FAIRFAX PROCEEDS WITH DOMAIN SEPARATION, ENDS DISCUSSIONS WITH PRIVATE EQUITY

SYDNEY, 3 July 2017: The Board of Fairfax Media Limited (ASX:FXJ) (**Fairfax** or the **Company**) announces that it has completed its examination of the two unsolicited, preliminary, non-binding indications of interest received from funds affiliated with Hellman & Friedman LLC (**Hellman & Friedman**), and a consortium including TPG Group (**TPG**) and Ontario Teachers' Pension Plan Board together with its affiliates (**OTTP**) (collectively, the **TPG Consortium**).

As previously announced on 18 May 2017, following the receipt of separate indicative and non-binding proposals from both the TPG Consortium and Hellman & Friedman, the Board determined that it was in the best interests of shareholders to grant both parties access to confidential due diligence to explore whether a whole of company proposal, at a price and on terms that the Board would recommend, was available. There was no certainty that either indicative proposal would result in such an offer.

Following the conclusion of this process Fairfax did not receive a binding offer from either the TPG Consortium or Hellman & Friedman. Accordingly, the Fairfax Board has ceased discussions with both parties.

The Fairfax Board believes the company has an attractive future and throughout this process has continued to pursue its standalone business plans including the separation of Domain.

Fairfax Chairman Nick Falloon said: "The Board appreciates the support that shareholders have demonstrated for Fairfax's current strategy. That support has been communicated during this process with a strong desire for Fairfax to progress the Domain separation and to continue to execute on its plans.

"The Fairfax Board believes the Company is well positioned to continue to deliver substantial returns for shareholders into the medium and long-term future. Fairfax's digital businesses are growing strongly and we have established plans for our traditional media businesses. With media reform expected later this year, Fairfax will actively look to maximise value given the strategically important businesses we own."

Domain Separation

Fairfax has been continuing with its plans for the separation of Domain, as previously announced on 22 February 2017.

Fairfax Chief Executive Officer Greg Hywood said: "We are making excellent progress with preparations and have progressed all of the necessary regulatory approvals to meet our timetable for completion by the end of 2017. We will provide a complete update at our full-year results."

Fairfax Strategy

Mr Hywood said: "Fairfax is continuing its strategy to actively manage its portfolio and drive value from each of its businesses. Fairfax has a proven and disciplined management team which is delivering value for shareholders. The Company's priorities include:

- Investing to grow and further strengthen the Domain Group;
- Rapidly progressing Australian Metro Media's next-generation publishing model;

- Driving further commercial benefits from the cash-generating Australian Community Media;
- Further monetising New Zealand Media's leading digital brands and audience position;
- Driving growth in Australia's leading subscription video-on-demand service Stan, which is expected to achieve cash flow breakeven in 2018; and
- Benefiting from 54.5%-owned Macquarie Media Limited's market-leading audience positions."

Fairfax Chairman Nick Falloon concluded: "We believe that our shareholders should be the beneficiaries of the value to be unlocked from our unique combination of assets and the strategic plans in place for each of our businesses."

Trading Update

The business continues to perform on track with previous updates provided, with Domain's digital performance accelerating in the last quarter.

Consistent with previous market updates, overall group revenues are around 6% below last year for FY17 H2 (26 December 2016 to 25 June 2017), subject to final year-end and audit processes. On the same basis, revenue across our current reporting segments is as follows:

- Domain overall revenue is up 10% with its total digital business up 22% and accelerating;
- Metro Media is down around 12%;
- Australian Community Media is down around 11%;
- New Zealand Media is down around 4% including currency impact;
- Macquarie Media is down around 5%.

Fairfax expects to report full year results on 16 August 2017. Based on preliminary accounts, we expect EBITDA of between $262m and $266m for the year ended June 2017, subject to final year-end and audit processes.

Investor Briefing

An investor briefing (teleconference) on this announcement will be held today at 9:30am (AEST). Media are welcome to listen to the call but not ask questions.

- **Teleconference:** Please quote conference ID **592672#**
  Australia – Toll Free 1800 558 698 or +612 9007 3187
  New Zealand – 0800 453 055
  Hong Kong – 800 966 806
  Singapore – 800 101 2785
  United Kingdom – 0800 051 8245
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