a third party (either alone or together with any Associate) may:</p> <ol style="list-style-type: none"> a. directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the APN Outdoor Shares or of the share capital of any material Subsidiary of APN Outdoor; b. acquire Control of APN Outdoor or any material Subsidiary of APN Outdoor; c. directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of APN Outdoor's business or assets or the business or assets of the APN Outdoor Group; d. otherwise directly or indirectly acquire or merge with APN Outdoor or a material Subsidiary of APN Outdoor; or e. require APN Outdoor to abandon, or otherwise fail to proceed with, the Transaction, <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Conditions Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Court	the Federal Court of Australia (New South Wales) or such other court of competent jurisdiction under the Corporations Act agreed to in writing between the parties.
Court Approval Date	the date when the Court grants its approval to the Scheme under section 411(4) of the Corporations Act.
Disclosure Materials	<p>the:</p> <ol style="list-style-type: none"> a. documents and information made available by APN Outdoor to JCDecaux SA and its Related Persons, during the period from 22 June 2018 to 6am on 26 June 2018, including the management presentation provided by APN Outdoor to JCDecaux SA; and b. disclosure letter identified as such provided by APN Outdoor to JCDecaux SA and countersigned on or behalf of JCDecaux SA on or prior to the date of the Scheme Implementation Deed and any document identified in that letter as having been disclosed to JCDecaux SA subject to such document having been Fairly Disclosed.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation.

9 Glossary and interpretation

Term	Meaning
Effective	means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	31 December 2018, or such other date as agreed in writing by the parties.
EV	enterprise value.
FIRB	the Australian Foreign Investment Review Board.
Fairly Disclosed	a reference to 'Fairly Disclosed' means disclosed to JCDecaux SA or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the APN Outdoor Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth).</i>
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: <ul style="list-style-type: none"> a. bill, bond, debenture, note or similar instrument; b. acceptance, endorsement or discounting arrangement; c. guarantee; d. finance or capital lease; e. agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or f. obligation to deliver goods or provide services paid for in advance by any financier.
FY2016	the financial year ended 31 December 2016.
FY2017	the financial year ended 31 December 2017.
FY2018	the financial year ended 31 December 2018.
FY18E	Forecast underlying FY2018 EBITDA of \$94 million (mid-point of guidance issued to the market by APN Outdoor on 28 May 2018).
Grant Thornton	Grant Thornton Australia Limited.
Implementation Date	the fourth Business Day after the Scheme Record Date or such other date agreed to in writing between APN Outdoor and JCDecaux SA.
Independent Expert	Loneragan Edwards & Associates Limited (ABN 53 095 445 560).
Independent Expert's Report	the report prepared by the Independent Expert dated 10 September 2018 set out in Annexure A.

Term	Meaning
Insolvency Event	means, in relation to an entity: <ul style="list-style-type: none"> a. the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity; b. a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; c. the entity executing a deed of company arrangement; d. the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; e. the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or f. the entity being deregistered as a company or otherwise dissolved.
Interim Dividend	means a fully franked interim dividend of \$0.07 per APN Outdoor Share in respect of the financial half-year ending 30 June 2018 to be paid to eligible APN Outdoor Shareholders on the Interim Dividend Payment Date.
Interim Dividend Payment Date	21 September 2018.
Interim Dividend Record Date	7.00pm (Sydney time) on 6 September 2018.
JCDecaux ANZ	JCDecaux ANZ Pty Ltd (ACN 627 855 663).
JCDecaux Group	JCDecaux SA and each of its Subsidiaries, including JCDecaux ANZ, and a reference to a JCDecaux Group Member or a member of the JCDecaux Group is to JCDecaux SA or any of its Subsidiaries from time to time (excluding, at any time, APN Outdoor and its Subsidiaries to the extent that APN Outdoor and its Subsidiaries are subsidiaries of JCDecaux SA at that time).
JCDecaux Information	the information contained in: <ul style="list-style-type: none"> > the answer to the question “Who are JCDecaux ANZ?” in section 2; and > section 5.
JCDecaux SA	JCDecaux SA (307570 747, registered in the Nanterre Trade and Companies Register).
Link Market Services	Link Market Services Limited (ACN 083 214 537).
Listing Rules	the official listing rules of the ASX.
Material Contract	any agreement, contract, deed or other arrangement, right or instrument which: <ul style="list-style-type: none"> a. involves the provision of financial accommodation to any member of the APN Outdoor Group; or b. contributes, or is reasonably likely to contribute, \$1,000,000 per annum of consolidated underlying earnings before interest, tax, depreciation and amortization of the APN Outdoor Group.
Morgan Stanley	Morgan Stanley Australia Limited (ABN 67 003 734 576).
NPAT	net profit after tax.
NPATA	net profit after tax adding back tax-effected amortisation.
Notice of Meeting	the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.

9 Glossary and interpretation

Term	Meaning
Order	any decree, judgment, injunction, direction, writ or other order, whether temporary, preliminary or permanent, made or given by a court of competent jurisdiction or by another government agency.
Out-of-Home	means out of home advertising or outdoor advertising, also known as out-of-home media or outdoor media.
Proxy Form	the proxy form which accompanies this Scheme Booklet.
Register	the register of members of APN Outdoor maintained in accordance with the Corporations Act.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Person	in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and in respect of a financial adviser, each director, officer, employee or contractor of that financial adviser.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relevant Material Contract	<p>a Material Contract (which one or more members of the APN Outdoor Group are a party to or a beneficiary under) under which any party (other than a member of the APN Outdoor Group) to such Material Contract could:</p> <ol style="list-style-type: none"> terminate, cancel or rescind that Material Contract or any part of it; vary, amend or modify that Material Contract; exercise, enforce or accelerate any right under that Material Contract (including rights of pre-emption); or benefit from the operation of a provision which automatically terminates, varies, amends or modifies that Material Contract, <p>(including where that right or effect is subject to (i) the satisfaction or failure of a contingency or condition or (ii) one or more of the Conditions Precedent being satisfied or waived or (iii) the effluxion of time) as a direct or indirect result of:</p> <ol style="list-style-type: none"> JCDecaux Group member entering into the Scheme Implementation Deed; an APN Outdoor Group Member performing its obligations under the Scheme Implementation Deed; a JCDecaux Group member acquiring, or acquiring a relevant interest in, any APN Outdoor Shares as defined in sections 608 and 609 of the Corporations Act; a JCDecaux Group member obtaining a relevant interest in 50% or more of APN Outdoor Shares then on issue as defined in sections 608 and 609 of the Corporations Act; a JCDecaux Group member acquiring control of APN Outdoor; or a JCDecaux Group member implementing or seeking to implement any of its intentions for APN Outdoor as described in the Scheme Booklet; or any APN Outdoor Board member supporting the Scheme or making a recommendation that APN Shareholders vote in favour of the Scheme.
Scheme or Scheme of Arrangement	the scheme of arrangement under Part 5.1 of the Corporations Act between APN Outdoor and the Scheme Shareholders, the form of which is attached in Annexure B, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by JCDecaux SA and APN Outdoor.

Term	Meaning
Scheme Booklet	this document.
Scheme Consideration	for each APN Outdoor Share held by a Scheme Shareholder as at the Scheme Record Date: <ul style="list-style-type: none"> a. if the Special Dividend is declared, \$6.40 cash; or b. if the Special Dividend is not declared, \$6.70 cash.
Scheme Implementation Deed	the Scheme Implementation Deed between APN Outdoor and JCDecaux SA dated 26 June 2018. A summary is set out in section 8.10, and a full copy can be obtained from APN Outdoor's website at http://investors.apnoutdoorcorporate.com/Investor-Centre/ .
Scheme Meeting	the meeting of APN Outdoor Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the fifth Business Day after the Effective Date.
Scheme Resolution	a resolution of APN Outdoor Shareholders to approve the Scheme, the form of which is set out in the Notice of Scheme Meeting in Annexure D of the Scheme Booklet.
Scheme Share	all APN Outdoor Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of APN Outdoor Shares recorded in the APN Outdoor Share Register as at the Scheme Record Date (other than any member of the JCDecaux Group).
Second Court Date	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard, or if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Security Interest	has the meaning given in section 51A of the Corporations Act.
Shareholder Information Line	1300 971 610 from within Australia and +61 2 8022 7955 from outside Australia.
Special Dividend	a fully franked dividend of \$0.30 per APN Outdoor Share which is intended to be declared by the APN Outdoor Board and paid to APN Outdoor Shareholders on the Special Dividend Payment Date.
Special Dividend Payment Date	29 October 2018.
Special Dividend Record Date	7.00pm on 22 October 2018.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	bona fide Competing Proposal: <ul style="list-style-type: none"> a. of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal; and b. not resulting from a breach by APN Outdoor of any of its obligations under clause 11 of the Scheme Implementation Deed (it being understood that any actions by the Related Persons of APN Outdoor not permitted by clause 11 will be deemed to be a breach by APN Outdoor for the purposes hereof),

9 Glossary and interpretation

Term	Meaning
Superior Proposal continued	<p>that the APN Outdoor Board, acting in good faith, and after receiving written legal advice from its external legal adviser and written financial advice from its financial adviser, determines:</p> <ul style="list-style-type: none"> c. is reasonably capable of being valued and completed in a timely fashion; and d. would, if completed substantially in accordance with its terms, be more favourable to APN Outdoor Shareholders (as a whole) than the Transaction (as completed) (as the Transaction may be amended or varied following application of the matching right set out in clause 11.4 of the Scheme Implementation Deed), <p>in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent, the identity of the proponent or other matters affecting the probability of the Competing Proposal being completed).</p>
Total Cash Consideration	<p>the total cash consideration of \$6.70 per APN Outdoor Share if the Scheme becomes Effective (comprising a proposed Special Dividend of \$0.30 cash per APN Outdoor Share and Scheme Consideration of \$6.40 cash per APN Outdoor Share, with the Scheme Consideration being \$6.70 cash per APN Outdoor Share if the Special Dividend is not declared).</p>
Transaction	<p>the acquisition of the Scheme Shares by JCDecaux ANZ through implementation of the Scheme.</p>
Underlying EBITDA, Underlying NPAT or Underlying NPATA	<p>EBITDA, NPAT or NPATA (in each case, as applicable) which excludes non-recurring items including transaction related costs and other specific one-off items.</p>
VWAP	<p>volume weighted average price.</p>

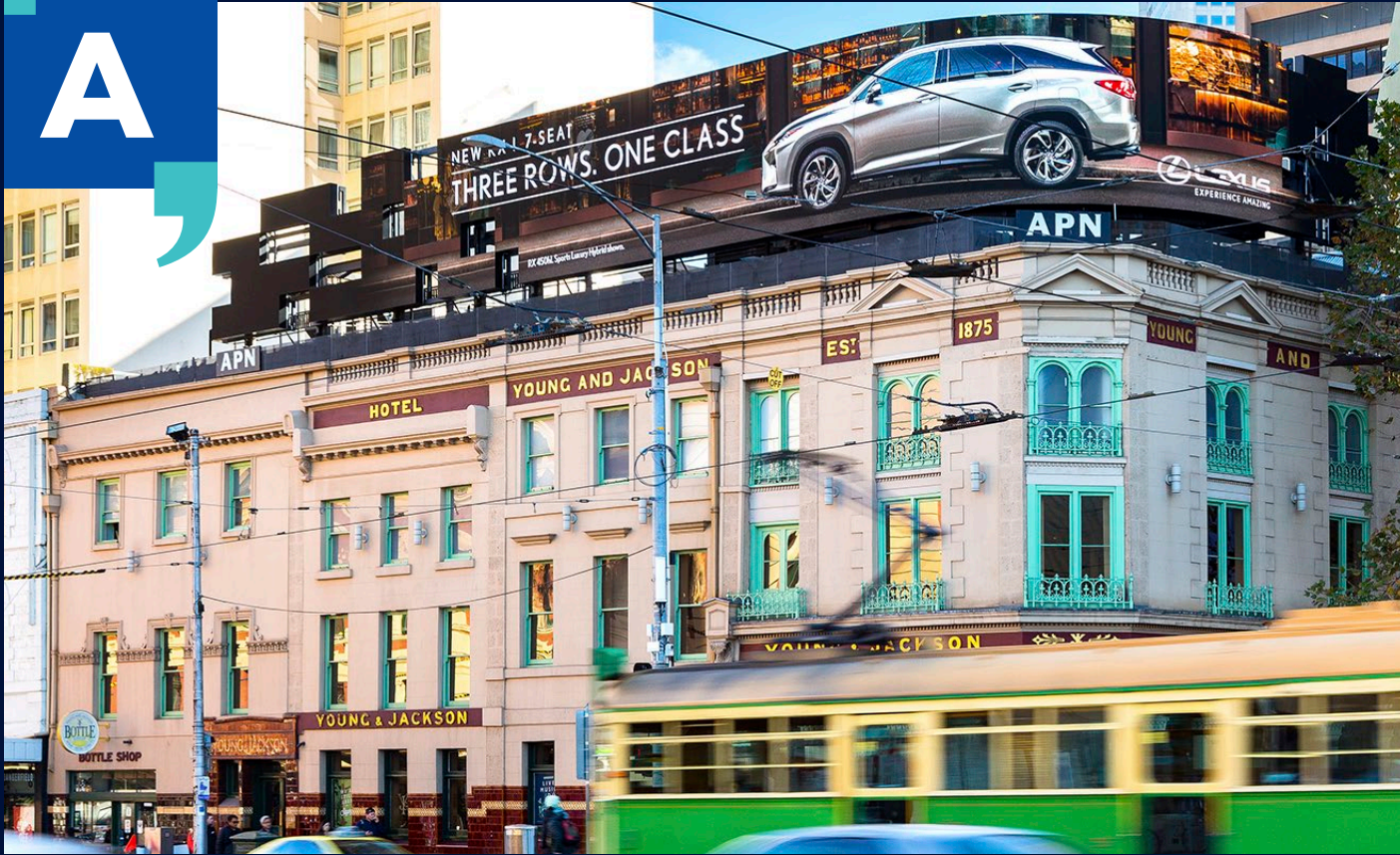
9.2 Interpretation

In this Scheme Booklet:

- a. words of any gender include all genders;
- b. words importing the singular include the plural and vice versa;
- c. an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- d. a reference to a section or annexure, is a reference to a section of or annexure of, to this Scheme Booklet as relevant;
- e. a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;
- f. headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- g. a reference to time is a reference to Sydney, Australia time unless otherwise specified;
- h. a reference to dollars and \$ is to Australian currency;
- i. an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- j. the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure

A



Independent Expert's Report

Annexure A Independent Expert's Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Directors
APN Outdoor Group Limited
Level 4, 33 Saunders Street
Pymont NSW 2009

10 September 2018

Subject: Proposed acquisition of APN Outdoor Group Limited

Dear Directors

Introduction

- 1 On 26 June 2018, APN Outdoor Group Limited (APN Outdoor or the Company) announced that it and JCDecaux SA (JCDecaux) had entered into a Scheme Implementation Deed (the Agreement) under which a wholly owned subsidiary of JCDecaux will acquire 100% of the issued shares in APN Outdoor for total cash consideration of \$6.70 per share.
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between APN Outdoor and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme becomes legally effective, APN Outdoor shareholders will receive an amount of \$6.70 cash for each APN Outdoor share (Total Cash Consideration), which is expected to comprise:
 - (a) scheme consideration of \$6.40 cash per share (Scheme Consideration) for each APN Outdoor share they hold on the Scheme Record Date (25 October 2018); and
 - (b) a fully franked special dividend of \$0.30 cash per share (Special Dividend)¹ for each APN Outdoor share they hold at the Special Dividend Record Date (22 October 2018).
- 4 Regardless of whether the Scheme is implemented, APN Outdoor shareholders will also receive a fully franked interim dividend for 1H18 of \$0.07 per share if they held their APN Outdoor shares on the record date for that dividend (6 September 2018). The payment of this interim dividend (on 21 September 2018) will not reduce the Total Cash Consideration.
- 5 APN Outdoor will request that the Court convene a meeting of APN Outdoor shareholders. Under the *Corporations Act 2001 (Cth)* (Corporations Act), the Scheme is approved by APN Outdoor shareholders if a resolution in favour of the Scheme is passed by a majority in number of the APN Outdoor shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs, a second Court hearing will be held to approve the Scheme which, if approved, will become binding on

¹ This Special Dividend will have \$0.13 per share in franking credits attached.

all APN Outdoor shareholders who hold APN Outdoor shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

APN Outdoor

- 6 APN Outdoor is an out-of-home media company that is engaged in the provision of out-of-home advertising sites and services in Australia and New Zealand (NZ). APN Outdoor's advertising sites and services extend across different out-of-home advertising formats: billboards (classic and digital); transit; airport and rail.

JCDecaux

- 7 JCDecaux is a global out-of-home company, with more than 1 million advertising panels in more than 80 countries, more than 13,000 employees across its global organisation and reported consolidated adjusted revenue of €3,472 million for the year ended 31 December 2017.

Purpose of report

- 8 The Scheme is subject to a number of conditions precedent, including an independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of APN Outdoor shareholders. In addition, the Directors' recommendation of the Scheme is subject to an independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of APN Outdoor shareholders, and there being no superior proposal.
- 9 Accordingly, the Directors of APN Outdoor have requested Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders and the reasons for that opinion.
- 10 LEA is independent of APN Outdoor and JCDecaux and has no other involvement or interest in the proposed Scheme.

Summary of opinion

- 11 In our opinion, the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Annexure A Independent Expert's Report

Value of APN Outdoor

- 12 We have assessed the value of APN Outdoor shares on a 100% controlling interest basis at \$6.33 to \$6.88 per share, as shown below:

APN Outdoor – valuation summary ⁽¹⁾			
	Paragraph	Low \$m	High \$m
EBITDA ⁽²⁾ for valuation purposes	153	93.0	93.0
EBITDA multiple	171	12.5	13.5
Enterprise value		1,162.5	1,255.5
Other assets / (liabilities)	173	-	-
Net debt	175	(100.0)	(100.0)
Equity value – controlling interest basis		1,062.5	1,155.5
Fully diluted shares on issue (million)	178	167.9	167.9
APN Outdoor value per share – controlling interest basis (\$)		6.33	6.88

Note:

- 1 Rounding differences may exist.
- 2 Earnings before interest, tax, depreciation and amortisation (EBITDA).

Fair and reasonable opinion

- 13 Pursuant to the Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is “fair” if the value of the Total Cash Consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison for APN Outdoor shares is shown below:

Position of APN Outdoor shareholders			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Total Cash Consideration	6.70	6.70	6.70
Value of 100% of APN Outdoor	6.33	6.88	6.61
Extent to which the Total Cash Consideration exceeds (or is less than) the value of APN Outdoor	0.37	(0.18)	0.09

- 14 As the Total Cash Consideration is consistent with our assessed valuation range for APN Outdoor shares on a 100% controlling interest basis, in our opinion, the Total Cash Consideration is fair to APN Outdoor shareholders when assessed based on the guidelines set out in RG 111.
- 15 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 16 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of APN Outdoor shareholders in the absence of a superior proposal.

Assessment of the Scheme

17 We summarise below the likely advantages and disadvantages of the Scheme for APN Outdoor shareholders.

Advantages

18 In our opinion, the Scheme has the following benefits for APN Outdoor shareholders:

- (a) the Total Cash Consideration of \$6.70 cash per share is consistent with our assessed value range for APN Outdoor shares on a 100% controlling interest basis. Thus, in our view, APN Outdoor shareholders are being paid an appropriate price to compensate them for the fact that control of APN Outdoor will pass to JCDecaux if the Scheme is approved
- (b) the Total Cash Consideration represents a premium to the recent market prices of APN Outdoor shares prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor (albeit the premiums are less than observed premiums generally paid in successful takeovers due to the specific circumstances of APN Outdoor²)
- (c) the Special Dividend may give rise to additional consideration to those Australian resident shareholders able to benefit from the related franking credits attaching to the Special Dividend
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of APN Outdoor shares is likely to trade at a significant discount to our valuation and the Total Cash Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

19 APN Outdoor shareholders should note that if the Scheme is implemented they will no longer hold an interest in APN Outdoor. APN Outdoor shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Total Cash Consideration.

20 However, as our assessed value of APN Outdoor shares is consistent with the Total Cash Consideration, in our opinion, the present value of APN Outdoor's future potential (in the absence of the Scheme) is reflected in the Total Cash Consideration.

Conclusion

21 Given the above analysis, we consider that the advantages of the Scheme outweigh the disadvantages. Consequently, in our view, the acquisition of APN Outdoor shares by JCDecaux under the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders in the absence of a superior proposal.

² We note that there had been speculation of ongoing industry consolidation for some time prior to 19 June 2018 and that there was a significant unwinding of short position in APN Outdoor in the weeks prior to 19 June 2018 (both of which are likely to have resulted in APN Outdoor's share price being higher than it otherwise would have been).

Annexure A Independent Expert's Report



General

- 22 In preparing this report we have considered the interests of APN Outdoor shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 23 The impact of approving the Scheme on the tax position of APN Outdoor shareholders depends on the individual circumstances of each investor. APN Outdoor shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 24 The ultimate decision whether to approve the Scheme should be based on each APN Outdoor shareholder's assessment of their own circumstances. If APN Outdoor shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.
- 25 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that APN Outdoor shareholders read the remainder of our report.

Yours faithfully

Nathan Toscan
Authorised Representative

Craig Edwards
Authorised Representative

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- A Financial Services Guide**
- B Qualifications, declarations and consents**
- C Trading evidence**
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I Key terms of the Scheme

Terms

- 26 On 26 June 2018, APN Outdoor Group Limited (APN or the Company) announced that it and JCDecaux SA (JCDecaux) had entered into a Scheme Implementation Deed (the Agreement) under which a wholly owned subsidiary of JCDecaux will acquire 100% of the issued shares in APN Outdoor for total cash consideration of \$6.70 per share.
- 27 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between APN Outdoor and its shareholders (the Scheme) and is subject to a number of conditions precedent, as summarised below.
- 28 If the Scheme becomes legally effective, APN Outdoor shareholders will receive an amount of \$6.70 cash for each APN Outdoor share (Total Cash Consideration), which is expected to comprise:
- (a) scheme consideration of \$6.40 cash per share (Scheme Consideration) for each APN Outdoor share they hold on the Scheme Record Date (25 October 2018); and
 - (b) a fully franked special dividend of \$0.30 cash per share (Special Dividend)³ for each APN Outdoor share they hold at the Special Dividend Record Date (22 October 2018).
- 29 Regardless of whether the Scheme is implemented, APN Outdoor shareholders will also receive a fully franked interim dividend for 1H18 of \$0.07 per share if they held their APN Outdoor shares on the record date for that dividend (6 September 2018). The payment of this interim dividend (on 21 September 2018) will not reduce the Total Cash Consideration.

Conditions

- 30 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between APN Outdoor and JCDecaux dated 26 June 2018:
- (a) Regulatory Approval (as defined in the Agreement) has been obtained from each of the Australian Foreign Investment Review Board (FIRB), the Australian Competition and Consumer Commission (ACCC) and the NZ Overseas Investment Office (NZ OIO) by 5:00pm on the Business Day before the Second Court Date
 - (b) APN Outdoor shareholder approval by the requisite majorities is obtained at the Scheme meeting, in accordance with s411(4)(a)(ii) of the Corporations Act
 - (c) an independent expert issues a report which concludes at all times prior to the Second Court Date that the Scheme is in the best interests of APN Outdoor shareholders
 - (d) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act is obtained
 - (e) no temporary, preliminary or final order, decision or decree issued by any court of competent jurisdiction, no preliminary or final decision, determination, notice of objection or order issued by any Government Agency (as defined in the Agreement) or

³ This Special Dividend will have \$0.13 per share in franking credits attached.

Annexure A Independent Expert's Report

any other legal restraint which restrains or prohibits the Scheme is in effect at 8.00am on the Second Court Date

- (f) no APN Outdoor Prescribed Occurrence (as defined in the Agreement) occurs on or before 8.00am on the Second Court Date
 - (g) no APN Outdoor Regulated Event (as defined in the Agreement) occurs on or before 8.00am on the Second Court Date
 - (h) no APN Outdoor Material Adverse Change (as defined in the Agreement) occurs or becomes known to JCDecaux on or before 8.00am on the Second Court Date.
- 31 In addition APN Outdoor has agreed that during the Exclusivity Period (as set out in the Agreement) it will:
- (a) not solicit, initiate or invite enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to, a competing proposal
 - (b) not participate in or continue any discussions or negotiations in relation to a competing proposal or which may reasonably be expected to lead to a competing proposal
 - (c) not make available any non-public information to a third party to make or assess a competing proposal
 - (d) notify JCDecaux within two business days if it receives a competing proposal
 - (e) ensure that the notification to JCDecaux is accompanied by the terms of the competing proposal including the identity of the party making the competing proposal
 - (f) not enter into any agreement or arrangement in relation to or in connection with the implementation of a competing proposal or permit a APN Outdoor Director to publicly recommend a competing proposal unless APN Outdoor has given JCDecaux at least five business days to provide a proposal that would produce an outcome for APN Outdoor shareholders that is at least as favourable as the outcome that would be produced by the competing proposal.
- 32 Certain of the exclusivity obligations described above do not apply if the APN Outdoor Directors determine:
- (a) the proposed competing transaction is or may reasonably be expected to lead to a superior proposal; and
 - (b) that compliance with the relevant exclusivity obligations would be likely to constitute a breach of the fiduciary or statutory duties owed by any of the Directors of APN Outdoor.
- 33 A break fee of \$11.3 million is payable by APN Outdoor to JCDecaux in certain circumstances as specified in the Agreement.

Resolution

- 34 APN Outdoor shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.
- 35 If the resolution is passed by the requisite majorities, APN Outdoor must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all APN Outdoor shareholders who hold APN Outdoor shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 36 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.
- 37 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 38 JCDecaux has no current shareholding in APN Outdoor and has no representation on the APN Outdoor Board. Accordingly, there is no strict legal requirement under the Corporations Act or the Corporations Regulations for an IER in relation to the Scheme. However, it is both a condition precedent to the Scheme, and a qualification to the APN Outdoor Directors' recommendation of the Scheme, that an independent expert concludes (and continues to conclude) that the Scheme is in the best interests of APN Outdoor shareholders. In addition, as the Scheme (if approved and implemented) will result in 100% of the securities in APN Outdoor being held by JCDecaux, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is "fair" and "reasonable" to the shareholders of APN Outdoor.
- 39 Accordingly, the Directors of APN Outdoor have requested LEA to prepare an IER stating whether the proposed acquisition of the shares in APN Outdoor by JCDecaux under the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders and the reasons for that opinion.
- 40 This report has been prepared by LEA for the benefit of APN Outdoor shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to APN Outdoor shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders.
- 41 The ultimate decision whether to approve the Scheme should be based on each APN Outdoor shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

- 42 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.

- 43 RG 111 distinguishes “fair” from “reasonable” and considers:
- (a) the Scheme to be “fair” if the value of the consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company
 - (b) the Scheme to be “reasonable” if it is fair. The Scheme may also be “reasonable” if, despite not being “fair” but after considering other significant factors, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.
- 44 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for shareholders to vote in favour of the Scheme in the absence of a higher offer.
- 45 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it must also be “in the best interests” of APN Outdoor shareholders.
- 46 Our report has therefore considered:
- (a) the market value of 100% of the shares in APN Outdoor
 - (b) the value of the Total Cash Consideration
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
 - (d) the extent to which a control premium is being paid to APN Outdoor shareholders
 - (e) the extent to which APN Outdoor shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (f) the listed market price of APN Outdoor shares, both prior to and subsequent to the announcement of the proposed Scheme
 - (g) the likely market price of APN Outdoor securities if the proposed Scheme is not approved
 - (h) the value of APN Outdoor to an alternative offeror and the likelihood of a higher alternative offer being made for APN Outdoor prior to the date of the Scheme meeting
 - (i) the advantages and disadvantages of the Scheme from the perspective of APN Outdoor shareholders
 - (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 47 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 48 Our report is also based upon financial and other information provided by APN Outdoor and its advisers. We understand the accounting and other financial information that was provided

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to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 49 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of APN Outdoor shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 50 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.
- 51 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 52 We in no way guarantee the achievability of any budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 53 In forming our opinion, we have also assumed that:
- (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

III Profile of APN Outdoor

Overview

- 54 APN Outdoor is an out-of-home media company that is engaged in the provision of out-of-home advertising sites and services in Australia and NZ. APN Outdoor's advertising sites and services extend across different out-of-home advertising formats: billboards (classic and digital); transit; airport; and rail.

History

- 55 APN Outdoor, formerly part of HT&E Limited (HT&E)⁴, was formed in 2004 through the combination of three outdoor media companies: Cody, Buspak and Australian Posters. The early APN Outdoor business was augmented by the acquisition of additional businesses and certain advertising assets.
- 56 In February 2012, Quadrant Private Equity (Quadrant)⁵ and HT&E formed a 52:48 out-of-home advertising joint venture to operate in Australia and NZ. The joint venture retained the APN Outdoor name and included all of HT&E wholly-owned out-of-home advertising businesses in Australia and NZ, as well as HT&E's 50% interest in Rainbow Premium Outdoor in Indonesia⁶. The transaction valued APN Outdoor at \$272 million on an enterprise value (EV) basis and represented an EV / CY11 EBITDA multiple of 7.7 times.
- 57 In January 2014, Quadrant and management completed the acquisition of the remaining 48% interest in APN Outdoor from HT&E for \$69 million, implying \$240 million on an EV basis and represented an EV / CY13 EBITDA multiple of 7.5 times.
- 58 APN Outdoor listed on the Australian Securities Exchange (ASX) on 11 November 2014, on an EV / (pro-forma) CY15 EBITDA multiple of 9.4 times.
- 59 Since listing, APN Outdoor has completed a number of acquisitions of complementary assets and businesses including:
- (a) the acquisition of Roadside Attractions (a NZ-based national billboard operator with 113 panels) in August 2015
 - (b) the purchase of the development assets of Drive By Media in September 2015
 - (c) the acquisition of the assets of Adspace Outdoor Pty Ltd in December 2015 (a Victorian based billboard operator with 11 large format billboards and three development sites)
 - (d) the acquisition of the outdoor advertising assets of Metrospace (a Queensland-based billboard operator with 110 panels) and iOM (a Victorian based billboard operator with 130 classic and digital billboard sites) in August 2016.

⁴ Formerly known as APN News & Media Limited.

⁵ Including management.

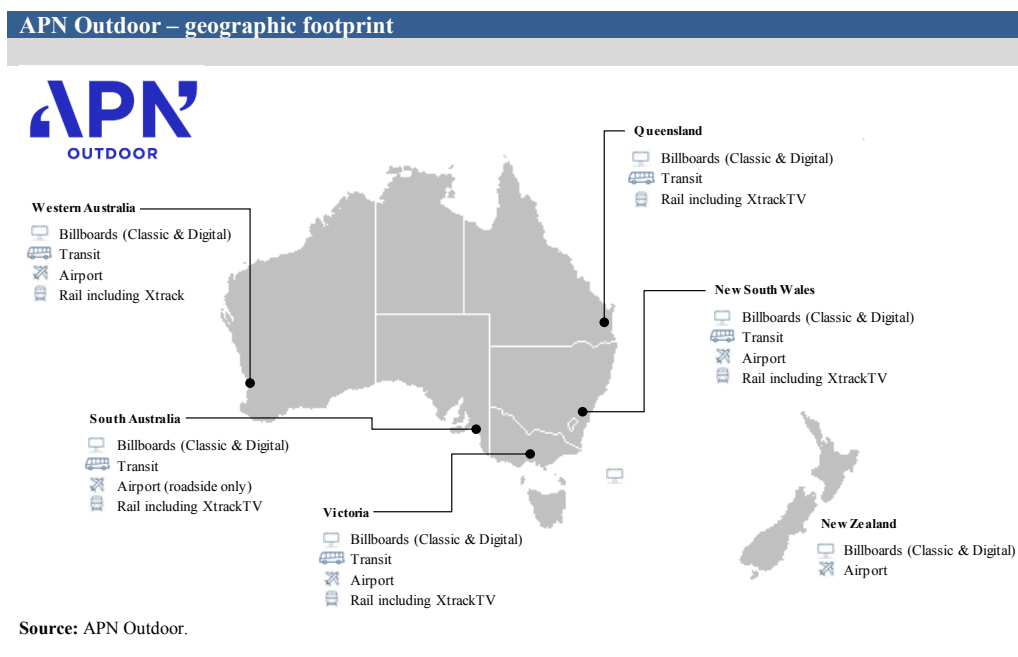
⁶ APN News & Media's 50% ownership in Adshel Street Furniture Pty Ltd (Adshel) and Hong Kong operations (Buspak and Cody) were excluded from the joint venture transaction.

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- 60 In December 2016, APN Outdoor and oOh!media Limited (oOh!media) announced that they proposed to merge by way of a scrip-for-scrip scheme of arrangement. However, on 4 May 2017, the ACCC released its Statement of Issues on the proposed merger stating that in its preliminary view, the transaction would likely result in a substantial lessening of competition in the supply of out-of-home advertising services. The proposed merger was terminated by the parties on 19 May 2017.
- 61 APN Outdoor has also undergone a recent transition in management personnel with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) retiring / resigning from their positions in August 2017 and January 2018 respectively. APN Outdoor's new CEO, James Warburton, and CFO, Phillip Knox, commenced with the Company in early 2018.
- 62 In mid-2018, APN Outdoor attempted to acquire the Adshel business from HT&E, however was ultimately unsuccessful due to a superior offer by oOh!media of \$570 million, valuing the business at an EV / (pro-forma) CY18 EBITDA multiple of 11.6 times.

Current operations

- 63 APN Outdoor has a geographically diversified out-of-home advertising network which operates across all Australian States except Tasmania. In addition, APN Outdoor operates nationally in NZ.
- 64 APN Outdoor is headquartered in Sydney, employs approximately 224 full time staff (as at 30 June 2018) and has offices across Australia as well as one international office located in Auckland, NZ.
- 65 The following diagram depicts the different regions in which APN Outdoor operates and the advertising formats it offers in each region:



Operating formats

66 APN Outdoor operates across four out-of-home advertising formats: Billboards, Transit, Airport and Rail. The table below shows the split of revenue generated across each format for the three years ending 31 December 2017 (CY17) and the six months to 30 June 2018 (1H18):

APN Outdoor – revenue by format ⁽¹⁾								
Format	CY15		CY16		CY17		1H18	
	\$m	%	\$m	%	\$m	%	\$m	%
Billboards	143.9	47.8	160.8	48.6	176.7	51.5	92.9	55.2
Transit	101.0	33.6	99.5	30.1	100.2	29.2	44.5	26.4
Airport	33.1	11.0	43.8	13.2	40.6	11.8	19.3	11.5
Rail	22.8	7.6	26.8	8.1	25.4	7.4	11.7	6.9
Total revenue	300.8	100.0	330.9	100.0	342.9	100.0	168.4	100.0
Australia	271.4	90.2	298.3	90.1	305.4	89.1	150.4	89.3
NZ	29.4	9.8	32.6	9.9	37.5	10.9	18.0	10.7
Total revenue	300.8	100.0	330.9	100.0	342.9	100.0	168.4	100.0

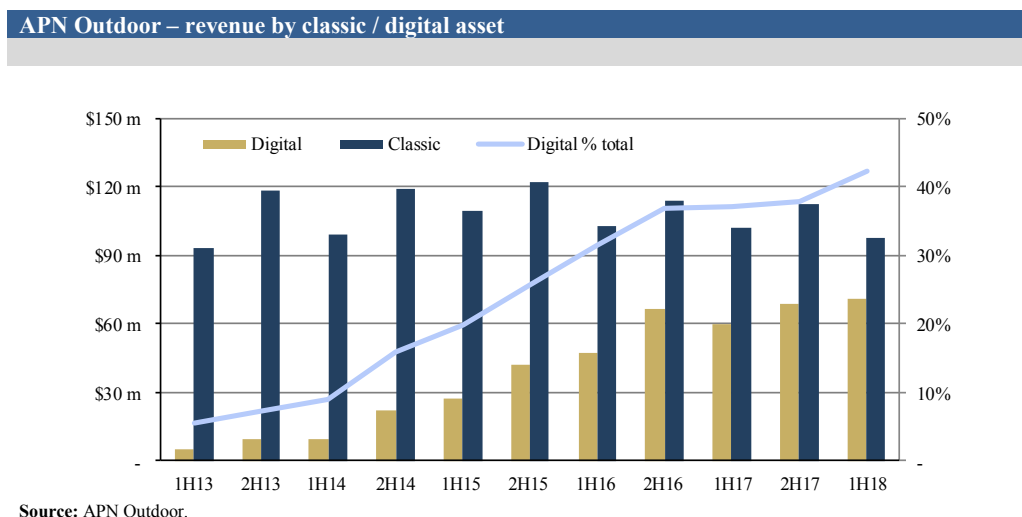
Note:

1 Rounding differences may exist.

Source: APN Outdoor.

67 Billboards and Transit remain the largest revenue formats, with the proportion of revenue generated by Billboards consistently improving due to the digitisation programme.

68 The following chart depicts the growth in APN Outdoor’s digital revenue base by half year over the last 5.5 years to 30 June 2018:



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Billboards

- 69 APN Outdoor operates a variety of advertising billboards located on sites leased or licensed through agreements with landlords and asset owners.
- 70 The billboards are either freestanding or fixed to the exterior of roofs and buildings and are located on major arterial roads, motorways and in local communities in metropolitan markets located across all Australian States (except Tasmania) and NZ. Whilst billboard displays can be either classic or digital, APN Outdoor is (due to demand and revenue enhancement⁷) actively engaged in a digitisation programme involving the conversion of existing classic advertising panels to digital screens as well as the establishment of a number of greenfield developments of new large format digital sites.
- 71 APN Outdoor’s portfolio of Elite Screens (large format digital billboards) has continued to grow with a further nine new Elite Screens commissioned during 1H18:

APN Outdoor – Elite Screens				
Location	Dec 15	Dec 16	Dec 17	Jun 18
New South Wales	14	21	26	26
Victoria	11	24	34	37
Queensland	9	16	27	30
South Australia	5	7	9	12
Western Australia	5	6	7	7
NZ	8	13	22	22
Total Elite Screens	52	87	125	134

Source: APN Outdoor.

- 72 APN Outdoor’s digital billboard rollout is expected to continue and currently has 20 new screens approved for development. The continued rollout of Elite Screens will be complemented by two recent contract wins:
 - (a) NSW Roads & Maritime Services (RMS), for the use of 50 large format billboards, of which 22 may be converted to digital. The contract also includes the potential greenfield development of 34 digital sites
 - (b) VicRoads, for the potential development of 10 greenfield sites, consisting of four digital and six static billboards.

Transit

- 73 Transit comprises advertising panels placed on the interior and exterior of buses and trams. APN Outdoor holds multi-year contracts with government and transit operators in each Australian State capital city (except Canberra, Hobart and Darwin).
- 74 In 2017, APN Outdoor renewed some of its significant transit contracts, such as the Sydney Buses contract (comprising some 2,000 buses) which was renewed for a further five-year term in August 2017. The Company also renewed the contract with Adelaide Metro in

⁷ APN Outdoor has found that on average a digital panel can increase revenue by four to six times as digitisation allows for multiple advertisers per minute, time of day advertising and greater interactivity and engagement.

August 2017 for six years which encompasses the advertising rights for approximately 900 buses, 24 trams and 136 train cars. However, in October 2017, APN Outdoor announced that its contract with Yarra Trams in Melbourne had not been renewed and would expire on 30 November 2017⁸. New transit formats (e.g. B-Line buses in Sydney) have been introduced to mitigate the loss of the Yarra Trams contract. In 1H18, APN Outdoor renewed its contracts with Brisbane Buses (comprising some 4,000 panels across nearly 1,200 vehicles) and Transdev Buses Victoria (comprising approximately 1,800 panels across some 500 buses) for one year plus a further option year (to July 2020), and four years plus a further option year (to August 2023) respectively.

Airport

- 75 The APN Outdoor Airport portfolio includes (a mix of classic and digital) advertising panels and screens at six airports across Australia and NZ, being: Sydney, Melbourne (Avalon), Adelaide, Perth, Auckland, Christchurch and Queenstown.
- 76 Airport advertising has suffered in recent periods due to a number of large advertisers reallocating their advertising budgets to other out-of-home formats. In addition, APN Outdoor's contract with Canberra Airport was not renewed during CY17 due to unsatisfactory financial metrics. However, APN Outdoor has recently successfully extended its Christchurch Airport contract to 2026, its Adelaide & Parafield Airport contract to September 2021 and its Sydney Airport international (T1) and domestic (T2) contracts to September 2020. APN Outdoor has also recently won new contracts for Queenstown Airport and Sydney Airport's domestic Qantas terminal (T3) (albeit the latter contract will not contribute to earnings until 2H19).

Rail

- 77 APN Outdoor holds railway network advertising contracts across Sydney, Melbourne, Brisbane, Adelaide and Perth. APN Outdoor's Rail advertising format consists mostly of cross track panels (i.e. panels located on train platforms).
- 78 In October 2014, APN Outdoor launched XtrackTV, a series of high quality digital LED screens positioned across the track from rail platforms in Sydney and Melbourne, which provide the additional benefits of video and audio transmission. Today, XtrackTV has a national presence as a result of its expansion into Brisbane in 1H15, Adelaide in 2H15 and Perth in CY17.
- 79 In June 2018, APN Outdoor's Sales Agency Agreement with XTD Limited (XTD) was renewed until 30 June 2021. This enables APN Outdoor to continue to market digital out-of-home (DOOH) content and advertising for distribution onto XTD's digital screen networks in Melbourne and Brisbane, which form part of APN Outdoor's national XtrackTV network. In 1H18, APN Outdoor also renewed (and extended) its contract with Sydney Trains to November 2020.

Key contracts / licenses

- 80 APN Outdoor relies on lease / licence agreements with landlords, asset owners or government departments for the use of site locations. Billboard contracts are typically with larger government / private organisations or individual landlords and tend to be held through

⁸ The annualised EBITDA contribution from this contract was approximately \$7 million (refer Australian Securities Exchange (ASX) announcement 3 October 2017).

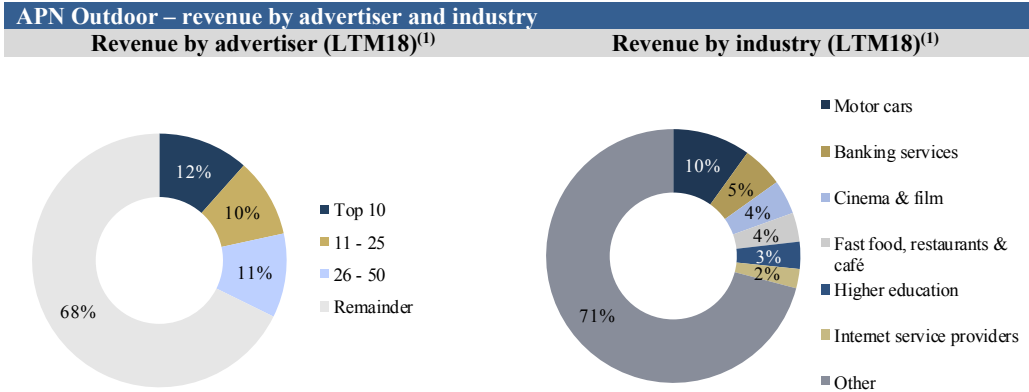
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multi-year contractual relationships. Transit, airport and rail contracts are typically with large governments or private organisations and also tend to be held through multi-year contractual relationships. Contracts are often secured through formal or informal tender processes.

- 81 APN Outdoor has contracts with a variety of landlords and has a relatively diversified maturity profile.
- 82 APN Outdoor has a strong track record of contract renewal, competing successfully to retain all but two of its major contracts in the last 10 years. It should also be noted that APN Outdoor renewed a number of contracts during CY17 and 1H18 (e.g. Sydney Buses, Brisbane Buses, Transdev Buses Victoria, Sydney Trains, Queensland Rail, Tullamarine Freeway, Christchurch airport, Adelaide & Parafield Airport) and as a result, its contract maturity profile (i.e. contract renewal exposure) in CY18 and CY19 is relatively low (the percentage of revenue maturing in each of CY18 and CY19, as measured in CY17 dollars, has been reduced to single digits).

Key customers

- 83 APN Outdoor provides a range of out-of-home advertising solutions to its customers in Australia and NZ, which include media agencies (that represent a variety of advertisers) as well as advertisers that deal directly with APN Outdoor.
- 84 APN Outdoor has a diversified client base by advertiser and industry:



Note:
 1 Last 12 months to 30 June 2018 (LTM18).
 Source: APN Outdoor.

Growth strategy

- 85 APN Outdoor has recently announced a shift in its strategic direction subsequent to the introduction of a new management team, including CEO James Warburton, in early 2018. APN Outdoor’s newly defined strategy is aimed at transforming the Company into an audience-led, sales centric media business with an increased focus on data and technological innovation. The three pillars underpinning the new strategy are as follows:
 - (a) **Transformation** – focused upon refreshing its brand, creating a sales centric focus, improving reporting and implementing an executive management restructure with the introduction of a new Chief Innovation and Strategy Officer

- (b) **Innovation** – focused on data and technological innovation to transform APN Outdoor to an audience (not asset) led business. Investments in innovation are anticipated to generate improved efficiencies, ease of transactions and increased audience engagement. Examples of recent innovations achieved to date include:
- (i) IRIS Powered by Pureprofile – online survey platform launched in February 2018 by APN Outdoor and global media, data and insights company Pureprofile. The platform provides clients and advertisers access to one of the biggest online consumer panels in Australia (with over 220,000 Australian and NZ consumers) for measures of campaign effectiveness
 - (ii) Data Republic (Dn’A) – leading data analytics platform launched in July 2018 that is built on survey, segmentation, behavioural and geolocation data from data sources including anonymised, aggregated Westpac transactional data, the Australian Bureau of Statistics and others. Dn’A is an important part of APN Outdoor’s strategy to move from an asset-led to an audience-led media company, providing insights to who customers are, where they live, what they spend their money on and the location of APN Outdoor connection points that interact with these consumers
 - (iii) Calibre by APN Outdoor (Calibre) – launched in October 2017, Calibre is the most sophisticated audience measurement tool in NZ that combines more than one billion data points and offers unmatched visibility and transparency into audiences across APN Outdoor sites, plus sites operated by Go Media and Media5
- (c) **Acquisition** – focused upon a retention first policy on renewals, tendering on new contracts and acquisition opportunities.

Financial performance

86 The underlying⁹ financial performance of APN Outdoor for the three years ended CY17 and six months to 1H18 is set out below:

⁹ APN Outdoor reports financial performance on both a statutory and “underlying” (formerly “pro-forma”) basis, with the latter being the primary reference point. The underlying results effectively represent the statutory results normalised for non-recurring items.

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APN Outdoor– statement of (underlying) financial performance ⁽¹⁾⁽²⁾				
	CY15	CY16	CY17	1H18
	\$m	\$m	\$m	\$m
Billboards	143.9	160.8	176.7	92.9
Transit	101.0	99.5	100.2	44.5
Airport	33.1	43.8	40.6	19.3
Rail	22.8	26.8	25.4	11.7
Total revenue	300.8	330.9	342.9	168.4
Rental of advertising space	(121.8)	(134.7)	(139.8)	(68.3)
Other direct costs ⁽³⁾	(68.0)	(68.6)	(69.4)	(36.6)
Gross margin	111.0	127.6	133.7	63.5
Overheads ⁽³⁾	(37.7)	(40.9)	(43.4)	(23.8)
EBITDA	73.3	86.7	90.3	39.7
Depreciation and amortisation of software intangibles	(7.5)	(9.2)	(11.4)	(6.4)
EBITA⁽⁴⁾	65.8	77.5	78.9	33.3
Amortisation of acquired intangibles	(2.7)	(3.6)	(3.8)	(1.9)
EBIT⁽⁴⁾	63.1	73.9	75.1	31.4
Net finance expense	(3.5)	(3.2)	(4.2)	(2.5)
PBT⁽⁴⁾	59.5	70.6	70.9	28.9
Income tax expense	(18.1)	(21.5)	(20.9)	(9.0)
NPAT⁽⁴⁾	41.4	49.2	50.0	19.9
Add back amortisation of acquired intangibles (after tax)	1.9	2.6	2.7	1.3
NPATA⁽⁴⁾	43.3	51.8	52.7	21.2
<i>Growth in sales revenue</i>	20.0%	10.0%	3.6%	3.8%
<i>Gross margin</i>	36.9%	38.6%	39.0%	37.7%
<i>EBITDA margin</i>	24.4%	26.2%	26.3%	23.6%
<i>EBITA margin</i>	21.9%	23.4%	23.0%	19.8%
<i>NPATA margin</i>	14.4%	15.7%	15.4%	12.6%

Note:

- 1 Rounding differences may exist.
- 2 APN Outdoor reports financial performance on both a statutory and “underlying” (formerly “pro-forma”) basis, with the latter acting as the primary reference point. The underlying results effectively represent the statutory results normalised for non-recurring items.
- 3 Other direct costs and overheads have been restated in CY15 so that they are set out on a like-with-like basis with other periods.
- 4 Earnings before interest, tax and amortisation of acquired intangibles (EBITA). Earnings before interest and tax (EBIT). Profit before tax (PBT). Net profit after tax (NPAT). Net profit after tax but before amortisation of acquired intangibles (NPATA).

Source: APN Outdoor.

87 Set out below is a brief summary of the key highlights of APN Outdoor’s financial performance in CY15, CY16, CY17 and 1H18.

Year to 31 December 2015 (CY15)

- revenue increased 20.0% to \$300.8 million due to, inter alia:
 - a 67.2% increase in revenue attributable to airport advertising with APN Outdoor winning the Sydney Airport T2 internal contract and retaining the T1 contract
 - revenue growth of 40.7% in rail advertising as APN Outdoor expanded XtrackTV into Brisbane and Adelaide, with a total 83 digital screens across the rail network

- revenue growth of 17.1% in billboard advertising with an additional 18 Elite screens built and operated in 2015, taking the total to 52
 - a 10.1% increase in transit revenue
 - the completion of three asset acquisitions (with the most significant being the NZ based business Roadside Attractions in August 2015)
- digital revenues increased 114.9% to \$69.4 million and classic revenues increased 6.0% to \$231.4 million
- underlying EBITDA margins improved 6.3% to 24.4% following an increased mix of digital revenues and transit revenues at higher margins, resulting in a 61.8% increase in underlying EBITDA to \$73.3 million.

Year to 31 December 2016 (CY16)

- revenue increased 10.0% to \$330.9 million due to, inter alia:
- an 11.7% increase in billboard revenue, driven by the ongoing digital conversions (with a further 35 Elite screens built during 2016)
 - revenue growth of 17.5% in rail advertising, reflecting the full year effect of the Brisbane and Adelaide rollouts
 - a 32.3% increase in airport advertising as a result of the full year contribution from the Sydney Airport T2 internal contract and assisted by major asset upgrade programmes at both the Sydney and Auckland airports
 - offset by a small 1.5% decline in transit
- digital revenues increased 64.3% to \$114.0 million whilst classic revenues declined as further classic format sites transitioned to digital
- underlying EBITDA margins improved 1.8% to 26.2% contributing to an 18.3% increase in underlying EBITDA to \$86.7 million.

Year to 31 December 2017 (CY17)

- revenue increased 3.6% to \$342.9 million due to, inter alia:
- a \$15.9 million or 9.9% increase in billboard revenue, driven by the ongoing digitisation programme (with a further 38 Elite screens built during 2017) and the full year impact of the Metrospace and iOM acquisitions
 - a small increase of \$0.7 million or 0.7% in transit advertising
 - offset by a \$3.2 million or 7.4% decline in airport advertising as a result of loss of the Canberra Airport contract which ended in September 2017, and large advertisers moving spend to other formats
 - a fall in rail advertising of \$1.4 million or 5.2%, noting that the results for 1H16 were relatively strong. The finalisation of the XtrackTV network (in Perth) in CY17 is expected to improve rail results going forward

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- digital revenue increased 12.8% to \$128.6 million while classic revenues only marginally declined despite a high number (27) large format classic panels being converted to digital
- underlying EBITDA increased 4.2% to \$90.3 million as a result of the increase in revenues, with EBITDA margins remaining relatively unchanged throughout the period.

Six months to 30 June 2018 (1H18)

- relative to 1H17, revenue increased 3.8% to \$168.4 million due to, inter alia:
 - a \$8.3 million or 9.8% increase in billboard revenue, driven by the ongoing digital conversions (with a further nine Elite screens built during 1H18)
 - a small increase of \$0.1 million and \$0.3 million in rail and airport advertising respectively
 - offset by a \$2.6 million or 5.5% decline in transit largely due to the expiry of the Yarra Trams contract in November 2017 (excluding Yarra Trams, 1H18 is \$5.8 million, or 15.0% higher than 1H17)
- relative to 1H17, digital revenue increased 18.1% to \$71 million, while classic revenues declined by 4.7% to 97.4 million
- underlying EBITDA increased 6.7% to \$39.7 million as a result of the increase in revenues and a small improvement in EBITDA margin over 1H17¹⁰.

Outlook

- 88 On 28 May 2018, APN Outdoor provided a trading update, indicating that it expected underlying EBITDA for CY18 to be in the range of \$92 million to \$96 million. We note that this is post a 6% to 8% increase in overhead costs to support a one-off cost base reset to support growth.
- 89 APN Outdoor further noted in its update that revenue growth for 1H18 was tracking in the mid-single digits when compared to 1H17, and high -single digits when excluding the impact of the Yarra Trams contract (which was lost in 2H17). This improved upon previous guidance from April 2018, which was for low-single digit and mid-single digit revenue growth respectively.
- 90 James Warburton, APN Outdoor's CEO, commented that *"the out-of-home markets in both Australia and New Zealand have remained robust in recent months and pleasingly our reinvigorated approach to sales continues to gain momentum. We are actively investing in data and technology to add value to our product proposition and drive the Company's next wave of growth."*
- 91 In an announcement to the ASX on 23 August 2018, APN Outdoor noted that year-to-date trading was in line with expectations and reaffirmed its earnings guidance for CY18, as announced on 28 May 2018. The Company further noted that capital expenditure for CY18 is

¹⁰ Noting that EBITDA margins are lower in the first half.

expected to be in the range of \$30 million to \$35 million (and that the additional expenditure will be earnings accretive in FY19).

Financial position

92 The financial position of APN Outdoor as at 31 December 2017 and 30 June 2018 is set out below:

APN Outdoor – statement of financial position ⁽¹⁾		
	31 Dec 17	30 Jun 18
	\$m	\$m
Cash and cash equivalents	16.9	17.5
Trade and other receivables	63.8	56.1
Property, plant and equipment	106.8	113.2
Intangible assets and goodwill	255.5	255.4
Other assets	10.1	12.0
Total assets	453.1	454.2
Trade and other payables	23.2	30.0
Income tax payable / (receivable) ⁽²⁾	1.2	(3.9)
Provisions and employee benefits	4.9	4.2
Borrowings (net of capitalised borrowing costs)	114.8	115.0
Derivative financial instruments	-	0.1 ⁽³⁾
Deferred tax liabilities	23.9	24.6
Other liabilities	5.6	8.7
Total liabilities	173.8	178.7
Net assets attributable to APN Outdoor shareholders	279.4	275.5

Note:

- 1 Rounding differences may exist.
- 2 Represents the net income tax payable and receivable position.
- 3 Being an amount of \$67,000.

Source: APN Outdoor.

93 In respect of the above, we note that:

- (a) **Property, plant and equipment** – predominately represents APN Outdoor’s physical advertising signage assets (across all formats) which are carried at historic cost, less accumulated depreciation. This includes billboard support structures, framing, lighting, footings, catwalks, architectural designs and engineering surveys, etc. It also includes the depreciated carrying value of office equipment and a relatively small proportion of capital works in progress
- (b) **Intangible assets and goodwill** – the composition of APN Outdoor’s intangible assets is set out below:

APN Outdoor – intangible assets and goodwill ⁽¹⁾		
	31 Dec 17	30 Jun 18
	\$m	\$m
Software	1.8	1.9
Licenses, systems and processes	137.4	137.2
Goodwill	116.2	116.3
Intangible assets	255.5	255.4

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Note:

1 Rounding differences may exist.

Source: APN Outdoor.

Licenses, systems and processes were originally recognised at time of the acquisition of the wholly-owned out-of-home advertising business from HT&E in April 2012. Subsequent to this transaction, the Company has made a number of smaller acquisitions which have added to this balance. The amortisation of licenses, systems and processes is considered by the out-of-home advertising industry to be an acquisition related non-cash expense

- (c) **Other assets** – the majority of the balance is represented by prepayments
- (d) **Net debt** – a summary of APN Outdoor's net debt position is provided below:

APN Outdoor – net debt ⁽¹⁾		
	31 Dec 17	30 Jun 18
	\$m	\$m
Cash and cash equivalents	(16.9)	(17.5)
Borrowings (net of capitalised borrowing costs)	114.8	115.0
Add back capitalised borrowing costs	1.0	0.8
Derivative financial instruments	-	0.1
Net debt	98.9	98.3

Note:

1 Rounding differences may exist.

Source: APN Outdoor.

APN Outdoor refinanced its debt facilities in September 2017. The refinanced facility is with a banking syndicate consisting of Commonwealth Bank of Australia, Westpac Banking Corporation and Bank of China Limited and comprises a \$125 million three year tranche (expiring on 7 September 2020) and a \$75 million five year tranche (expiring on 7 September 2022). Both facilities are available for general and working capital purposes. \$115.8 million (plus a further \$26.0 million for bank guarantees and other credit facilities) had been drawn down as at 30 June 2018. APN Outdoor utilises variable to fixed interest rate swap contracts (i.e. derivative financial instruments) to partially hedge (i.e. reduce) its variable interest rate exposures.

Share capital and share price performance

- 94 APN Outdoor has some 167.0 million fully paid ordinary shares on issue.
- 95 In addition, APN Outdoor has approximately 0.7 million options and 0.9 million performance rights outstanding which have been issued to APN Outdoor's senior executives in accordance with the Company's Long Term Incentive Plan (LTIP):

APN Outdoor – options and performance rights				
Number	Grant date	Vesting date	Expiry date	Exercise price
Options				
422,754	9 Mar 16	31 Dec 18	31 Dec 19	\$5.95
227,409	27 Apr 16	31 Dec 18	31 Dec 19	\$5.95
Performance rights				
231,931	12 Dec 16	31 Dec 19	31 Dec 20	n/a
40,856	20 Apr 17	31 Dec 19	31 Dec 20	n/a
391,680	14 Feb 18	31 Dec 20	31 Dec 21	n/a
196,696	20 Apr 18	31 Dec 21	31 Dec 21	n/a

n/a – not applicable.

Source: APN Outdoor.

- 96 The options / performance rights do not carry any voting or dividend rights and each (vested) option / performance right confers the holder the entitlement to acquire one share at the exercise price. The options have an exercise price which is specified at the date of grant, while no amount is payable by the performance right holder upon exercise. The number of options / performance rights that vest depends on the extent to which the performance hurdles have been satisfied over the three year period ending on the vesting date. Of the total number of options / performance rights granted:
- (a) 50% are subject to the satisfaction of a relative total shareholder return (TSR) performance hurdle (relative TSR performance is measured against the S&P / ASX 200 Index (excluding Financials and Resources))
 - (b) 50% are subject to the satisfaction of an earnings per share (EPS) growth performance hurdle specified at the time of grant.
- 97 All options / performance rights that fail to vest and vested options / performance rights that are not exercised by the expiry date lapse.
- 98 In relation to a takeover or scheme of arrangement (or other change of control event) concerning APN Outdoor, the APN Outdoor Board has discretion as to how to treat the unvested options / performance rights. In the absence of that discretion being exercised, the options / performance rights will vest on a pro-rata basis based on the proportion of the vesting period that has elapsed.

Substantial shareholders

- 99 As at 19 June 2018¹¹, there were five substantial shareholders in APN Outdoor. The substantial shareholders (based upon the annual report and substantial shareholder notices released to the ASX) were as follows:

¹¹ Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

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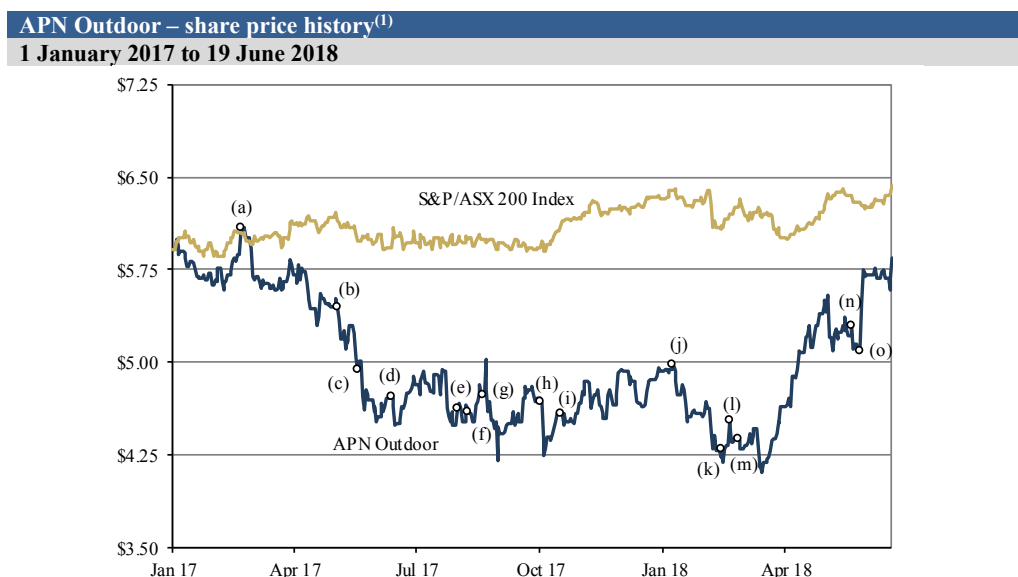
APN Outdoor – substantial shareholders ⁽¹⁾		
Shareholder	Shares held	
	Million	% interest
Ellerston Capital ⁽²⁾⁽³⁾	22.3	13.3
Mawer Investments Management ⁽⁴⁾	19.2	11.5
Yarra Funds Management Ltd ⁽⁵⁾⁽³⁾	16.1	9.7
Health Employees Superannuation Trust Australia (HESTA) ⁽³⁾⁽⁶⁾	8.7	5.2
HMI Capital ⁽⁷⁾	8.5	5.1

Note:

- 1 Rounding differences may exist.
- 2 APN Outdoor change in substantial holder notice dated 30 May 2018.
- 3 A large proportion of HESTA's interest is held by Ellerston Capital (some 75%) and Yarra Funds Management Ltd (some 20%) and is reported as part of their respective substantial shareholdings.
- 4 APN Outdoor change in substantial holder notice dated 12 June 2018.
- 5 APN Outdoor Annual Report 2017.
- 6 APN Outdoor becoming a substantial holder notice dated 27 March 2018.
- 7 APN Outdoor change in substantial holder notice dated 25 June 2018 (noting that the change in relevant interest occurred on 19 June 2018).

Share price performance

100 The following chart illustrates the movement in the share price of APN Outdoor from 1 January 2017 to 19 June 2018¹²:



Note:

- 1 Based upon closing prices. The S&P / ASX 200 Index has been rebased to APN Outdoor's closing share price on 1 January 2017 of \$5.91.

Source: Bloomberg.

¹² Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

- 101 From 1 January 2017, APN Outdoor generally underperformed the S&P / ASX 200 Index through until around the middle of March 2018, when the out-of-home advertising sector was re-rated by the market, following better than expected revenue results for the sector (particularly in the Roadside (Billboards) format). Key market sensitive announcements during the period are as follows:
- (a) **22 February 2017** – APN Outdoor announced its preliminary final results for the year ended 31 December 2016, reporting revenue growth of 10% to \$330.9 million and underlying EBITDA growth of 18% to \$86.7 million, which marginally exceeded the latest earnings guidance announced on 14 December 2016¹³. APN Outdoor also announced an acceleration in the company’s capital investment in digital screens
 - (b) **4 May 2017** – the ACCC released its Statement of Issues on the proposed merger between APN Outdoor and oOh!media, expressing preliminary concerns that the merger was likely to substantially lessen competition in the out-of-home advertising market
 - (c) **19 May 2017** – APN Outdoor and oOh!media announced the proposed merger between the parties had been terminated
 - (d) **14 June 2017** – APN Outdoor announced that it had successfully renewed its Tullamarine Freeway contract which included a number of digitisation opportunities. The Company also announced that its year to date trading was consistent with expectations, with revenue and EBITDA for the first quarter above the prior corresponding period
 - (e) **2 August 2017** – APN Outdoor announced that it had extended the Sydney Buses contract for a further five year term. The Company also announced that its CEO would retire effective 30 September 2017 and that its CFO would be appointed as interim CEO
 - (f) **10 August 2017** – APN Outdoor announcement that it had successfully retained the Adelaide Metro contract, which encompasses the advertising rights for approximately 900 buses, 24 trams and 136 train cars across the city and central business district (CBD)
 - (g) **21 August 2017** – APN Outdoor released its results for the half year ended 30 June 2017, reporting revenue growth of 8% to \$162.3 million and underlying EBITDA growth of 7% to \$37.2 million against the prior corresponding period. The Company also provided earnings guidance for CY17, with underlying EBITDA expected to be in the range of \$90 million to \$95 million and capital expenditure of \$30 million to \$35 million. APN Outdoor also announced that it had extended the Public Transport Authority of Western Australia contract for its rail and billboard assets
 - (h) **3 October 2017** – APN Outdoor announced that its contract with Yarra Trams in Melbourne had not been renewed and would end on 30 November 2017. The annualised EBITDA contribution of the contract was approximately \$7 million. APN Outdoor also announced that it had retained the advertising rights to the cross track and roadside assets of Metro Trains Melbourne
 - (i) **17 October 2017** – APN Outdoor announced that it had appointed James Warburton as its new CEO, effective 22 January 2018. Mr Warburton held previous CEO roles with

¹³ On 14 December 2016, APN Outdoor announced that the company expected CY16 revenue and EBITDA to be at or modestly above the upper end of its previous earnings guidance range, which comprised revenue growth of 8.5% to 9.0% and EBITDA of \$84 million to \$86 million.

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V8 Supercars Australia, Ten Network Holdings and Universal McCann and was also a Director of Eye Corp, Ten Network's out-of-home media business

- (j) **9 January 2018** – APN Outdoor announced that its CFO (and acting interim CEO) had resigned
- (k) **14 February 2018** – APN Outdoor announced that it had extended the Sydney Trains contract for billboard and rail assets
- (l) **20 February 2018** – APN Outdoor released its results for the year ended 31 December 2017, reporting revenue growth of 4% to \$342.9 million and underlying EBITDA growth of 4% to \$90.3 million, which was at the low end of the company's earnings guidance provided in August 2017. APN Outdoor also announced that it was expecting to mitigate the \$7 million EBITDA impact from the loss of the Yarra Trams contract in CY18 and would continue its digital billboard rollout with 20 to 25 Elite screens to be commissioned in in CY18¹⁴. The company also announced that it would be investing \$2 million in innovation and new systems in CY18 to support an audience and customer led go-to-market sales strategy
- (m) **27 February 2018** – APN Outdoor announced that it had appointed Phillip Knox as CFO, effective 5 March 2018
- (n) **21 May 2018** – APN Outdoor announced to the market that it had submitted a confidential non-binding proposal to acquire the Adshel business from HT&E
- (o) **28 May 2018** – APN Outdoor released its earnings guidance to the market, expecting underlying EBITDA in the range of \$92 million to \$96 million. The company also maintained its capital expenditure forecast of \$25 million to \$30 million.

Liquidity in APN Outdoor shares

102 The liquidity in APN Outdoor shares based on trading on the ASX over the 12 month period to 19 June 2018¹⁵ is set out below:

APN Outdoor – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS ⁽¹⁾ outstanding 000	Implied level of liquidity Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	20 May 18	19 Jun 18	44,788	167,006	26.8	321.8
3 months	20 Mar 18	19 Jun 18	94,003	167,006	56.3	225.1
6 months	20 Dec 17	19 Jun 18	151,406	166,862	90.7	181.5
1 year	20 Jun 17	19 Jun 18	305,086	166,734	183.0	183.0

Note:

- 1 Weighted average number of securities outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

Source: Bloomberg and LEA analysis.

103 In each of the above periods disclosed, total share turnover (on an annualised basis) has significantly exceeded 100% of the issued shares in APN Outdoor, indicating a high level of market liquidity.

¹⁴ Company guidance for capital expenditure in CY18 is in the range of \$25 million to \$30 million.

¹⁵ Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

IV Industry overview

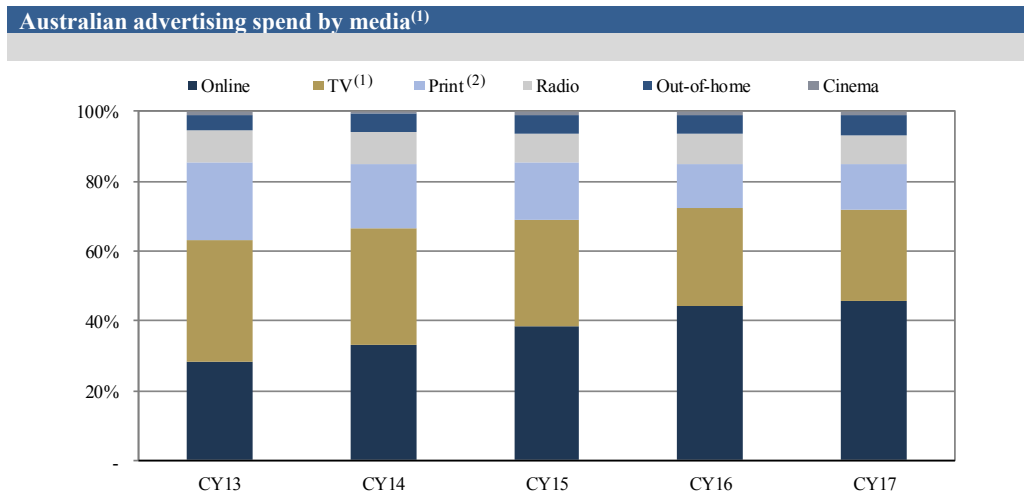
Introduction

104 APN Outdoor operates in the Australian and NZ out-of-home sector of the media industry, which relies on advertising as its primary source of revenue. This section of our report sets out an overview of the Australian media industry, with a particular focus on the Australian out-of-home sector, including key trends and growth drivers¹⁶.

Australian media industry

105 The Australian media industry is made up of six primary sectors, being free to air television and subscription television (together “TV”), print, radio, online (including digital online such as mobile and handheld technology), cinema and out-of-home, all of which compete for advertiser budgets (noting the lines between these sectors continue to be less clear with advances in technology, changes and interconnectivity between forms). Industry revenue is primarily driven by macroeconomic factors including business and consumer confidence, the domestic and international geo-political environment and the overall state of the economy.

106 Key themes in the advertising industry over the last 10 years have included the continued rise of online advertising (and to a much lesser extent, out-of-home advertising), at the expense of traditional forms of advertising mediums, in particular print and TV. This is illustrated in the chart below, which shows a proportional breakdown of total advertising revenue by media type for the CY13 to CY17 period:



Note:

1 TV includes metro and regional from CY13 to CY15 and advertising revenue from video on demand from CY16.

2 Print reporting changed in 2017 to include digital and classifieds advertising revenue which was previously excluded.

Source: Outdoor Media Association (OMA) which sourced its data from the Commercial Economic Advisory Service of Australia (CEASA).

¹⁶ Whilst APN Outdoor has operations in NZ these represent a relatively small proportion of the Company’s revenue base.

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107 Online advertising represented 28.4% of the total advertising spend in CY13, which had grown to 45.5% by CY17. In CY15, online advertising overtook TV to become the largest form of advertising in Australia. Out-of-home advertising has also increased its share of advertising spend, rising from 4.8% in CY13 to 5.9% in CY17¹⁷. The growth is primarily attributable to investment by out-of-home advertising suppliers in advertising inventory, in particular the rollout of digital assets. Over the same period TV, which traditionally accounted for the largest proportion of industry advertising, decreased from 35.0% to 26.3% of advertising spend and print decreased from 22.0% to 13.2%.

Out-of-home advertising

Overview

108 Out-of-home advertising is strategically placed where people live, shop, socialise, travel and work. It can be used to target a broad audience (e.g. roadside billboards) or can be highly focused to address a targeted audience to facilitate one-on-one consumer engagement (e.g. inside and outside supermarkets). MOVE¹⁸ estimates that out-of-home advertising in Australia has the capacity to reach 12.6 million people per day.

109 Growth in out-of-home advertising is driven by three key factors:

- (a) **physical presence** – given its physical presence, out-of-home advertising is one of the last true mass broadcast mediums which is eye-catching to passers-by and has continued to grow audience and revenue. This contrasts with the increasing audience fragmentation found in other types of traditional media such as TV and radio, where advertising can more easily be turned off, skipped, or fast forwarded by consumers
- (b) **growing audience** – the growing size of out-of-home advertising audiences, which is in contrast to the declining audiences experienced by other types of traditional media such as newspapers and magazines. MOVE estimates that out-of-home audiences have increased by 23% over the seven years to 2017 and increased by 2.2% in 2017. This is largely attributable to increased urbanisation, growth in motor vehicle usage as well as higher foot traffic into out-of-home environments such as shopping centres and airports; and
- (c) **digital out-of-home (DOOH)** – the increasing use of DOOH advertising to provide highly targeted messages often provides additional engagement opportunities via the use of interactive touch screens, mobile integration and new applications. DOOH advertising also provides advertisers with the ability to change content based on factors such as local weather conditions or to coincide with a major sporting event, to improve the relevance of a campaign.

110 Out-of-home advertising is seasonal, with approximately 30% of revenue typically generated in the final quarter of the year¹⁹. This is primarily due to higher advertising spend in the lead up to the Christmas period. Most revenue is understandably generated in the two most

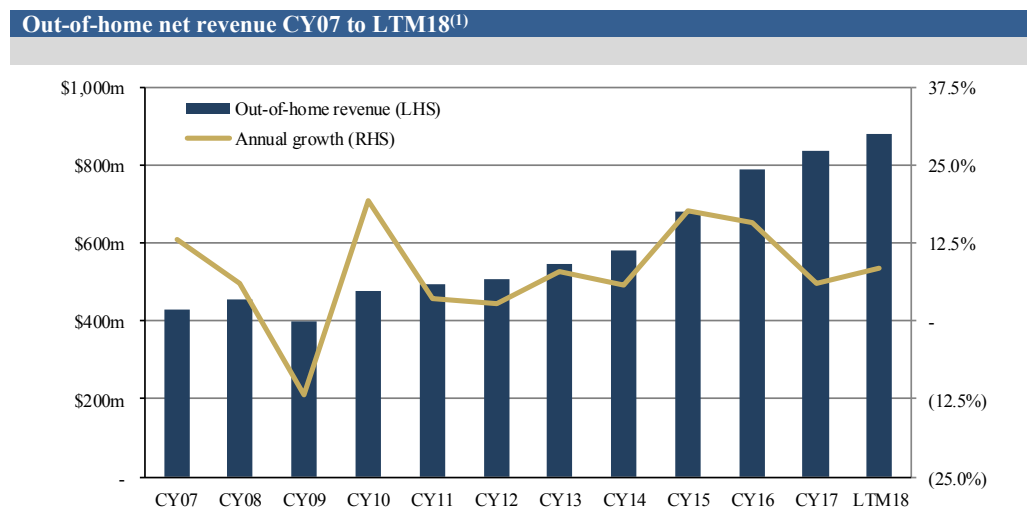
¹⁷ According to CEASA data.

¹⁸ Measurement of Outdoor Visibility and Exposure (MOVE).

¹⁹ Source: OMA.

populated states of Australia, with New South Wales and Victoria accounting for circa 38.9% and 28.4% of sector revenue for the six months ending 30 June 2018 respectively²⁰.

- 111 The chart below sets out net revenue²¹ for the out-of-home advertising sector for the 10 years to CY17 and the last 12 months to 30 June 2018 (LTM18):



Note:

¹ OMA generates performance reporting for the out-of-home sector through the compilation of revenue results and share of advertising spend for its members, which comprised 80% of the industry in 2017. Historical data to CY12 has been restated by the OMA for changes in OMA membership so as to enable a year-on-year (YOY) comparison. The data for years prior to CY12 have not been restated and may not be directly comparable.

Source: OMA.

- 112 Over the 10.5 years to LTM18 out-of-home advertising net revenue (for members of the OMA) has exhibited a compound annual growth rate (CAGR) of 7.1%²² to reach \$881 million. This growth is primarily attributable to the sector's investment in, and subsequent take up and expansion of, DOOH advertising. This is consistent with the experience in overseas markets, where DOOH has generally been the fastest growing format of out-of-home advertising.
- 113 Revenue growth has generally declined since the high levels achieved in CY15, with some improvement in recent periods with YOY revenue growth of 8.7% and 14.2% reported in 1Q18 and 2Q18 respectively. Revenue growth achieved in 2Q18 is the first double digit quarterly growth rate posted since 4Q16 and was largely attributable to the growth in billboard revenue, which exceeded market expectations (24.2%)²³, and to a lesser extent transport (including airports) (16.3%)²⁴.

²⁰ Based on revenue by media location. Source: OMA.

²¹ Net of agency commissions.

²² Based on OMA reported figures, noting that data for years prior to CY12 may not be directly comparable to CY17.

²³ The recent growth in Roadside (billboards) has largely been the result of increased investment in inventory, particularly the conversion of existing classic advertising panels to digital screens.

²⁴ It should be noted that the OMA defined categories do not necessarily align with APN Outdoor's reporting formats.

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DOOH advertising

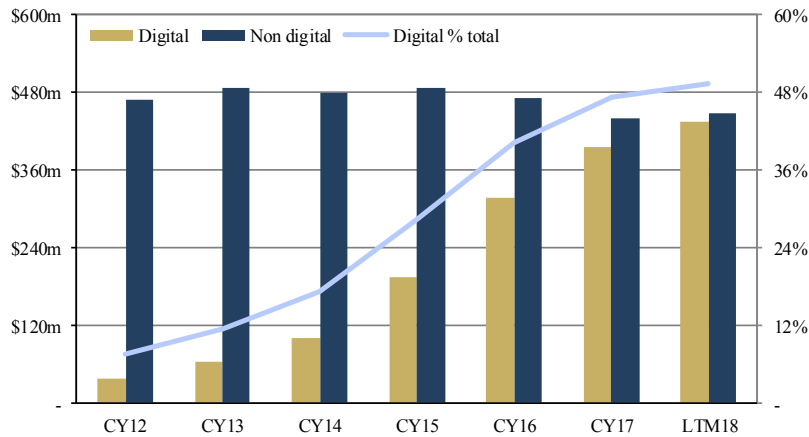
- 114 DOOH utilises strategically placed digital signage displays to reach consumers with highly targeted messages, enabling businesses to purchase an advertisement at a specified location for a particular period of the day and the ability to change the content being displayed according to external factors such as local weather conditions or major sporting events, to ensure the optimal demographic is targeted and advertising occurs at a relevant time. DOOH (particularly street furniture / retail) often also provides additional engagement opportunities via the use of interactive touch screens, mobile integration and other applications.
- 115 The out-of-home sector stands to benefit from the continued adoption of digital technologies, which present numerous revenue opportunities, including (noting that the degree of digital interactivity varies by DOOH format)²⁵:
- (a) **increased asset utilisation** – greater asset utilisation from high-traffic sites with digital technology allowing for multiple advertisements on a single site, time-of-day advertising and contextual advertising opportunities
 - (b) **increased addressable market** – increased ability to access time-sensitive advertising spend including sale or limited time offers that were previously inaccessible to static out-of-home signage
 - (c) **advanced measurement and tracking** – interactive digital campaigns enhance the ability of out-of-home operators to collect data about end customers (on an anonymous basis) and gain a deeper understanding of their background and habits in order to develop better methods for targeting and engaging with them, giving advertisers greater clarity on their return on investment
 - (d) **increased engagement and interactivity** (particularly for street furniture / retail) – including interactive touch screens and mobile integration, which allow advertisers to customise their messages to a specific location, time-of-day, or special event. Digital innovation using wi-fi, QR codes, mobile technology and motion and gesture recognition also allow instant retail transactions, free product trials and other consumer experiences, such as playing a game; and
 - (e) **content** – digital screens allow for the display of more engaging content and also for the display of contextually relevant content (e.g. news, weather, sport) that helps increase a consumer's engagement with the advertising panel.
- 116 There are also several favourable trends driving digital growth, including lower transaction costs for advertisers²⁶ and improved digital technology and efficiencies (for example, the use of cost-effective light-emitting diodes or improved software for creating, deploying and scheduling advertisements).

²⁵ For example, Roadside (other – street furniture) / Retail generally has a higher degree of digital interactivity than say Roadside (billboards).

²⁶ When customers move to DOOH the traditional installation costs are replaced with an upload fee which is much lower than a production and installation fee.

117 The following chart illustrates the rise of DOOH advertising as a percentage of total out-of-home net revenue since CY12 (the first available material data):

DOOH advertising net digital revenue as a percentage of total out-of-home revenue⁽¹⁾⁽²⁾



Note:

- 1 OMA generates performance reporting for the out-of-home sector through the compilation of revenue results and share of advertising spend for its members, which comprised 80% of the industry in 2017.
- 2 This chart excludes digital revenue earned by non-traditional out-of-home operators (online / mobile) that are able to penetrate the traditional out-of-home environment.

Source: OMA.

118 In the 5.5 years to LTM18, DOOH advertising exhibited a CAGR of 55.7%, which as shown above represents the vast majority of growth in the out-of-home advertising sector. Over this period, DOOH advertising net revenue has grown from \$38.1 million (7.5% of the total in CY12) to \$434.8 million (49.3% of the total in LTM18²⁷), with this trend expected to continue as advertisers are attracted to the DOOH medium.

Key categories²⁸

119 Categories or products within the out-of-home advertising sector can be grouped in a number of ways, noting there can be crossover between and within categories. The table below summarises the categories in five sub categories, according to the OMA classification:

²⁷ DOOH represented 49.9% of net out-of-home revenue for 2Q18.

²⁸ It should be noted that the OMA defined categories do not necessarily align with APN Outdoor's reporting formats.

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Out-of-home advertising categories ⁽¹⁾			
Category	Environment	Formats	Key participants ⁽²⁾
Roadside (billboards)	Advertising that either appears on the side of a road or near a road, whether on a building, in a transport corridor or precinct or on private land	<ul style="list-style-type: none"> • Different sized billboards including: <ul style="list-style-type: none"> – supersites – spectaculars – 24 Sheet 	<ul style="list-style-type: none"> • APN Outdoor • oOh!media • QMS • Claude Group • Tonic
Roadside (other)	Advertising that appears on the side of, or near, a footpath along road corridors or exterior of public transportation vehicles	<ul style="list-style-type: none"> • Street furniture • Bus / tram shelters • Bus / tram exteriors • Kiosks and phone booths • Taxi exteriors • Free standing panels • Mobile billboards 	<ul style="list-style-type: none"> • Adshel⁽³⁾ • JCDecaux • QMS • Claude Outdoor
Transport (including rail, taxi, tram and bus)	Advertising that appears on the interior of public transportation vehicles, railway stations	<ul style="list-style-type: none"> • Rail platform and concourse • Train interiors and exteriors • Bus interchange • Bus / tram interiors 	<ul style="list-style-type: none"> • APN Outdoor • Adshel⁽³⁾ • JCDecaux • Claude Group • Tonic
Airport	Advertising that appears on the exterior / interior of airports	<ul style="list-style-type: none"> • Airport externals and precinct • Airport internals • Airport lounges 	<ul style="list-style-type: none"> • APN Outdoor • oOh!media • QMS • Tonic
Retail / lifestyle / other	Advertising that appears in shopping centres, malls, universities, office tower foyers and other place based environments	<ul style="list-style-type: none"> • Shopping centres and malls • Office buildings and lifts • Place based media (indoor social sport centres, universities, pharmacies, health clubs, clinics, bars and clubs, cafés, medical centres) 	<ul style="list-style-type: none"> • oOh!media • Adshel⁽³⁾ • QMS • Claude Group • Val Morgan Outdoor • Tonic

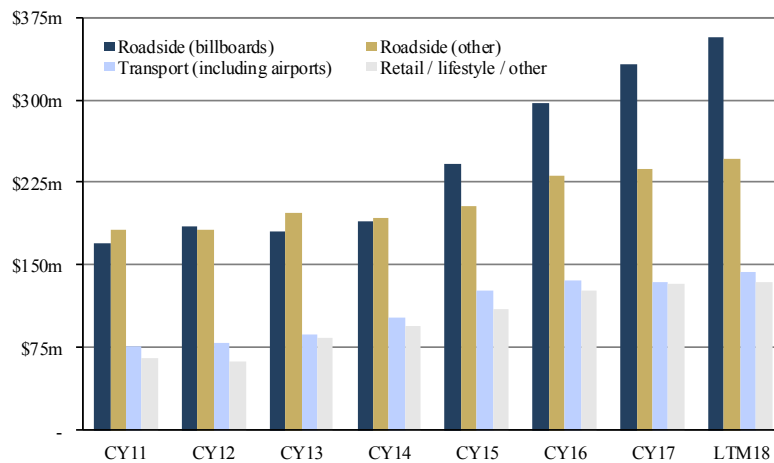
Note:

- 1 It should be noted that the OMA defined categories do not necessarily align with APN Outdoor's reporting formats.
- 2 Other participants in Roadside (billboards) include GOA, Paradise Outdoor, Bishopp Outdoor and Apparition Media. Other participants in Transport include GoTransit, Moove Media, Nonstop Media, S&J Media Group and GOA. Other participants in Airport include Paradise Outdoor and Bishopp Outdoor. Other participants in Retail / lifestyle / other include Nonstop Media, Shopper Media, Stadia Media, Brandspace, and MCN.
- 3 On 25 June 2018, oOh!media and HT&E reached an agreement for oOh!media to acquire HT&E's Adshel business. The completion of the transaction remains subject to, inter alia, regulatory approval by the ACCC.

Source: OMA and APN Outdoor.

120 The chart below summarises the breakdown of out-of-home sector net revenue by category for the 6.5 years to LTM18:

Out-of-home advertising net revenue by category⁽¹⁾



Note:

1 OMA generates performance reporting for the out-of-home sector through the compilation of revenue results and share of advertising spend for its members, which comprised 80% of the industry in 2017. Historical data to CY12 has been restated by the OMA for changes in OMA membership so as to enable a YOY comparison. The data for years prior to CY12 have not been restated and may not be directly comparable.

Source: OMA.

121 Over the 6.5 years to LTM18 the out-of-home advertising sector exhibited a CAGR of 9.3%, with the roadside (billboards), retail, and transport (including airports) categories all exceeding this sector growth (CAGRs of 12.1%, 11.6% and 10.5% respectively). Roadside (other), with a CAGR of 4.7% for the 6.5 years to LTM18, was the only category recording below out-of-home sector growth.

122 In more recent periods, revenue from Roadside (billboards) outperformed market expectations delivering quarterly YOY revenue growth of 24.2% in 2Q18 to reach \$97.1 million, representing the highest level of growth for this category since 3Q16²⁹. This was followed by Transport (including airports) which delivered its highest growth since 3Q15 in both 1Q18 and 2Q18 at 12.7% and 16.3% respectively.

Users of out-of-home advertising

123 In CY17, the top 10 industries utilising out-of-home advertising services accounted for 58.5% of total sector net revenue, as shown in the table below:

²⁹ The recent growth in Roadside (billboards) has largely been the result of increased investment in inventory, particularly the conversion of existing classic advertising panels to digital screens.

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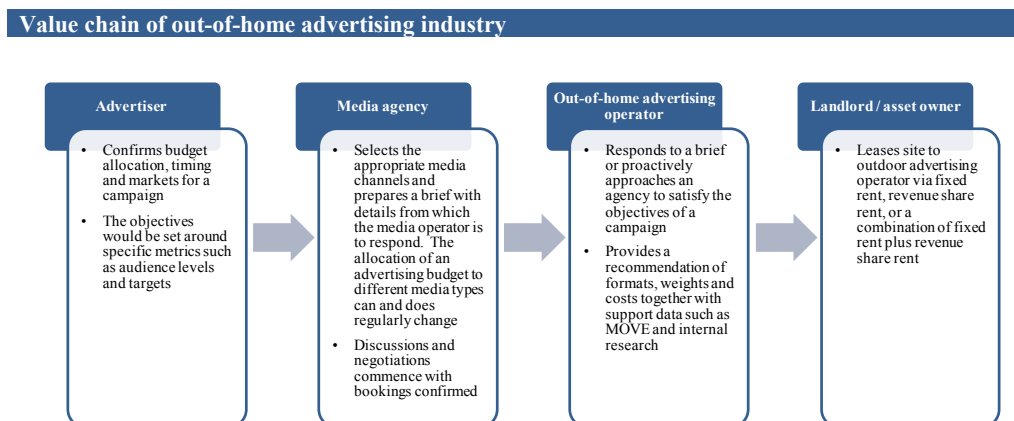
Primary users of out-of-home advertising			
Industry	Major customers	CY17	
		A\$m	%
Retail	Unilever, Apple	89.3	10.7
Entertainment and leisure	Roadshow film distributors	67.9	8.1
Motor vehicles		65.2	7.8
Finance	Commonwealth Bank of Australia	55.5	6.6
Communications	Vodafone, Singtel (Optus), TPG	44.3	5.3
Food	Mondelez International, McDonald's, Woolworths	42.6	5.1
Travel and accommodation		40.0	4.8
Media		29.6	3.5
Beverages – alcoholic		28.3	3.4
Beverages – non alcoholic		27.0	3.2
Total		489.7	58.5

Source: OMA.

- 124 Showing the breadth of the customer base, the top 10 individual out-of-home advertising customers in CY17 accounted for just 9.1% of sector net revenue in CY17, with the largest five of these being Commonwealth Bank, with 1.2% of sector net revenue, Mondelez International (1.1%), McDonald's (1.0%), Singtel (1.0%) and Vodafone (0.9%).

Out-of-home advertising value chain

- 125 The following diagram shows the value chain in a typical out-of-home advertising transaction, noting that at any point, a participant in the supply chain can skip a step and engage directly with another participant:



Source: APN Outdoor.

- 126 Advertisers typically allocate a budget to total advertising and will then work with media agencies to allocate across different media sectors as appropriate for each advertiser's target audience demographic or campaign objective. Media agencies can work as intermediaries between the advertiser and out-of-home advertising operators and are responsible for purchasing out-of-home advertising on behalf of their clients.
- 127 The performance of out-of-home advertising operators is heavily reliant on media agencies, with approximately 80% to 90% of sector revenue generated through media agencies,

particularly the top five agencies, which account for some 80% of the market. The remaining 10% to 20% is generated through direct sales to customers³⁰. Media agencies receive commissions and rebates from out-of-home advertising operators, with the standard commission rate for the out-of-home sector approximately 10% and 20% of gross media revenue in Australia and NZ respectively³¹.

- 128 Out-of-home advertising operators typically enter into a lease or licence agreement with the owner of the location for use of the site³². Lease agreements and licenses vary in tenure, but can be for multiple year periods and may be renewed prior to expiry. However, landlords typically test the market and competitive rates when licenses are approaching expiry and many leases / licence agreements go to a formal tender process. Therefore, there is the risk that out-of-home advertising operators will not be able to renew contracts on similar or favourable terms, if at all. Most transit and Roadside (other) contracts are with municipalities and government entities which are required for probity reasons to undertake a competitive bidding process at each renewal. The inability to renew a lease or licence on comparable terms is a key risk to out-of-home advertising operators.

Regulation

- 129 The Australian out-of-home media sector is subject to regulation at the federal, state and local government level, with regulation focused on site ownership, development approvals, advertising structure and content displayed.
- 130 The approval process for a new out-of-home advertising site in roadside locations is regulated by various levels of government and government agencies. Construction of billboard advertising generally requires development approval and building approval as well as assessments of major variables during the planning and approval of a new site, such as the aesthetic and environmental impact, road safety and heritage requirements. Roadside out-of-home advertising often requires a separate approval required from the relevant state government's road and safety authority.
- 131 Once approved, permits are typically issued in most states on a perpetual basis and are further protected by existing use rights legislation. Development approval can also be transferred to a new site owner. There are, however, some local governments in Australia that limit approvals before reapplication to a maximum of 15 years.
- 132 Content of out-of-home advertising is regulated through a combination of self regulation schemes through the OMA, the Australian Advertising Standards Board and Federal Government laws concerning misleading and deceptive conduct. The content displayed in out-of-home advertising is not owned by the operator and as such any complaints under policy or legislation would therefore be directed against the advertiser responsible for the advertisement.

Outlook

- 133 As a component of the broader Australian media industry, the out-of-home sector has exhibited solid growth rates in recent years. This is largely due to investment in inventory, the increasing use of digital media displays and interactive technology, growing audience

³⁰ Albeit this split moves from period to period.

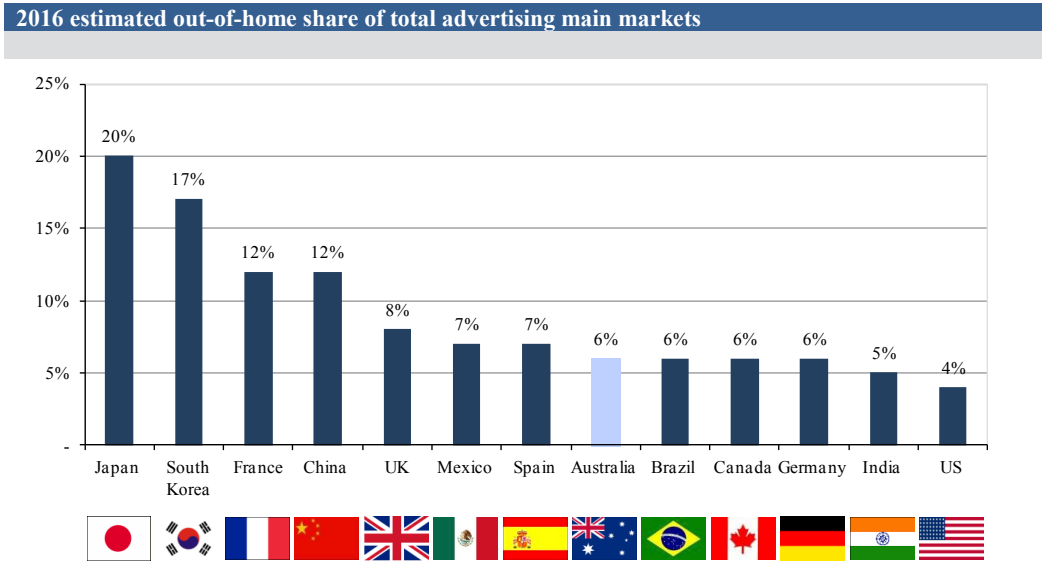
³¹ Source: APN Outdoor Prospectus.

³² Many landlords are large and sophisticated and often lease their sites via tender processes.

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sizes and lower levels of audience fragmentation than those experienced by other mass broadcast advertising mediums.

- 134 The outlook for the out-of-home advertising sector remains positive, underpinned by:
 - (a) ongoing investment in DOOH inventory
 - (b) the growing number of applications for DOOH technology which are likely to be bolstered by increasing availability of relevant data sources
 - (c) ongoing audience fragmentation in other mass broadcast advertising mediums; and
 - (d) expansion into new out-of-home advertising locations, which has the potential to grow audience sizes and increase the relative attractiveness of the out-of-home advertising sector (particularly through the use of data analytics³³).
- 135 Out-of-home advertising as a proportion of total advertising expenditure in Australia has steadily increased to around 6% in CY17 and is expected to approximate 7% over the coming years. However, this share of expenditure remains below some comparable overseas markets. For example, the out-of-home sector in the United Kingdom (UK) and France represents 8% and 12% respectively of total advertising expenditure:



Source: FEPE International presentation June 2016.

- 136 In addition to the above, PricewaterhouseCoopers estimates that the Australian out-of-home sector will grow at a CAGR of 6.7% over the five year period to and including CY22. Growth over this period is largely attributable to DOOH (CAGR of 15.9%), while physical out-of-home advertising is expected to decline at a CAGR of (5.7%)³⁴.

³³ Which provide advertisers with more sophisticated audience targeting capabilities, the ability to better measure audience engagement and obtain specific campaign return on investment information.

³⁴ www.pwc.com.au/industry/entertainment-and-media-trends-analysis/outlook/out-of-home.html.

V Valuation methodology

Valuation approaches

- 137 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 138 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 139 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 140 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

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- 141 An asset-based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 142 The market value of APN Outdoor has been assessed by aggregating the market value of its business operations, together with the net realisable value of any surplus assets and deducting net interest bearing debt.
- 143 The valuation of the business operations has been made on the basis of market value as a going concern. The primary valuation method used to value APN Outdoor's business operations is the capitalisation of future maintainable EBITDA. Under this methodology the value of the business is represented by its core underlying maintainable EBITDA capitalised at a rate (or EBITDA multiple) reflecting the risks inherent in those earnings.
- 144 We have adopted this method when valuing the business operations of APN Outdoor for several reasons:
- (a) APN Outdoor has both a demonstrated history of profitability and an expectation of ongoing profitability
 - (b) APN Outdoor's key business divisions operate in a mature industry and have well-established market positions
 - (c) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken
 - (d) the EBITDA multiples for listed companies exposed to similar industry sectors as the business divisions of APN Outdoor can be derived from publicly available information
 - (e) transaction evidence in the respective industry sectors is generally expressed in terms of EBITDA multiples.

Cross-check

- 145 We have cross-checked our valuation of APN Outdoor's business for reasonableness by reference to the price to earnings (PE) method using NPATA, which is a widely used and commonly accepted valuation metric in the out-of-home sector.
- 146 We have also compared our assessed value of the equity in APN Outdoor (on a per share basis) with the listed market prices of APN Outdoor shares on the ASX prior to the press speculation regarding JCDecaux's takeover interest in APN Outdoor.

VI Valuation of APN Outdoor

Overview

- 147 As stated in Section V, we have adopted the capitalisation of EBITDA as our primary valuation method in assessing the value of APN Outdoor. Under this method, the value of the business is represented by its underlying EBITDA capitalised at a rate (or EBITDA multiple) reflecting the growth and risk inherent in those earnings.
- 148 The value of the equity in APN Outdoor is then derived by adding the net realisable value of any surplus assets and deducting net interest bearing debt.
- 149 The resulting values have been cross-checked for reasonableness by reference to the PE method, using NPATA, which is a widely used and commonly accepted valuation metric in the out-of-home sector. We have also compared our assessed value of the equity in APN Outdoor (on a per share basis) with the listed market prices of APN Outdoor shares on the ASX prior to the press speculation regarding JCDecaux's takeover interest in APN Outdoor.

Assessment of underlying EBITDA

- 150 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historic and forecast results of the business, and discussed the business' financial performance, operating environment and prospects with APN Outdoor management.
- 151 A summary of APN Outdoor's revenue and underlying EBITDA for the three years ended 31 December 2017, together with APN Outdoor's (LTM18) earnings, is summarised below:

APN Outdoor – summarised (underlying) financial performance ⁽¹⁾				
	CY15	CY16	CY17	LTM18 ⁽²⁾
	\$m	\$m	\$m	\$m
Billboards	143.9	160.8	176.7	184.4
Transit	101.0	99.5	100.2	97.6
Airport	33.1	43.8	40.6	40.8
Rail	22.8	26.8	25.4	25.4
Total revenue	300.8	330.9	342.9	348.2
Rental of advertising space	(121.8)	(134.7)	(139.8)	(139.6)
Other direct costs	(68.0)	(68.6)	(69.4)	(71.3)
Gross margin	111.0	127.6	133.7	137.3
Overheads	(37.7)	(40.9)	(43.4)	(45.0)
EBITDA	73.3	86.7	90.3	92.3
<i>Growth in sales revenue</i>	20.0%	10.0%	3.6%	1.6% ⁽³⁾
<i>Gross margin</i>	38.2%	38.6%	39.0%	39.4%
<i>EBITDA margin</i>	24.4%	26.2%	26.3%	26.5%

Note:

- 1 Rounding differences may exist.
- 2 2H17 results have been restated (downward by \$0.8 million and \$0.5 million at the revenue and EBITDA levels respectively) to reflect current accounting policies.
- 3 Relative to sales for the 12 months to 30 June 2017 (noting that these sales have not been restated to reflect current accounting policies).

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- 152 In assessing the underlying EBITDA for valuation purposes, we note the following:
- (a) APN Outdoor acquired the outdoor advertising assets of Metrospace (a Queensland-based billboard operator with 110 panels) and iOM (a Victorian based billboard operator with 130 classic and digital billboard sites) in August 2016 and the CY16 results reflected only a part year contribution from these assets
 - (b) APN Outdoor lost the Yarra Trams contract, effective 30 November 2017. This contract contributed some \$7 million to CY17 EBITDA (and marginally less than half that in LTM18 EBITDA). This loss has been partially offset by the introduction of new transit formats (e.g. B-Line buses in Sydney)
 - (c) APN Outdoor has recently won contracts with Queenstown airport and RMS. These contracts commence in 2H18 and also offset, to some extent, the reduction in EBITDA due to loss of Yarra Trams
 - (d) APN Outdoor has indicated that it expects underlying EBITDA for CY18 to be in the range of \$92 million to \$96 million (this guidance does not include the full year impact of the recently awarded contracts but does reflect the full year impact of the loss of the Yarra Trams contract).
- 153 Having regard to the above, we have adopted underlying EBITDA for valuation purposes of \$93.0 million.

EBITDA multiple

- 154 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

- The stability and quality of earnings
- The quality of the management and the likely continuity of management
- The nature and size of the business
- The spread and financial standing of customers
- The financial structure of the company and gearing level
- The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors
- The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors
- The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc
- The cyclical nature of the industry
- Expected changes in interest rates
- The asset backing of the underlying business of the company and the quality of the assets
- The extent to which a premium for control is appropriate
- Whether the assessment is consistent with historical and prospective earnings

- 155 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for APN Outdoor.

Listed company multiples

156 The following table summarises the key trading metrics of ASX and international securities exchange listed companies that provide out-of-home advertising products and services:

Listed out-of-home company multiples ⁽¹⁾⁽²⁾					
Company	Year end	EV A\$ ⁽³⁾	Gearing ⁽⁴⁾ %	EV / EBITDA ⁽⁵⁾⁽⁶⁾	
				CY18 x	CY19 x
Australian companies					
APN Outdoor	31 Dec	1,047	9.4	11.0	10.2
oOh!media	31 Dec	1,006	12.3	10.3	9.6
QMS Media	30 Jun	423	20.1	9.4	8.1
International companies					
Lamar Advertising	31 Dec	13,141	26.9	13.7	13.4
JCDecaux	31 Dec	10,308	6.0	11.0	10.2
Clear Channel Outdoor	31 Dec	9,616	75.6	12.2	11.5
Ströer SE	31 Dec	7,432	36.9	10.6	9.7
Outfront Media	31 Dec	6,974	43.0	11.1	10.5
APG SGA	31 Dec	1,313	(10.0)	13.2	12.8

Note:

- 1 EV and earnings multiples as at 27 July 2018, based upon latest available information. APN Outdoor as at 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor) and oOh!media as at 22 June 2018 (being the last trading day prior to it reaching agreement with HT&E regarding the purchase of Adshel). Excludes HT&E as it has reached agreement (subject to regulatory approval) to sell Adshel to oOh!media (and has a significant radio business).
- 2 A brief description of each company's operations is set out at Appendix C.
- 3 Foreign currencies have been converted to AUD at the exchange rate prevailing as at 27 July 2018.
- 4 Gearing equals net debt (cash adjusted for the effect of share placements and buybacks, special dividends and option dilution) divided by EV.
- 5 APN Outdoor multiples are based on the average of the estimates of the analysts disclosed in Appendix C.
- 6 Unless otherwise noted, the multiples for oOh!media, QMS Media and the International companies are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).

Source: Bloomberg, company announcements and LEA analysis.

157 The above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or EV level, although this varies depending on the level of debt funding employed in each company.

158 In addition, we note that:

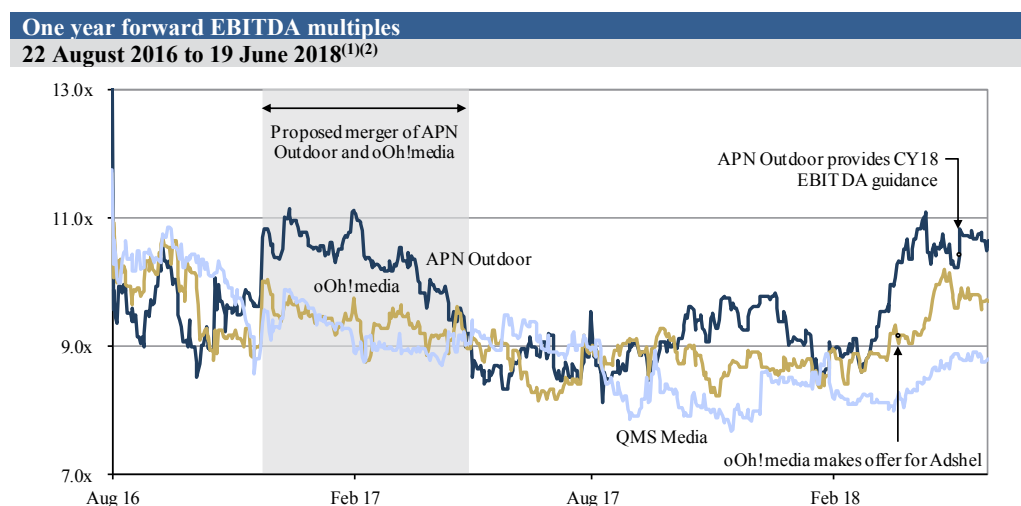
- (a) the trading multiples for the major "pure-play" ASX listed out-of-home companies (APN Outdoor and oOh!media) are relatively consistent and trade at a premium to QMS Media (which is significantly smaller)

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- (b) the multiples are based on closing share prices at a point in time and are not necessarily representative of the range of multiples that the companies trade on over time (which are shown further below)
- (c) whilst the operations of the international listed companies are broadly comparable to APN Outdoor, it should be noted that they are significantly larger than APN Outdoor and operate in different geographic regions, and are therefore subject to different economic / industry cycles. That said, the CY18 EBITDA multiples upon which these companies trade are broadly consistent with (albeit marginally higher than) the ASX listed company evidence.

ASX listed out-of-home company multiples over time

159 We set out below the one year forward EBITDA multiples (based on average analyst forecasts sourced from Bloomberg) for the abovementioned ASX listed out-of-home advertising companies from 22 August 2016 to 19 June 2018³⁵:



Note:

- 1 On 22 August 2016, APN Outdoor downgraded its earnings guidance for CY16. This guidance resulted in a material reduction in the trading multiple attributed to APN Outdoor by the market.
- 2 Excludes HT&E due to the recent corporate activity concerning Adshel and due to its "Outdoor" segment (i.e. Adshel and Cody) having historically only contributed a relatively small proportion to its overall earnings.

Source: Bloomberg and LEA analysis.

160 As evidenced from the above:

- (a) subsequent to its profit downgrade in August 2016, APN Outdoor has generally traded within a range of between 9.0 times and 11.0 times
- (b) since approximately the middle of March 2018, both APN Outdoor and oOh!media appear to have been re-rated by the market (resulting in both companies trading at, or above, the high end of their recently observed trading ranges). We note that:

³⁵ Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

- (i) the sales revenue for the out-of-home advertising industry was stronger than expected in Q118 (and again in Q218)
- (ii) there had been speculation of ongoing industry consolidation for some time³⁶ and that this may have been reflected in industry multiples, particularly in the period leading up to 19 June 2018
- (c) in the period post the announcement of the termination of the proposed merger between APN Outdoor and oOh!media and prior to the press speculation regarding JCDecaux's takeover interest in APN Outdoor, APN Outdoor generally traded at a small premium to oOh!media (the average premium from 19 May 2017, to and including 19 June 2018, was 4.4% or 0.4 times EBITDA)
- (d) both APN Outdoor and oOh!media have generally traded on higher EBITDA multiples than QMS Media.

Transaction evidence

161 There have been a number of recent transactions involving the listing and acquisition of companies that provide out-of-home advertising products and services in recent years.

IPO evidence

162 A summary of the multiples implied by recent initial public offerings (IPOs) is shown below:

Transaction evidence – IPOs					
Date ⁽¹⁾	Company	Mkt cap at Offer Price \$m	Pro-forma debt \$m	EV at Offer Price \$m	EBITDA multiple x
29 Jun 15	QMS Media ⁽²⁾	163.5	(12.1)	151.4	nm
17 Dec 14	oOh!media ⁽³⁾	289.3	76.3	365.5	7.5 (F)
11 Nov 14	APN Outdoor ⁽³⁾	424.9	78.8	503.6	9.4 (F)

Note:

- 1 Date of listing.
- 2 Multiple based on company estimated pro-forma earnings for the 12 months ended 30 June 2015.
- 3 Multiples based on pro-forma forecast earnings for the 12 months ended 31 December 2015.

Source: Company prospectuses and LEA analysis.

H – Historic. F – Forecast. nm – not meaningful.

163 In respect of the above, we note that:

- (a) the multiples implied by the above mentioned IPOs do not reflect a control premium
- (b) QMS Media listed in order to raise capital to complete the acquisition of a number of outdoor advertising assets. The pro-forma EBITDA set out in its prospectus was based upon an estimate by the company of the aggregated pro-forma earnings of the majority

³⁶ See for example, AFR, *JCDecaux bigwig incoming, fund managers wonder about APN Outdoor* (20 November 2017) and AFR, *HT&E chief executive Ciaran Davis wants to lead outdoor advertising consolidation* (15 February 2018) in which Mr Ciaran Davis, CEO of HT&E, is quoted as saying “Everybody is talking to everybody ... part of our strategy is looking to lead the consolidation of the outdoor market. I think that's something that should and will happen.”

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(but not all) of the businesses that were to be acquired and, in our opinion, was not indicative of the future earnings prospects of the company³⁷

- (c) as at 19 June 2018³⁸, oOh!media and APN Outdoor were both trading above their respective IPO issue prices (of \$1.93 and \$2.55 per share respectively) and the IPO multiples set out in the above table (which were effectively one year forward multiples)³⁹.

Transaction evidence

164 In addition to the above IPO transaction evidence, we have also reviewed the market for publicly available information relating to relatively recent transactions concerning companies that provide out-of-home advertising products and services in Australia and NZ.

165 A summary of the transactions that we identified and for which multiples can be derived based upon publicly available information are set out in the following table:

Transaction evidence – out-of-home advertisers ⁽¹⁾				
Date ⁽²⁾	Target	Acquirer	EV ⁽³⁾ A\$m	EV / EBITDA x
25 Jun 18	Adshel (100%)	oOh!media	570.0	11.6 (F) ⁽⁴⁾
25 Oct 16	Adshel (50%)	HT&E ⁽⁵⁾	532.8	12.7 (H) ⁽⁶⁾
11 Oct 16	ECN	oOh!media	68.9	14.4 (F) ⁽⁷⁾
1 Dec 15	iSite Limited	QMS Media	44.4	7.9 (F) ⁽⁸⁾
22 Oct 13	APN Outdoor (48%)	Quadrant	239.5	7.5 (F) ⁽⁹⁾
31 Oct 12	Eye Corp Pty Limited	oOh!media	113.0 ⁽¹⁰⁾	9.7 (H) ⁽¹¹⁾
23 Feb 12	APN Outdoor	JV with Quadrant	272.0	7.7 (H) ⁽¹²⁾
13 Dec 11	oOh!media	CHAMP	195.6	7.6 ⁽¹³⁾

Note:

- 1 A brief description of each transaction is summarised at Appendix D.
- 2 Date of announcement.
- 3 Implied value of consideration for 100% if transaction does not already involve a 100% acquisition.
- 4 Based upon the mid-point of pro-forma EBITDA to 31 December 2018 (excluding synergies). Pro-forma adjustments include the full year run rate of certain new contracts secured and associated digitisation, plus the impact of renewals.
- 5 Which at the time was known as APN News & Media Limited.
- 6 Based upon historic EBITDA for 12 months ending 30 June 2016.
- 7 Based upon forecast EBITDA for 12 months ending 31 December 2017 (excluding synergies).
- 8 Based upon the mid-point of forecast EBITDA for 12 months ending 31 March 2016.
- 9 Based upon forecast EBITDA for 12 months ending 31 December 2013.
- 10 Includes deferred consideration of \$15 million (payable three years post completion).
- 11 Multiple based on historic results to 31 August 2012.
- 12 Based upon historic EBITDA for 12 months ending 31 December 2011.
- 13 Multiple based upon midpoint of maintainable earnings as assessed by the independent expert.

H – Historic. F – Forecast.

Source: Company announcements, press commentary and LEA analysis.

³⁷ For example, on 28 August 2015, QMS Media provided 1H16 EBITDA guidance of \$9.5 million. This guidance significantly exceeded not only the pro-forma estimate for the prior corresponding period (i.e. 1H15) of \$1.7 million but also the full year pro-forma estimate for FY15 of \$3.1 million.

³⁸ Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

³⁹ As at the date of this report, oOh!media continues to trade above its IPO issue price and IPO multiple.

166 In relation to the transaction evidence it should be noted that:

- (a) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) the transaction multiples have generally increased over the period
- (c) the transaction multiples (except for the oOh!media transaction announced in December 2011) are calculated based on the most recent actual earnings (historic multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples (except for the oOh!media transaction announced in December 2011) are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings
- (d) we consider the oOh!media (December 2011), APN Outdoor (February 2012), Eye Corp Pty Limited (October 2012) and APN Outdoor (October 2013) transaction evidence to have been superseded by the IPO evidence and subsequent market trading in oOh!media and APN Outdoor (refer to listed company multiples above)
- (e) the Adshel transactions represent contemporaneous evidence concerning a direct, albeit slightly smaller competitor that derives the majority of its revenue from different out-of-home formats to APN Outdoor (i.e. Roadside (other) and Transport versus Roadside (billboards)). We also note that the multiples implied by the most recent Adshel acquisition is based upon pro-forma earnings for CY18 (including for example, the full year run rate of certain new contracts and the impact of renewals etc⁴⁰). If the pro-forma adjustments to earnings (which are not known) were excluded, the implied multiple range is likely to have been higher
- (f) the remaining transactions concern businesses that differ materially in terms of their size and nature of operations when compared to the aggregate operations of APN Outdoor.

Potential synergies

167 JCDecaux has not provided any specific guidance on the level of synergies it expects to realise from the acquisition of APN Outdoor. However, if the Scheme is approved and implemented, APN Outdoor will be delisted from the ASX, resulting in the elimination of listed public company costs (e.g. Director fees, listing fees, share registry fees, shareholder communication costs etc). In our view, it is also reasonable to expect that JCDecaux will generate other synergies as a result of the transaction.

168 That said:

- (a) as set out in RG 111, synergies that are not available to other potential bidders should not be taken into account in the valuation of the target company when assessing whether an offer is fair. Synergy benefits could also be generated by other industry participants operating in the Australian market (although in relation to oOh!media, we note that the ACCC issued a Statement of Issues concerning a proposed merger of APN Outdoor and oOh!media in 2017)

⁴⁰ And that these adjustments are underpinned by a number of key assumptions including: Delivery of key new projects on time, with expected incremental revenue and earnings consistent with Adshel management's forecasts; No loss of a material existing Adshel contract prior to its end date and renewal of material existing Adshel contracts on expected margins; Operating expenditure being maintained in line with Adshel management's budget.

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- (b) the EBITDA multiples implied by recent transaction evidence also reflected an expectation that significant synergies would be generated. In particular, we note that oOh!media's proposed acquisition of Adshel is expected to realise cost savings of \$15 million to \$18 million per annum (before tax). These expected synergies are high relative to Adshel's standalone (pro-forma) EBITDA for CY18 of \$48 million to \$50 million per annum⁴¹. The inclusion of synergies in the calculation of the transaction evidence for Adshel, reduces the mid-point EV / (pro-forma) CY18 EBITDA multiple from 11.6 times (pre-synergies) to 8.7 times (post-synergies)
- (c) the existence of synergies from business combinations is one of the key reasons why bidders pay a control premium to acquire a company.

169 Accordingly, in our opinion, it is inappropriate (in the circumstances of APN Outdoor) to incorporate a separate value for synergies over and above that implicitly reflected in the controlling interest multiple applied.

Other factors

- 170 In order to assess the appropriate EBITDA multiple for APN Outdoor we have also had regard to (inter alia):
- (a) APN Outdoor's ongoing digitisation programme which has been a key driver of revenue growth (and margin expansion) and is expected to remain so in the short-to-medium term (albeit we note that there has been a recent decline in yields from digital assets due to an increased supply in the market)
 - (b) the expected future growth in earnings that is to arise from the Sydney Airport domestic terminal (T3)⁴² and RMS contracts
 - (c) expected rates of growth for the out-of-home advertising sector (particularly DOOH) in the short-to-medium term (refer to Section IV).

Conclusion on appropriate EBITDA multiples

171 Accordingly, in our opinion, an EBITDA multiple range of 12.5 times to 13.5 times is appropriate when applied to the EBITDA that has been adopted for valuation purposes.

Value of APN Outdoor's business

172 Given the above, we have assessed the value of APN Outdoor's business as follows:

APN Outdoor – value of business			
	Paragraph	Low \$m	High \$m
EBITDA for valuation purposes	153	93.0	93.0
EBITDA multiple (times)	171	12.5	13.5
Enterprise value		1,162.5	1,255.5

⁴¹ Pro-forma EBITDA as disclosed by oOh!media and includes the full-year run rate of certain new contracts secured and associated digitisation plus the impact of renewals.

⁴² Which is not due to contribute to earnings until 2H19.

Other assets / (liabilities)

173 We have considered whether APN Outdoor has any surplus assets or other liabilities which should be reflected in our valuation. None were identified.

Net debt

174 As at 30 June 2018, APN Outdoor had net debt of \$98.3 million (including derivative financial instruments). However, we note that:

- (a) APN Outdoor's business is seasonal with the majority of profit being generated in the second half of its financial year. As a result of this seasonality, APN Outdoor's investment in working capital and its net cash / debt level varies during the year. For valuation purposes we are therefore of the opinion that it is appropriate to consider the average net cash / debt level throughout the year rather than the net cash / debt level at a point in time when determining the value of the equity in APN Outdoor
- (b) APN Outdoor shareholders will receive a fully franked interim dividend for 1H18 of \$0.07 per share in September 2018. While the impact of the payment of this interim dividend is not reflected in the above stated net debt balance, the total cash cost thereof (approximately \$11.7 million⁴³) is expected to be covered by earnings generated prior to the implementation of the Scheme.

175 Having regard to the above, we have concluded that net debt of \$100.0 million is appropriate for valuation purposes.

Share capital outstanding

176 APN Outdoor has some 167.0 million shares on issue.

177 In addition, there are approximately 0.7 million options and 0.9 million performance rights outstanding which have been issued to APN Outdoor's senior executives in accordance with APN Outdoor's LTIP. Under the terms of the relevant LTIP rules, in the event of a proposed change of control of APN Outdoor, the Board of APN Outdoor has discretion to determine the treatment of any unvested options and performance rights. The Board of APN Outdoor intends to exercise its discretion and vest all of the unvested options and performance rights subject to the scheme becoming effective, such that 861,163 performance rights will convert into 861,163 new APN Outdoor shares and 72,779 APN Outdoor shares are issued assuming that all of the options are exercised (on a cashless basis). Therefore, immediately prior to implementation of the Scheme, it is expected that APN Outdoor will have 167.9 million shares on issue and no other securities.

178 For valuation purposes we have therefore assumed 167.9 million fully diluted shares on issue.

⁴³ Assuming 167.0 million shares on issue at the time of payment.

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Valuation summary

179 Given the above, we have assessed the underlying value of 100% of the equity in APN Outdoor on a controlling interest basis as follows:

APN Outdoor – valuation summary ⁽¹⁾			
	Paragraph	Low \$m	High \$m
EBITDA for valuation purposes	153	93.0	93.0
EBITDA multiple	171	12.5	13.5
Enterprise value		1,162.5	1,255.5
Other assets / (liabilities)	173	-	-
Net debt	175	(100.0)	(100.0)
Equity value – controlling interest basis		1,062.5	1,155.5
Fully diluted shares on issue (million)	178	167.9	167.9
APN Outdoor value per share – controlling interest basis (\$)		6.33	6.88

Note:

1 Rounding differences may exist.

180 We have cross-checked our valuation of APN Outdoor's business for reasonableness by reference to the PE method, using NPATA, which is a widely used and commonly accepted valuation metric in the out-of-home sector. We have also compared our assessed value of the equity in APN Outdoor (on a per share basis) with the listed market prices of APN Outdoor shares on the ASX prior to the press speculation regarding JCDecaux's takeover interest in APN Outdoor.

Implied PE multiples

181 The PE multiples implied by our assessed value range are shown below:

APN Outdoor – implied PE multiples ⁽¹⁾			
	Paragraph	Low \$m	High \$m
APN Outdoor equity value – controlling interest basis	179	1,062.9	1,155.9
Average CY18F NPATA (underlying) ⁽²⁾		54.6	54.6
Average CY19F NPATA (underlying) ⁽²⁾		59.2	59.2
Implied CY18 PE multiple (times)		19.5	21.2
Implied CY19 PE multiple (times)		18.0	19.5

Note:

1 Rounding differences may exist.

2 Based upon average analyst estimates from Canaccord, Citi, CLSA, Credit Suisse, Deutsche Bank, Morgans, Morgan Stanley and UBS (28 May 2018) and Baillieu Holst (29 May 2018). NPATA estimates for CY18F ranged between \$50.5 million and \$59.0 million and for CY19F ranged between \$52.7 million and \$66.4 million.

182 We set out below the one year forward PE multiples (based on average analyst forecasts as per Bloomberg) for the abovementioned ASX listed out-of-home advertising companies from 19 May 2017 to 19 June 2018⁴⁴:

**One year forward PE multiples (using NPATA)
19 May 2017 to 19 June 2018⁽¹⁾⁽²⁾**



Note:

- 1 On 19 May 2017, it was announced that the proposed merger between APN Outdoor and oOh!media would be terminated.
- 2 Excludes HT&E due to the recent corporate activity concerning Adshel and due to its "Outdoor" segment (i.e. Adshel) having historically only contributed a relatively small proportion to its overall earnings.

Source: Bloomberg and LEA analysis.

183 We consider the PE multiples implied by our valuation to be reasonable relative to the ASX listed company multiples shown above, noting that:

- (a) our assessed valuation range reflects a 100% controlling interest value. In comparison, the listed company multiples reflect portfolio interests
- (b) subsequent to the announcement of the termination of the proposed merger between APN Outdoor and oOh!media (on 19 May 2017), APN Outdoor generally traded on a PE multiple of between 13.0 times and 15.0 times. oOh!media traded in a similar albeit slightly higher range of 15.0 times to 17.0 times⁴⁵
- (c) since approximately the middle of March 2018, both APN Outdoor and oOh!media appear to have been re-rated by the market (resulting in both companies trading at, or above, the high end of their recently observed trading ranges). As noted earlier:
 - (i) the sales revenue for the out-of-home advertising industry was stronger than expected in Q118 (and again in Q218)

⁴⁴ Being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.

⁴⁵ oOh!media's PE multiple is higher than APN Outdoor's, notwithstanding that it trades on a lower EBITDA multiple. This is due to, inter alia, oOh!media's relatively higher depreciation charge.

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- (ii) there had been speculation of ongoing industry consolidation for some time⁴⁶ and that this may have been reflected in industry multiples, particularly in the period leading up to 19 June 2018.

Comparison with listed market price

184 We have cross-checked our assessed value of the equity in APN Outdoor against the listed market price of APN Outdoor shares from 28 May 2018 (being the date APN Outdoor provided CY18 EBITDA guidance) up to 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor).

APN Outdoor – listed market prices	
Period	Price / VWAP ⁽¹⁾ \$
Closing share price on 19 June 2018	5.68
1 week to 19 June 2018 – VWAP	5.73
28 May 2018 to 19 June 2018 – VWAP ⁽²⁾	5.70

Note:

- 1 Volume weighted average price (VWAP).
2 Being the period subsequent to the announcement of APN Outdoor's earnings guidance for CY18.

Source: Bloomberg.

185 The mid-point of our valuation range implies a premium to the 28 May 2018 to 19 June 2018 VWAP of 16.0%. Whilst this is significantly below the average premium paid above the listed market price in successful takeovers in Australia of between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover), we note that:

- (a) there had been speculation of ongoing industry consolidation for some time⁴⁷
(b) following APN Outdoor's earnings guidance announcement on 28 May 2018 up to and including 19 June 2018, the level of short interest in APN Outdoor shares fell from 15.9 million (or some 9.5% of the Company) to 4.7 million (or some 2.8% of the Company)⁴⁸. The unwinding of these short positions would have applied upward pressure on the share price over the period.

186 Given the above, it is reasonable to expect that the premium implied by our valuation range is less than the average premium paid in successful takeovers.

⁴⁶ See for example, AFR, *JCDecaux bigwig incoming, fund managers wonder about APN Outdoor* (20 November 2017) and AFR, *HT&E chief executive Ciaran Davis wants to lead outdoor advertising consolidation* (15 February 2018) in which Mr Ciaran Davis, CEO of HT&E, is quoted as saying "Everybody is talking to everybody...part of our strategy is looking to lead the consolidation of the outdoor market. I think that's something that should and will happen."

⁴⁷ See for example, AFR, *JCDecaux bigwig incoming, fund managers wonder about APN Outdoor* (20 November 2017) and AFR, *HT&E chief executive Ciaran Davis wants to lead outdoor advertising consolidation* (15 February 2018) in which Mr Ciaran Davis, CEO of HT&E, is quoted as saying "Everybody is talking to everybody ... part of our strategy is looking to lead the consolidation of the outdoor market. I think that's something that should and will happen."

⁴⁸ Source: www.shortman.com.au.

VII Evaluation of the Scheme

187 In our opinion, the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of APN Outdoor

188 As set out in Section VI, we have assessed the value of APN Outdoor on a 100% controlling interest basis at between \$6.33 and \$6.88 per share.

Value of Total Cash Consideration

189 If the Scheme becomes legally effective, APN Outdoor shareholders will receive an amount of \$6.70 cash for each APN Outdoor share (Total Cash Consideration), which is expected to comprise:

- (a) scheme consideration of \$6.40 cash per share (Scheme Consideration) for each APN Outdoor share they hold on the Scheme Record Date (25 October 2018); and
- (b) a fully franked special dividend of \$0.30 cash per share (Special Dividend)⁴⁹ for each APN Outdoor share they hold at the Special Dividend Record Date (22 October 2018).

190 Accordingly, we have assessed the value of the Total Cash Consideration at \$6.70 per share. However, due to the benefit of franking credits attaching to the Special Dividend, we note that the value of the Total Cash Consideration to some Australian resident shareholders may be greater than \$6.70 per share.

Fair and reasonable opinion

Assessment of fairness

191 Pursuant to RG 111 the Scheme is “fair” if the value of the Total Cash Consideration is equal to, or greater than, the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Total Cash Consideration to value of APN Outdoor			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Total Cash Consideration	6.70	6.70	6.70
Value of 100% of APN Outdoor	6.33	6.88	6.61
Extent to which the Total Cash Consideration exceeds (or is less than) the value of APN Outdoor	0.37	(0.18)	0.09

192 As the Total Cash Consideration is consistent with our assessed valuation range for APN Outdoor shares on a 100% controlling interest basis, in our opinion, the Total Cash Consideration is fair to APN Outdoor shareholders when assessed based on the guidelines set out in RG 111.

⁴⁹ This Special Dividend will have \$0.13 per share in franking credits attached.

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Assessment of reasonableness

- 193 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 194 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of APN Outdoor shareholders in the absence of a superior proposal.
- 195 In assessing whether the Scheme is reasonable and in the best interests of APN Outdoor shareholders LEA has also considered, in particular:
- (a) the extent to which a control premium is being paid to APN Outdoor shareholders
 - (b) the extent to which APN Outdoor shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (c) the listed market price of the shares in APN Outdoor, both prior to and subsequent to the announcement of the proposed Scheme
 - (d) the likely market price of APN Outdoor securities if the proposed Scheme is not approved
 - (e) the value of APN Outdoor to an alternative offeror and the likelihood of a higher alternative offer being made for APN Outdoor prior to the date of the Scheme meeting
 - (f) the advantages and disadvantages of the Scheme from the perspective of APN Outdoor shareholders
 - (g) other qualitative and strategic issues associated with the Scheme.
- 196 These issues are discussed in detail below.

Extent to which a control premium is being paid

- 197 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares⁵⁰ three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:
- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
 - (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
 - (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
 - (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

⁵⁰ After adjusting the pre-bid market prices for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover.

- 198 We have calculated the premium implied by the Total Cash Consideration by reference to the market prices of APN Outdoor shares (as traded on the ASX) for periods up to and including 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor).
- 199 The implied offer premium relative to APN Outdoor share prices from 28 May 2018 (being the date APN Outdoor provided CY18 EBITDA guidance) up to 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor) is shown below:

Implied offer premium relative to recent share prices ⁽¹⁾		
	APN Outdoor share price ⁽²⁾	Implied control premium
	\$	%
Closing share price on 19 June 2018 ⁽³⁾	5.68	18.0
1 week to 19 June 2018 – VWAP	5.73	16.9
28 May 2018 to 19 June 2018 – VWAP ⁽⁴⁾	5.70	17.5

Note:

- 1 Rounding differences may exist.
- 2 The share prices have not been adjusted to exclude the present value of the fully franked interim dividend for 1H18 of \$0.07 per share which is implicitly reflected in the share prices.
- 3 Being the last day of trading prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor.
- 4 Being the period subsequent to the announcement of APN Outdoor's earnings guidance for CY18.

- 200 While the above premiums are below the average premiums generally paid in successful takeovers in Australia (assuming the pre-bid market price does not reflect any speculation of the takeover), we note that:
- (a) there had been speculation of ongoing industry consolidation for some time⁵¹
 - (b) following APN Outdoor's earnings guidance announcement on 28 May 2018 up to and including 19 June 2018, the level of short interest in APN Outdoor shares fell from 15.9 million (or some 9.5% of the Company) to 4.7 million (or some 2.8% of the Company)⁵². The unwinding of these short positions would have applied upward pressure on the share price over the period.
- 201 Given the above, it is reasonable to expect that the premium implied by the transaction is less than the average premium paid in successful takeovers.

Extent to which APN Outdoor shareholders are being paid a share of synergies

- 202 JCDecaux has not provided any specific guidance on the level of synergies it expects to realise from the acquisition of APN Outdoor. However, if the Scheme is approved and

⁵¹ See for example, AFR, *JCDecaux bigwig incoming, fund managers wonder about APN Outdoor* (20 November 2017) and AFR, *HT&E chief executive Ciaran Davis wants to lead outdoor advertising consolidation* (15 February 2018) in which Mr Ciaran Davis, CEO of HT&E, is quoted as saying "Everybody is talking to everybody ... part of our strategy is looking to lead the consolidation of the outdoor market. I think that's something that should and will happen."

⁵² Source: www.shortman.com.au.

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implemented, APN Outdoor will be delisted from the ASX, resulting in the elimination of listed public company costs (e.g. Director fees, listing fees, share registry fees, shareholder communication costs etc). In our view, it is also reasonable to expect that JCDecaux will generate other synergies as a result of the transaction.

- 203 Whilst the level of synergies to be generated by JCDecaux is unknown, our valuation range incorporates a premium for control. Further, the existence of synergies from business combinations is one of the key reasons why bidders pay a premium to acquire a company.
- 204 Given that the Total Cash Consideration falls within our valuation range, it would therefore appear that a proportion of the synergy benefits to be realised by JCDecaux are being reflected in the Total Cash Consideration.

Recent share prices subsequent to the announcement of the Scheme

- 205 Shareholders should note that APN Outdoor shares have traded on the ASX in the range of \$6.20 to \$6.76 per share in the period since the Scheme was announced up to and including 4 September 2018 (and closed at \$6.71). The VWAP over the period was \$6.46 per share.
- 206 These share prices are lower than the Total Cash Consideration plus the fully franked 1H18 interim dividend (of \$0.07 per share). In our view, the post announcement trading suggests that the consensus market view is that a superior proposal to the Scheme is unlikely to emerge.

Likely price of APN Outdoor shares if the Scheme is not implemented

- 207 If the Scheme is not implemented we expect that, at least in the short-term, APN Outdoor shares will trade at a significant discount to our valuation and the Total Cash Consideration due to the difference between the value of APN Outdoor shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that APN Outdoor shares last traded at \$5.68 per share on 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor).
- 208 If the Scheme is not implemented those APN Outdoor shareholders who wish to sell their APN Outdoor shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of an alternative offer

- 209 We have been advised by the Directors of APN Outdoor that no formal alternative offers have been received subsequent to the announcement of the Scheme on 26 June 2018. We have been further advised that the Scheme reflects the outcome of negotiations between APN Outdoor and JCDecaux and that no formal sale process in respect of APN Outdoor was undertaken prior to entering into the Agreement with JCDecaux.
- 210 Whilst there has effectively been (and remains) an opportunity for third parties contemplating an acquisition of APN Outdoor to table a proposal before the APN Outdoor Board, APN Outdoor shareholders should note:
- (a) the exclusivity obligations on APN Outdoor pursuant to the Agreement, which are summarised in Section I of this report and discussed in further detail in the Scheme Booklet

- (b) in 2017, APN Outdoor terminated a proposed merger with oOh!media
- (c) concurrent with the Scheme, corporate activity between other significant participants in the out-of-home sector of the media industry has been proposed (e.g. oOh!media has, subject to regulatory approval, reached agreement with HT&E to acquire HT&E's Adshel business).

211 Although it is possible that an alternate offer may emerge, the factors set out above, in our opinion, diminish the likelihood of this occurring.

Summary of opinion on the Scheme

212 We summarise below the likely advantages and disadvantages for APN Outdoor shareholders if the Scheme proceeds.

Advantages

213 The Scheme has the following benefits for APN Outdoor shareholders:

- (a) the Total Cash Consideration of \$6.70 cash per share is consistent with our assessed value range for APN Outdoor shares on a 100% controlling interest basis. Thus, in our view, APN Outdoor shareholders are being paid an appropriate price to compensate them for the fact that control of APN Outdoor will pass to JCDecaux if the Scheme is approved
- (b) the Total Cash Consideration represents a premium to the recent market prices of APN Outdoor shares prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor (albeit the premiums are less than observed premiums generally paid in successful takeovers due to the specific circumstances of APN Outdoor⁵³)
- (c) the Special Dividend may give rise to additional consideration to those Australian resident shareholders able to benefit from the related franking credits attaching to the Special Dividend
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of APN Outdoor shares is likely to trade at a significant discount to our valuation and the Total Cash Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

214 APN Outdoor shareholders should note that if the Scheme is implemented they will no longer hold an interest in APN Outdoor. APN Outdoor shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Total Cash Consideration.

215 However, as our assessed value of APN Outdoor shares is consistent with the Total Cash Consideration, in our opinion, the present value of APN Outdoor's future potential (in the absence of the Scheme) is reflected in the Total Cash Consideration.

⁵³ We note that there had been speculation of ongoing industry consolidation for some time prior to 19 June 2018 and that there was a significant unwinding of short position in APN Outdoor in the weeks prior to 19 June 2018 (both of which are likely to have resulted in APN Outdoor's share price being higher than it otherwise would have been).

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Conclusion

216 Given the above analysis, we consider that the advantages of the Scheme outweigh the disadvantages. Consequently, in our view, the acquisition of APN Outdoor shares by JCDecaux under the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to APN Outdoor shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$150,000 plus GST.
- 9 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

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- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Nathan Toscan and Mr Craig Edwards, who are each authorised representatives of LEA. Mr Toscan and Mr Edwards have over 15 years and 24 years of experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This report has been prepared at the request of the Directors of APN Outdoor to accompany the Scheme Booklet to be sent to APN Outdoor shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of APN Outdoor shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Toscan have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, APN Outdoor agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of APN Outdoor which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

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Appendix C

Trading evidence

- 1 A summary of the key trading metrics of ASX and international securities exchange listed companies that provide out-of-home advertising products and services are set out below:

Trading evidence – listed out-of-home advertising companies ⁽¹⁾										
Company	Year end	EV ⁽²⁾⁽³⁾ A\$m	Market cap ⁽³⁾ A\$m	Gearing ⁽⁴⁾ %	EV / EBITDA ⁽⁵⁾⁽⁶⁾			Price / NPATA ⁽⁵⁾⁽⁶⁾		
					CY18 x	CY19 x	CY20 x	CY18 x	CY19 x	CY20 x
Australian companies										
APN Outdoor	31 Dec	1,047	949	9.4	11.0	10.2	9.6	17.4	16.0	15.1
oOh!media	31 Dec	1,006	882	12.3	10.3	9.6	9.2	19.6	18.3	17.3
QMS Media	30 Jun	423	337	20.1	9.4	8.1	7.4	17.7	15.7	14.1
International companies										
Lamar Advertising	31 Dec	13,141	9,607	26.9	13.7	13.4	13.1	23.9	21.0	19.4
JCDecaux	31 Dec	10,308	9,594	6.0	11.0	10.2	9.5	26.6	23.4	21.0
Clear Channel Outdoor	31 Dec	9,616	2,137	75.6	12.2	11.5	11.2	nm	nm	nm
Ströer SE	31 Dec	7,432	4,667	36.9	10.6	9.7	9.1	14.4	13.1	12.0
Outfront Media	31 Dec	6,974	3,916	43.0	11.1	10.5	10.4	20.1	18.5	17.8
APG SGA	31 Dec	1,313	1,444	(10.0)	13.2	12.8	12.5	22.2	21.5	21.1

Note:

- EV and earnings multiples as at 27 July 2018, based upon latest available information. APN Outdoor as at 19 June 2018 (being the last trading day prior to press speculation regarding JCDecaux's takeover interest in APN Outdoor) and oOh!media as at 22 June 2018 (being the last trading day prior to it reaching agreement with HT&E regarding the purchase of Adshel). Excludes HT&E as it has reached agreement (subject to regulatory approval) to sell Adshel to oOh!media (and has a significant radio business).
 - EV includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution and excludes surplus assets.
 - Foreign currencies have been converted to AUD at the exchange rate prevailing as at 27 July 2018.
 - Gearing equals net debt (cash adjusted for the effect of share placements and buybacks, special dividends and option dilution) divided by EV.
 - APN Outdoor multiples are based on average analyst estimates from Canaccord, Citi, CLSA, Credit Suisse, Deutsche Bank, Morgans, Morgan Stanley and UBS (28 May 2018) and Baillieu Holst (29 May 2018).
 - Unless otherwise noted, the multiples for oOh!media, QMS Media and the International companies are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).
- nm – not meaningful. na – not available.

Source: Bloomberg, company announcements and LEA analysis.

- 2 Brief descriptions of each of the above companies follow.

Australian companies

APN Outdoor Group Limited

- 3 Refer to the profile of APN Outdoor in Section III.

oOh!media Limited

- 4 oOh!media is an out-of-home media company engaged in the provision of outdoor advertising sites and services in Australia and NZ. oOh!media's portfolio comprises static and digital signs including roadside billboards, retail signs in shopping centres, airport advertising and media in place-based locations such as CBD office towers, car parks, cafés, bars and pubs,

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fitness and social sporting venues (including gymnasiums) as well as universities. On 25 June 2018, oOh!media announced that it had, subject to regulatory approval, reached agreement with HT&E to acquire its out-of-home advertising business Adshel.

QMS Media Limited

- 5 QMS Media is an Australian out-of-home advertising company that specialises in roadside digital and static billboards, street furniture, retail and transit media. As at 31 December 2017, the company operated 99 digital billboards and 3,805 small format digital screens. The company predominantly operates in Australia and NZ and also has a presence in Indonesia.

International companies

Lamar Advertising Co

- 6 Lamar Advertising is one of the largest outdoor advertising companies in the United States of America (US), based on display numbers, and operates approximately 2,800 digital billboards across the US, Canada and Puerto Rico. The company leases space for advertising on billboards, buses, transit shelters, benches, logo signs near highway exits and in airport terminals. Lamar Advertising is also the largest leaser of advertising space on highway exit logo signs in the US, operating 22 of the 24 privatised state contracts.

JCDecaux SA

- 7 Refer to the description of JCDecaux at paragraph 7.

Clear Channel Outdoor Holdings Inc.

- 8 Clear Channel Outdoor is one of the world's largest outdoor advertising companies with more than 560,000 displays in over more than 30 countries. The company is based in the US and provides out-of-home advertising through a range of formats including billboards, street furniture, wallsapes and transit displays. Clear Channel Outdoor is majority owned by iHeartCommunications Inc. which, through its subsidiaries, holds approximately 89.5% of the A class and B class shares on issue⁵⁴.

Ströer SE & Co KGaA

- 9 Ströer SE is a German listed out-of-home advertising provider, with a portfolio of over 230,000 advertising spaces. The company is one of the largest out-of-home advertising providers in Europe and the leading provider of out-of-home advertising in Germany, Turkey and Poland. It also has locations across the UK, Spain, Belgium and the Netherlands. The company operates across a variety of out-of-home formats including billboards, transport and digital media.

Outfront Media Inc.

- 10 Outfront Media is one of the largest out-of-home advertising companies in North America with a portfolio of over 500,000 classic and digital displays located in high traffic locations in the US and Canada. The company provides a range of out-of-home advertising across formats such as billboards, buses, rail and street furniture. As of 31 December 2017, Outfront

⁵⁴ iHeartCommunications Inc. was formerly known as CC Media Holdings Inc.

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Media had displays in the 25 largest markets in the US and over 140 markets across the US and Canada.

APG SGA SA

- 11 APG SGA is a Switzerland listed out-of-home advertising company operating a portfolio of advertising spaces. It is one of the ten largest out-of-home advertising companies globally and operates across a variety of out-of-home advertising formats including billboards, airport, mountain, traffic and rail. APG SGA predominately operates in Switzerland but also has operations in Serbia.

Appendix D

Transaction evidence

- 1 Brief descriptions of each of the transactions follow.

Adshel Street Furniture (100%)

- 2 On 25 June 2018, oOh!media announced that it had entered into a binding agreement with HT&E to acquire their out-of-home advertising business Adshel for consideration of \$570 million. At the time of the acquisition, Adshel operated approximately 22,000 static and digital panels across Australia and NZ in street furniture, rail and petrol stations / convenience store categories. oOh!media intended to fund the acquisition via a \$260 million of new debt and a \$330 million capital raising (i.e. institutional and retail entitlement offer).

Adshel Street Furniture (50%)

- 3 On 25 October 2016, APN News & Media announced the acquisition of the remaining 50% of Adshel for consideration of \$268.4 million. At the time of the acquisition, Adshel operated approximately 22,000 static and digital panels across Australia and NZ in street furniture, rail and petrol stations / convenience store categories. APN News & Media funded the acquisition through a fully underwritten equity raising of \$273 million comprised of an institutional placement and follow-on entitlement offer.

Executive Channel International

- 4 oOh!media announced the acquisition of ECN on 11 October 2016 (the transaction was completed on 1 November 2016). At the time of the acquisition, ECN operated a network of over 1,020 installations in CBD office towers and car park environments across Australia. oOh!media funded the acquisition by a capital raising comprised of a \$60.0 million institutional placement (at a placement price of \$4.75) and a share purchase plan made available to eligible shareholders.

iSite Limited

- 5 QMS Media announced the acquisition of iSite Limited on 1 December 2015 for acquisition consideration of \$44.4 million. At the time, iSite Limited operated some 450 static billboards, three digital billboards (with seven more in the pipeline for development by the end of March 2016) and advertising spaces on over 1,500 buses across NZ. In addition, the company also had media contracts with two of NZ's airports (Wellington and Queenstown). QMS Media funded the acquisition by a fully-underwritten 1 for 5 pro-rata accelerated non-renounceable entitlement offer to raise approximately \$50.3 million.

APN Outdoor sale to Quadrant

- 6 APN News & Media announced on the 22 October 2013, that it had entered into exclusive discussions with Quadrant to sell its remaining 48% interest in APN Outdoor for \$69 million. The transaction completed in January 2014. At the time of the acquisition, APN Outdoor operated a network of over 50,000 digital and static panels across roadside billboards, transit, rail and airport formats in Australia and NZ.

Appendix D

Eye Corp Pty Limited

- 7 oOh!media announced the acquisition of Eye Corp Pty Limited (owned by Ten Network Holdings) on 31 October 2012 for \$98 million, plus deferred consideration of \$14 million payable three years post completion⁵⁵. Although the transaction concerned the sale of the Australian, NZ, US, UK and Indonesian operations, it should be noted that Ten Network Holdings retained specific elements of the Australian operations and also agreed to assist oOh!media with the on sale of the US and UK operations.

APN Outdoor joint venture with Quadrant

- 8 On 23 February 2012, Quadrant and APN News & Media (now known as HT&E) formed a 52:48 outdoor advertising joint venture to operate in Australia and NZ. The joint venture retained the APN Outdoor name and included all of APN News & Media's wholly owned outdoor advertising businesses in Australia and NZ as well as APN News & Media's 50% interest in Rainbow Premium Outdoor (in Indonesia)⁵⁶. The transaction valued APN Outdoor at \$272 million on an enterprise value basis and represented an EV / CY11 EBITDA multiple of 7.7 times.

oOh!media

- 9 CHAMP Private Equity announced that it had entered into a scheme of arrangement with oOh!media on 13 December 2011, pursuant to which it would acquire all the shares that it did not already own. The consideration comprised a choice of cash of \$0.325 per share or mixed consideration consisting of \$0.10 cash per share plus one Class B Share in an unlisted exempted holding company incorporated in the Cayman Islands. The cash consideration represented a premium of 92% over the one-month VWAP.

⁵⁵ We note that this was subsequently paid in 2014.

⁵⁶ APN News & Media's 50% ownership in Adshel and Hong Kong operations (Buspak and Cody) were excluded from the joint venture transaction.

Appendix E

Glossary

Term	Meaning
1H	Financial half year ended 31 December
2H	Financial half year ended 30 June
AS / AUD	Australian dollar
ACCC	Australian Competition and Consumer Commission
Adshel	Adshel Street Furniture Pty Ltd
Agreement	Scheme Implementation Deed between APN Outdoor and JCDecaux dated 26 June 2018
APN Outdoor or Company	APN Outdoor Group Limited
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
Calibre	Calibre by APN Outdoor
CBD	Central business district
CEASA	Commercial Economic Advisory Service of Australia
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
CY	Calendar year
DCF	Discounted cash flow
Dn'A	Data Republic analytics platform
DOOH	Digital out-of-home
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EV	Enterprise value
FIRB	Australian Foreign Investment Review Board
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year ended 30 June
HESTA	Health Employees Superannuation Trust Australia
HT&E	HT&E Limited
IER	Independent expert's report
IPO	Initial public offering
JCDecaux	JCDecaux SA
LEA	Loneragan Edwards & Associates Limited
LTIP	Long term incentive plan
LTM18	Last 12 months to 30 June 2018
MOVE	Measurement of Outdoor Visibility and Exposure
NPAT	Net profit after tax
NPATA	Net profit after tax but before amortisation of acquired intangibles
NPV	Net present value
NZ	New Zealand
NZ OIO	New Zealand Overseas Investment Office
OMA	Outdoor Media Association
oOh!media	oOh!media Limited
PBT	Profit before tax
PE	Price earnings
Q	Quarter year

Annexure A Independent Expert's Report

Appendix E

Term	Meaning
Quadrant	Quadrant Private Equity
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
RMS	NSW Roads & Maritime Services
Scheme	Scheme of arrangement under which JCDecaux proposes to acquire 100% of the issued shares in APN Outdoor
Scheme Consideration	\$6.40 cash per APN Outdoor share
Special Dividend	Special dividend of \$0.30 cash per APN Outdoor share
Total Cash Consideration	\$6.70 cash per APN Outdoor share, comprising the Scheme Consideration and Special Dividend
TSR	Total shareholder return
TV	Free to air and subscription television
UK	United Kingdom
US	United States of America
VWAP	Volume weighted average price
WANOS	Weighted average number of securities outstanding
XTD	XTD Limited
YOY	Year on year

Annexure

B



Scheme of Arrangement

Annexure B Scheme of Arrangement



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Scheme of arrangement – share scheme

APN Outdoor Group Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia T +61 2 9225 5000 F +61 2 9322 4000
GPO Box 4227 Sydney NSW 2001 Australia herbertsmithfreehills.com DX 361 Sydney



Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

APN Outdoor Group Limited (**APN**) ACN 155 848 589 of Level 4, 33
Saunders Street, Pyrmont NSW

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) APN is a public company limited by shares, registered in Australia and has been admitted to the official list of the ASX. APN Shares are quoted for trading on the ASX.
- (b) As at 5 September 2018:
 - (1) 167,005,841 APN Shares;
 - (2) 650,163 APN Options; and
 - (3) 861,163 Performance Rights,were on issue.
- (c) JCDecaux is a listed company limited by shares registered in France.
- (d) JCDecaux ANZ is a member of the JCDecaux Group.
- (e) If this Scheme becomes Effective:

Annexure B Scheme of Arrangement



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3 Conditions

- (1) JCDecaux and JCDecaux ANZ must pay or procure the payment of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
 - (2) subject to and in accordance with this Scheme, all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to JCDecaux ANZ and APN will enter the name of JCDecaux ANZ in the Share Register in respect of the Scheme Shares.
- (f) APN and JCDecaux have agreed, by executing the Implementation Deed, to implement this Scheme.
 - (g) This Scheme attributes actions to JCDecaux and JCDecaux ANZ but does not itself impose an obligation on them to perform those actions. JCDecaux and JCDecaux ANZ have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3 of the Implementation Deed (other than the condition in clause 3.1(d) of the Implementation Deed) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by JCDecaux and APN;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by JCDecaux and APN having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date APN and JCDecaux agree in writing).

3.2 Certificate

- (a) APN and JCDecaux will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

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3.3 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless APN and JCDecaux otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

APN must lodge with ASIC an office copy of the Court orders approving this Scheme under section 411(4)(b) of the Corporations Act (the **Court Orders**) as soon as possible after the Court approves this Scheme and in any event, by the later of 5.00pm on the first Business Day after the day on which the Court approves this Scheme or 5.00pm on the Business Day on which the Court Orders are entered, whichever is the later.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to JCDecaux ANZ, without the need for any further act by any Scheme Shareholder (other than acts performed by APN or its officers as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) APN delivering to JCDecaux ANZ a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by APN, for registration; and
 - (2) JCDecaux ANZ duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to APN for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), APN must enter, or procure the entry of, the name of JCDecaux ANZ in the Share Register in respect of all the Scheme Shares transferred to JCDecaux ANZ in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) JCDecaux must and APN must use its best endeavours to procure that JCDecaux does, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount at least equal to the aggregate amount of the Scheme Consideration payable to all Scheme

Annexure B Scheme of Arrangement



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5 Scheme Consideration

Shareholders, into an Australian dollar denominated trust account operated by APN as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will accrue to JCDecaux.

- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), APN must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder in respect of that Scheme Shareholder's Scheme Shares from the trust account referred to in clause 5.1(a).
- (c) The obligations of APN under clause 5.1(b) will be satisfied by APN (in its absolute discretion, and despite any election referred to in clause 5.1(c)(1) or authority referred to in clause 5.1(c)(2) made or given by the Scheme Shareholder):
 - (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the APN Registry to receive dividend payments from APN by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to APN; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (d) To the extent that, following satisfaction of APN's obligations under clause 5.1(b), there is a surplus in the amount held by APN (or the APN Registry on APN's behalf) in the trust account referred to in that clause, that surplus may be paid (or procured to be paid) by APN to JCDecaux.

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of APN, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of APN, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Fractional entitlements and splitting

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.



5.4 Unclaimed monies

- (a) APN may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to APN; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to APN (or the APN Registry on APN's behalf) (which request may not be made until the date which is 10 Business Days after the Implementation Date), APN must reissue a cheque that was previously cancelled under this clause 5.4.
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7, 8 and 10 of the *Unclaimed Money Act 1995* (NSW)).

5.5 Orders of a court or Government Agency

If written notice is given to APN (or the APN Registry on APN's behalf) or JCDcaux of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by APN in accordance with this clause 5, then APN shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents APN from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, APN shall be entitled to (as applicable) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

The provision or the retention of the relevant Scheme Consideration by APN (or the APN Registry on APN's behalf) in accordance clause 5.5(a) or clause 5.5(b) (as applicable) will constitute the full discharge of the APN's obligations under this clause 5.5.

6 Dealings in APN Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in APN Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant APN Shares before the Scheme Record Date; and

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7 Quotation of APN Shares

- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept, and APN must not accept for registration, nor recognise for any purpose (except a transfer to JCDecaux ANZ pursuant to this Scheme and any subsequent transfer by JCDecaux ANZ or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) APN must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires APN to register a transfer that would result in a APN Shareholder holding a parcel of APN Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and APN shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, APN must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for APN Shares (other than statements of holding in favour of JCDecaux ANZ or any member of the JCDecaux Group) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of JCDecaux ANZ or any member of the JCDecaux Group) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the APN Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, APN will ensure that details of the names, Registered Addresses and holdings of APN Shares for each Scheme Shareholder as shown in the Share Register are available to JCDecaux in the form JCDecaux reasonably requires.

7 Quotation of APN Shares

- (a) APN must apply to ASX to suspend trading on the ASX in APN Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by JCDecaux, APN must apply:
- (1) for termination of the official quotation of APN Shares on the ASX; and

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- (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) APN may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which JCDecaux has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which APN has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
- (1) agrees to the transfer of their APN Shares together with all rights and entitlements attaching to those APN Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their APN Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of JCDecaux, destroy any holding statements or share certificates relating to their APN Shares;
 - (4) who holds their APN Shares in a CHESS Holding agrees to the conversion of those APN Shares to an Issuer Sponsored Holding and irrevocably authorises APN to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
 - (5) acknowledges and agrees that this Scheme binds APN and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to APN and JCDecaux ANZ on the Implementation Date, and appointed and authorised APN as its attorney and agent to warrant to JCDecaux ANZ on the Implementation Date, that:
- (1) all their APN Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their APN Shares to JCDecaux ANZ together with any rights and entitlements attaching to those shares. APN undertakes that it will provide such warranty to JCDecaux ANZ as agent and attorney of each Scheme Shareholder; and

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8 General Scheme provisions

- (2) they have no existing right to be issued any APN Shares, APN options, APN performance rights, APN convertible notes or any other APN securities. APN undertakes that it will provide such warranty to JCDecaux ANZ as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to JCDecaux ANZ will, at the time of transfer of them to JCDecaux ANZ vest in JCDecaux ANZ free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, JCDecaux ANZ will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by APN of JCDecaux ANZ in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5 and until APN registers JCDecaux ANZ as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed JCDecaux ANZ as attorney and agent (and directed JCDecaux ANZ in each such capacity) to appoint any director, officer, secretary or agent nominated by JCDecaux ANZ as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as JCDecaux ANZ reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), JCDecaux ANZ and any director, officer, secretary or agent nominated by JCDecaux ANZ under clause 8.4(a) may act in the best interests of JCDecaux ANZ as the intended registered holder of the Scheme Shares.

8.5 Authority given to APN

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints APN and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against JCDecaux and JCDecaux ANZ, and APN undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against JCDecaux and JCDecaux ANZ on behalf of and as agent and attorney for each Scheme Shareholder; and



- (b) on the Implementation Date, irrevocably appoints APN and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and APN accepts each such appointment. APN as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds APN and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of APN.

9 General

9.1 Stamp duty

JCDecaux must:

- (a) pay all stamp duty and any related fines and penalties with respect to stamp duty in respect of the Scheme or the steps to be taken under the Scheme; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to APN doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, APN or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to APN, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at APN's registered office or at the office of the APN Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a APN Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales.

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9 General

- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

APN must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither APN, JCDecaux nor JCDecaux ANZ nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
APN	APN Outdoor Group Limited, ACN 155 848 589 of Level 4, 33 Saunders Street, Pyrmont NSW 2009.
APN Registry	Link Market Services Limited, ACN 083 214 537.
APN Share	a fully paid ordinary share in the capital of APN.
APN Shareholder	each person who is registered as the holder of a APN Share in the Share Register.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Sydney.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Federal Court of Australia or such other court of competent

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Schedule 1 Definitions and interpretation

Term	Meaning
	jurisdiction under the Corporations Act agreed to in writing by JCDecaux and APN.
Deed Poll	the deed poll under which JCDecaux and JCDecaux ANZ each covenants in favour of the Scheme Shareholders to perform the obligations attributed to JCDecaux and JCDecaux ANZ under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	31 December 2018, or such other date as agreed in writing by JCDecaux and APN.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fourth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by APN and JCDecaux.
Implementation Deed	the scheme implementation deed dated 26 June 2018 between APN and JCDecaux relating to the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
JCDecaux	JCDecaux SA, 307 570 747, registered in the Nanterre Trade and Companies Register of 17, rue Soyer 92200 Neuilly-sur-Seine France.
JCDecaux ANZ	JCDecaux ANZ Pty Ltd, ACN 627 855 663 of Units 2-3, 182-190 Euston Road, Alexandria, NSW 2000, Australia.



Term	Meaning
JCDecaux Group	JCDecaux and each of its Subsidiaries and a reference to a member of the JCDecaux Group is to JCDecaux or any of its Subsidiaries.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a APN Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between APN and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by APN and JCDecaux.
Scheme Consideration	for each APN Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of: <ul style="list-style-type: none">(a) \$6.40 if a \$0.30 special dividend is declared by APN in accordance with clause 4.5 of the Implementation Deed; or(b) \$6.70 if the special dividend is not declared, subject to the terms of this Scheme.
Scheme Meeting	the meeting of the APN Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the fifth Business Day after the Effective Date.
Scheme Shares	all APN Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of APN Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of JCDecaux ANZ as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this

Annexure B Scheme of Arrangement



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Schedule 1 Definitions and interpretation

Term	Meaning
	Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of APN maintained by APN or the APN Registry in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;



- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (s) a reference to the Operating Rules includes any variation, consolidation or replacement of those rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

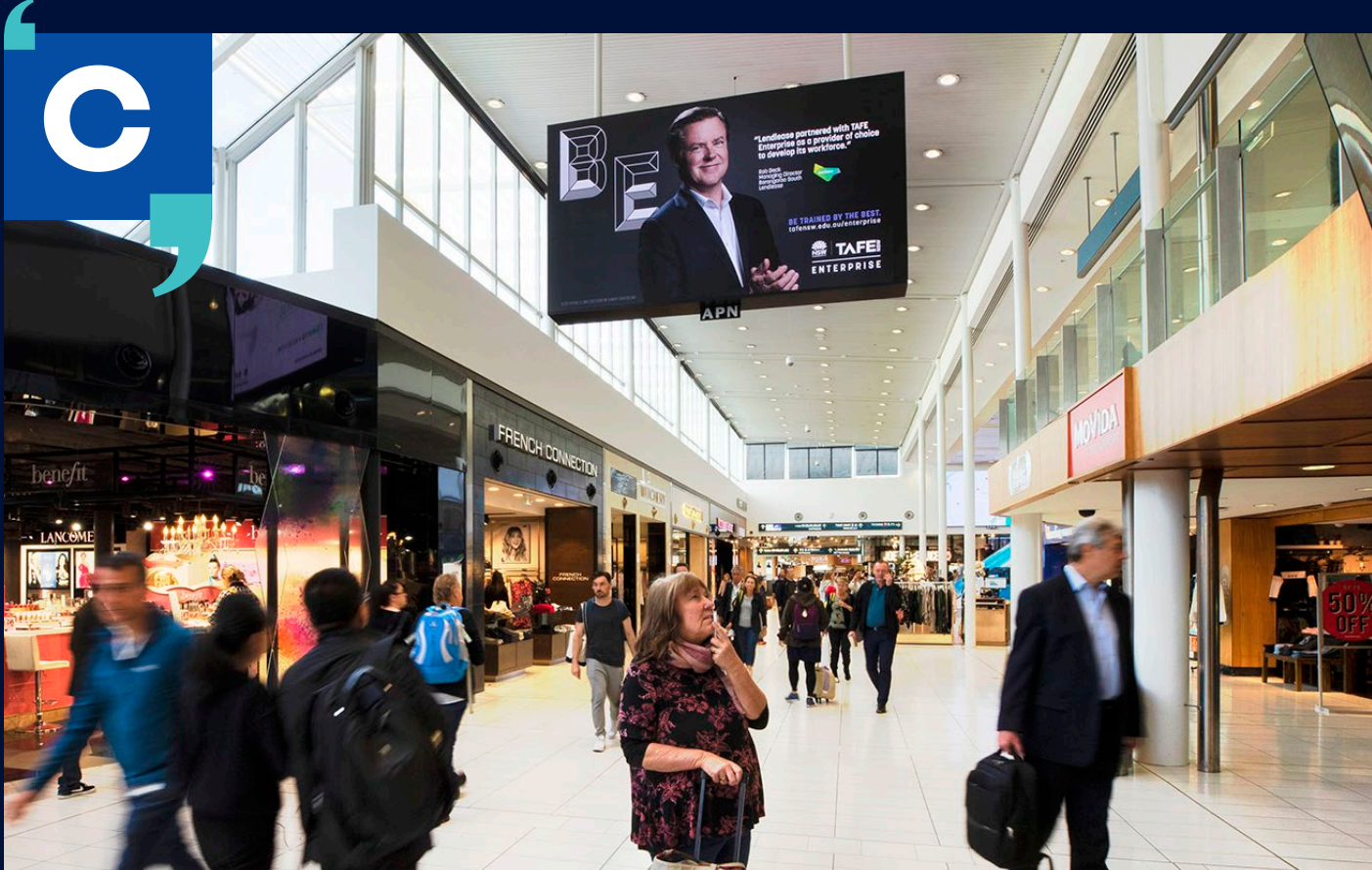
3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

Annexure



Deed Poll



HERBERT
SMITH
FREEHILLS

Deed

Share scheme deed poll

JCDecaux SA

JCDecaux ANZ Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney

Annexure C Deed Poll



Share scheme deed poll

Date ► 30 August 2018

This deed poll is made

By **JCDecaux SA**
307 570 747, registered in the Nanterre Trade and Companies Register of 17, rue Soyier 92200 Neuilly-sur-Seine France
(**JCDecaux**)
and
JCDecaux ANZ Pty Ltd
ACN 627 855 663 of Units 2-3, 182-190 Euston Road, Alexandria, NSW 2000, Australia
(**JCDecaux ANZ**)

in favour of each person registered as a holder of fully paid ordinary shares in APN in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).

Recitals

- 1 APN and JCDecaux entered into the Implementation Deed.
- 2 In the Implementation Deed, JCDecaux agreed to make this deed poll and to procure that JCDecaux ANZ make this deed poll.
- 3 JCDecaux and JCDecaux ANZ are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
APN	APN Outdoor Group Limited ACN 155 848 589.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between APN and JCDecaux dated 26 June 2018.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between APN and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by JCDecaux and APN.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

JCDecaux and JCDecaux ANZ acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints APN and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against JCDecaux and JCDecaux ANZ.



2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of JCDecaux and JCDecaux ANZ under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of JCDecaux and JCDecaux ANZ under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Effective Date does not occur on or before the End Date, unless JCDecaux, JCDecaux ANZ and APN otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) JCDecaux and JCDecaux ANZ are released from their obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against JCDecaux and JCDecaux ANZ in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, each of JCDecaux and JCDecaux ANZ undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount at least equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by APN as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will accrue to JCDecaux's account; and
- (b) provide APN with written confirmation of that deposit; and
- (c) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

4 Warranties

Each of JCDecaux and JCDecaux ANZ represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under;
 - (1) any provision of its constitution; or
 - (2) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) JCDecaux and JCDecaux ANZ have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to JCDecaux and JCDecaux ANZ in accordance with the details set out below (or any alternative details nominated by JCDecaux or JCDecaux ANZ by Notice).

Address	Addressee	Email
17, rue Soyier 92200 Neuilly-sur-Seine France	Bertrand Allain, Group General Counsel; and Louis Molis, Director of Mergers &	Bertrand.Allain@jcdecaux.com Louis.Molis@jcdecaux.com



Acquisitions and Development

Copy to: Rebecca Maslen- Stannage Rebecca.Maslen- Stannage@hsf.com
 Herbert Smith Freehills
 161 Castlereagh Street,
 Sydney NSW 2000

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee’s time) on a Business Day (**Business Hours Period**), then the Notice will instead be regarded as given and received at the start of the following Business Hours Period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee’s time) on the second Business Day after the date of posting
By email to the nominated email address	When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).



7 General

7.1 Stamp duty

JCDecaux:

- (a) must pay or procure the payment of all stamp duties and any related fines, penalties and interest with respect to stamp duty in respect of the Scheme, this deed poll, the Implementation Deed, the performance of this deed poll and each transaction effected by or made under the Scheme, this deed poll and the Scheme Implementation Deed; and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales.
- (b) JCDecaux and JCDecaux ANZ irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. JCDecaux and JCDecaux ANZ irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) JCDecaux and JCDecaux ANZ may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of JCDecaux or JCDecaux ANZ as a waiver of any right unless the waiver is in writing and signed by the JCDecaux or JCDecaux ANZ, as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.



7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by APN in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by APN in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event JCDecaux and JCDecaux ANZ will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of JCDecaux, JCDecaux ANZ and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

The rights created by this deed poll are personal to JCDecaux, JCDecaux ANZ and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of JCDecaux.

7.7 Joint and several obligations

JCDecaux and JCDecaux ANZ are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.8 Further action

JCDecaux and JCDecaux ANZ must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

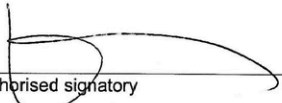
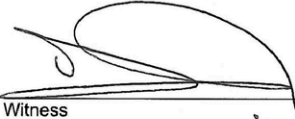


HERBERT
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FREEHILLS

Signing page

Executed as a deed poll

Signed sealed and delivered by
JCDecaux SA in the presence of

sign here ▶ 	sign here ▶ 
Authorised signatory	Witness
print name <u>JEAN-FRANÇOIS DEAUX</u>	print name <u>DAVID BOURÉ</u>

Signed sealed and delivered by
JCDecaux ANZ Pty Ltd
by

sign here ▶ 	sign here ▶ 
Company Secretary/Director	Director
print name <u>BRENDAN PAUL O'NEILL</u>	print name <u>Stephen O'Connor</u>

Annexure

D



Notice of Meeting

Notice of Scheme Meeting

**APN Outdoor Group Limited ABN 57 155 848 589 (APN Outdoor or the Company)
(ASX Code: APO)**

Notice of General Meeting of Shareholders of the Company (the Scheme Meeting)

Notice is hereby given that, by order of the Federal Court of Australia (the **Court**) made on 10 September 2018 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a general meeting of shareholders of APN Outdoor (**APN Outdoor Shareholders**) will be held at 10.00am (Sydney time) on 15 October 2018 at PricewaterhouseCoopers, One International Towers, Watermans Quay, Barangaroo, Sydney, NSW.

The Court has directed that Lisa Chung, or, failing her, James Richard Warburton act as chair of the Scheme Meeting.

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a proposed Scheme of Arrangement (with or without modification or any alterations or conditions required by the Court to which APN Outdoor and JCDcaux SA agree) to be made between APN Outdoor and APN Outdoor Shareholders, at the Scheme Record Date, pursuant to Part 5.1 of the Corporations Act (the **Scheme**).

Scheme Resolution

The Scheme Meeting will be asked to consider, and, if thought fit, pass the following resolution:

That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between APN Outdoor Group Limited and the holders of its ordinary shares (the terms of which are contained in and more particularly described in the Scheme Booklet of which the Notice of Scheme Meeting forms part) is agreed to (with or without alterations or conditions as approved by the Court) and, subject to approval of the Scheme by the Court, the APN Outdoor Board is authorised to implement the Scheme with any such alterations or conditions.

There are no relevant voting exclusions that apply to this Scheme Meeting.

By Order of the Court and the APN Outdoor Group Board



David Watkins
Company Secretary
10 September 2018

Annexure D Notice of Meeting

NOTES TO THE NOTICE OF SCHEME MEETING

These notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet (of which the Notice of Scheme Meeting forms part). Unless the context requires otherwise, terms used in the Notice of Scheme Meeting and in these notes have the same meaning as set out in section 9 (*Glossary and interpretation*) of the Scheme Booklet.

Majorities required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- more than 50% in number (unless the Court orders otherwise) of eligible APN Outdoor Shareholders who are present and voting, either in person or by proxy, by attorney or, in the case of a corporation, by its duly appointed corporate representative, at the Scheme Meeting; and
- at least 75% of the total number of votes cast by eligible APN Outdoor Shareholders on the Scheme Resolution.

Entitlement to vote

The time for the purposes of determining voting entitlements pursuant to regulation 7.11.37 of the Corporations Regulations will be 7.00pm (Sydney time) on 13 October 2018.

Voting at the Scheme Meeting

You may vote in person at the Scheme Meeting, or appoint a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote on your behalf.

Voting will be conducted by poll.

Jointly held securities

If you hold APN Outdoor Shares jointly with one or more other person, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Register will be counted.

Proxies

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, please complete the enclosed proxy form.

Shareholders are notified that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- the appointment may specify the proportion or number of votes that the proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- a proxy may be an individual or a body corporate and need not be a member of APN Outdoor. If a Shareholder appoints a body corporate as proxy, the body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of that appointment.

You can direct your proxy how to vote by following the instructions on the proxy form.

If the Chairman of the meeting is appointed as your proxy (or is appointed your proxy by default), he can be directed how to vote by ticking the relevant boxes next to the Scheme Resolution on

the proxy form (i.e. 'for', 'against' or 'abstain'). The Chairman of the meeting intends to vote all available proxies in favour of the Scheme Resolution.

Any directed proxies that are not voted on a poll at the meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the meeting, who is required to vote proxies as directed on a poll.

If you hold APN Outdoor Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either of you may sign the proxy form.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the Scheme Meeting.

Lodgment of proxies

The proxy form must be received by the Company or the Company's share registry, Link Market Services Limited, by 10.00am (Sydney time) on 13 October 2018.

The completed proxy form may be:

- mailed to the Company's share registry, Link Market Services Limited, at APN Outdoor Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235 Australia;
- faxed to Link Market Services Limited on +61 2 9287 0309; or
- submitted online to the Company's share registry by visiting the website, www.linkmarketservices.com.au. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and Control Number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Further details in respect of the Scheme Resolution to be put to the meeting are set out in the accompanying Scheme Booklet.

Voting by attorney

Powers of attorney must be received by APN Outdoor's share registry by no later than 10.00am (Sydney time) on 13 October 2018.

Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting.

Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

Voting by corporate representative

If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

A corporate representative should bring to the Scheme Meeting evidence of their appointment including any authority under which the document appointing them as corporate representative was signed.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this Scheme

Annexure D Notice of Meeting

Meeting is passed by the requisite majorities and the other conditions to the Scheme are satisfied or waived (if applicable) by the time required under the Scheme, APN Outdoor intends to apply to the Court for the necessary orders to approve the Scheme.

In order for the Scheme to become effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

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Corporate directory

Registered office and principal place of business	Level 4 33 Saunders Street Pyrmont NSW 2009	
Legal adviser	Allens Deutsche Bank Place Corner Hunter and Phillip Streets Sydney NSW 2000	
Financial advisers	Cadence Advisory Level 18 420 George Street Sydney NSW 2000	Morgan Stanley Level 39 Chifley Tower 2 Chifley Square Sydney NSW 2000
Taxation adviser	Grant Thornton Level 17 383 Kent St Sydney NSW 2000	
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Share registry telephone: 1300 554 474	
Auditor	PricewaterhouseCoopers One International Towers Sydney Watermans Quay Barangaroo NSW 2000	
Bankers	Commonwealth Bank of Australia Westpac Banking Corporation Bank of China ASB Bank Limited	
Media Relations	SKMG Media Group PO Box 1650 North Sydney NSW 2059	
Investor Relations	Market Eye Pty Ltd Level 61 19 Martin Place Sydney NSW 2000 Australia	
Stock exchange listing	APN Outdoor Group Limited shares are listed on the Australian Securities Exchange (ASX code: APO)	
Company Website	http://www.apnoutdoor.com.au	
Investor Website	http://investors.apnoutdoorcorporate.com/Investor-Centre/	

