

Trade Me Group Limited Australian Wrap

Important Notice

This Offer Document, which comprises this document and the attached combined New Zealand prospectus and investment statement ("New Zealand Prospectus"), is dated 9 November 2011. This Offer Document expires on 9 December 2012 ("Expiry Date"). No Shares will be issued or sold on the basis of this Offer Document after the Expiry Date.

It is important that you read this Offer Document in its entirety before deciding whether to apply to purchase the Shares referred to in this Offer Document.

1 Interaction with the New Zealand Prospectus

The New Zealand Prospectus contains important information that Applicants should read in full before making any investment decision.

The following table is included as a matter of convenience only. Applicants should make their own assessment of the entire document and consult with their Broker, accountant or other professional adviser if they have any questions.

Topic	Where to find it in the New Zealand Prospectus
Information about the Company's business	pages 14–27 and 40–49
Information about the Offer	pages 2–13 and 60–70
Risks	pages 8–11 and 26–29
Financial Information about the Company	pages 73–102
Executive Share Offer	pages 56–59
Board and management	pages 50–55
How to apply	pages 60–70
Application deadline and other important dates	page 2

2 How to obtain a copy of this Offer Document

This Offer Document may be viewed online at: ipo.trademe.co.nz.

A paper copy of this Offer Document will be provided free of charge to any person who requests a copy by contacting the Trade Me Share Offer Information Line on 1800 868 464 (toll free within Australia) or +61 2 8280 7778 from 9.00am until 5.30pm (NZDT) Monday to Friday during the Offer Period.

The Corporations Act of Australia prohibits any person from passing an Application Form on to another person unless it is attached to or accompanied by a printed copy of the Offer Document or a complete and unaltered electronic version of the Offer Document. Applicants using an Application Form attached to the electronic version of the Offer Document must be located in Australia or New Zealand.

3 Electronic access to this Offer Document

The following conditions apply if this Offer Document is accessed electronically:

- you must download the entire Offer Document;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Offer Document; and
- the Offer Document is available to you electronically only if you are accessing and downloading or printing the electronic copy of the Offer Document in Australia or New Zealand.

4 Australian Securities and Investments Commission (“ASIC”)

A copy of this Offer Document was lodged with ASIC on 9 November 2011. ASIC accepts no responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates.

5 Exposure Period

The *Corporations Act 2001* (Cth) (“Corporations Act”) prohibits the Company from processing Applications from Australian investors during the seven-day period after the date that this Offer Document is lodged with ASIC. This period is the Exposure Period. The purpose of the Exposure Period is to enable market participants to examine this Offer Document before the Company accepts any funds from prospective investors.

The Company will not process any Applications received from Australian investors until after the Exposure Period has ended. Prospective investors who submit Applications before the Exposure Period is over will not receive any preferential treatment over later Applicants.

6 Risks

There are some risks associated with an investment in Shares applicable to Australian investors. The description below of some of the risks does not purport to be a comprehensive statement of the risks associated with investing in Shares. You should refer to pages 8–11 under the heading “What are my risks?” of the attached New Zealand Prospectus for a more extensive list of risks applicable to all investors relating to investing in Shares.

Liquidity and Realisation Risk

As disclosed on page 8 of the New Zealand Prospectus, there can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. This risk may be exacerbated for those Shareholders who wish to trade their Shares on the ASX. Shares will predominantly be traded on the NZX and therefore, the volume of Shares traded on the ASX might be particularly low.

7 Stock Exchange Listings

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZSX.

The Company will apply to the ASX within seven days after this Offer Document is issued for the Company to be admitted to the official list of ASX and for the Shares to be granted official quotation.

ASX accepts no responsibility for the contents of this Offer Document or the merits of the investment to which it relates. Admission to the official list of ASX and quotation of the Shares on ASX are not to be taken as an endorsement by ASX of the Company. In accordance with ASX Listing Rule requirements, the Company confirms that it has sufficient working capital to carry out its stated objectives.

8 Selling Restrictions

The distribution of this Offer Document in jurisdictions outside New Zealand and Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Offer Document does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

9 This is not investment advice. Applicants should seek their own financial advice.

The information provided in this Offer Document is not financial product advice and has been prepared without taking into account the investment objectives, financial circumstances or particular needs of any Applicant.

Applicants should read the whole of this Offer Document and consider all of the risk factors that could affect the performance of Trade Me Limited and the Company and other information concerning the Shares in light of their own particular investment objectives, financial circumstances and particular needs (including financial and taxation issues) before deciding whether to invest in the Company.

Applicants should contact their Broker, accountant or other professional adviser for advice before deciding whether to invest in the Company. Some of the risk factors that should be considered by potential investors are described on pages 28–29 of the attached New Zealand Prospectus under “What are the Risks” and on pages 8–11 under the heading “What are my risks?”

10 Investing in a New Zealand company

Trade Me Group Limited is a New Zealand registered company, not an Australian company. The New Zealand Prospectus has been prepared to comply with New Zealand regulatory requirements, which differ in some respects from Australian regulatory requirements for an offer of securities. It is primarily directed toward New Zealand resident investors.

This wrap-around document contains additional disclosure relevant to Australian resident investors and to comply with Australian regulatory requirements. Together, the New Zealand Prospectus and this wrap-around document constitute an Australian prospectus. It is important that you read them both together before deciding whether to apply for Shares.

Applicants should note that the Company and the Shares are principally governed by New Zealand law, rather than Australian law. The securities laws including regulation of companies and shares (including acquisition of shares and takeovers rules) in New Zealand may differ from those of Australia.

11 Currency

All references to \$ are to New Zealand dollars unless specified otherwise. An Australian investor may be exposed to currency risk by investing in a New Zealand company. The Company proposes to pay dividends in New Zealand dollars. You may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

12 Trading in Shares on ASX

It is expected that Shares will be able to be traded on NZX and the ASX (on a deferred settlement basis) from 13 December 2011. Holding statements are expected to be dispatched on 14 December 2011.

Trading of Shares on the ASX is expected to continue on a deferred settlement basis until 15 December 2011 when trading of Shares on the ASX is expected to commence on a normal settlement basis.

Australian Applicants should ascertain their allocation of Shares before trading in the Shares. On and from the day that Shares commence trading on ASX on a deferred settlement basis, Australian Applicants can seek information about their allocation of Shares prior to receiving a holding statement by telephoning the Trade Me Information Line on 1800 868 464 (toll free within Australia) or the Broker from whom they have received a firm offer of Shares.

Applicants selling Shares prior to receiving their holding statement do so at their own risk. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers, employees or advisors accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before the statement showing the number of Shares allocated to the Applicant is received by the Applicant.

13 Selling Shares on ASX and CHESSE

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System ("CHESSE") in accordance with the ASX Settlement Operating Rules. CHESSE is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

Shareholdings will be registered in one of two sub-registers, an electronic CHESSE sub-register or an issuer sponsored sub-register. The Shares of a Shareholder who is a participant in CHESSE or a person sponsored by a participant in CHESSE will be registered on the CHESSE sub-register. All other Shares will be registered on the issuer approved sub-register.

Following allotment, Shareholders entered on the Australian share register will be sent an initial statement of holding that sets out the number of Shares that they have been allocated. This statement will also provide details of the Shareholder's Holder Identification Number (HIN) or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders.

14 Differences between Australian GAAP and NZ GAAP

The financial information provided in respect of the Company on pages 73–102 of the New Zealand Prospectus under the heading "Financial Information" has been prepared applying generally accepted accounting principles in New Zealand ("NZ GAAP"). All ongoing financial information prepared by the Company and provided directly to Shareholders or to NZSX or ASX will be prepared in accordance with the requirements of NZ GAAP applicable at that time.

The Company has adopted certain accounting policies in connection with the preparation of prospective financial information in the Offer Document. Those policies are expected to be used in future reporting periods and are described on pages 98–102 of the New Zealand Prospectus. To the extent that Australian generally accepted accounting principles ("Australian GAAP") would require different accounting policies, those differences would not be material to the Company or its financial results.

There may be some presentation, disclosure and classification differences between financial information prepared in accordance with NZ GAAP and financial information prepared in accordance with Australian GAAP. For example, financial information prepared in accordance with Australian GAAP might contain details of director remuneration which would not be required under NZ GAAP. None of these differences in presentation, disclosure or classification would be expected to change the material financial results reported under NZ GAAP.

15 Taxation Considerations for Australian Residents

The following is a general description of the Australian tax consequences of participating in the Offer for investors who are residents of Australia for Australian tax purposes (“Australian Investors”) and who will hold Shares acquired through the Offer on capital account and not in connection with a non-Australian branch or other permanent establishment. It is based upon taxation law and practice in effect as at the date of this Offer Document. It is not intended to be an authoritative or complete analysis of the taxation laws of New Zealand and Australia applying to the specific circumstances of any particular Australian Investor and should not be relied upon as such. Australian Investors should consult their own professional advisor about the New Zealand and Australian tax consequences of acquiring, holding or disposing of Shares in light of their own particular circumstances.

The New Zealand tax consequences for Australian Investors are set out in the section entitled *New Zealand taxation* in the attached New Zealand Prospectus. The Australian tax consequences are set out below.

(1) Acquisition of Shares pursuant to the Offer

A Share acquired by an Australian Investor pursuant to the Offer will constitute an Australian capital gains tax (“CGT”) asset. The first element of cost base or reduced cost base in the Share will include the price paid for the Share.

(2) Dividends on Shares

Australian Investors will generally be required to include in their assessable income the amount of any dividend received in respect of their Shares in the income year in which it is received. To the extent that any New Zealand withholding tax is paid in respect of the dividend, the amount included in assessable income should be grossed up for the amount of withholding tax paid. The withholding tax paid will give rise to a foreign tax offset which may be used to offset the Australian tax payable in respect of the dividend.

An Australian Investor that is a company which, broadly speaking, holds a relevant voting interest of 10% or more in the Company would not be required to include dividends on Shares in its assessable income, nor would it be entitled to a foreign tax offset for New Zealand withholding tax paid.

The Triangular (Trans-Tasman) Tax Regime creates an opportunity for a New Zealand tax resident company, such as the Company, to elect to operate an Australian franking account whereby it can pass Australian taxes paid through to its shareholders via franking credits on dividends paid on shares. The Company has not elected to enter the Triangular Tax Regime with regard to operating a franking account. This is unlikely to have a detrimental effect on dividends payable to Australian Shareholders as Australian taxes paid by the Company are minimal at this time. As a result, Australian Investors will not be entitled to any franking credits or franking tax offsets under Australian tax law in respect of dividends paid on Shares.

Australian Investors will not be entitled to an Australian tax credit or offset for any New Zealand imputation credits attached to dividends paid on the Shares.

(3) Foreign source income accruals rules

The Australian income tax law contains provisions which, in certain circumstances, may “attribute” assessable income to Australian residents in respect of their interests in foreign companies, notwithstanding that income may not have been received from the foreign company.

The controlled foreign company (“CFC”) rules may apply where a foreign company is regarded as “controlled” by Australian residents. The determination of whether a foreign company is controlled by Australian residents is quite complex and involves tracing through indirect interests. In broad terms, a foreign company will be taken to be a CFC where:

- five or fewer Australian resident entities and their associates have 50% or more of the interests in the foreign company;

- a single Australian entity and its associates have 40% or more of the interests in a foreign company (unless the entity can prove it does not control the foreign company); or
- the foreign company is controlled by five or fewer Australian resident entities either alone or together with its associates (the “de facto control test”).

The Company is currently a wholly owned subsidiary of Fairfax Media and therefore is currently a CFC for Australian tax purposes. Following the issue of Shares pursuant to the Offer, Fairfax Media is expected to hold more than 50% of the Shares in which case the Company will continue to be regarded as a CFC. Under current law, it is likely that the Company will continue to be a CFC whilst Fairfax Media holds at least 40% of the Shares.

As a consequence of the Company being a CFC, broadly speaking the income and gains of the Company and its subsidiaries that are not taxed on a comparable basis to Australia (for instance, capital gains which are untaxed in New Zealand) will be included in the assessable income of “attributable taxpayers” in proportion to their interest in the Company. Generally, to be an attributable taxpayer an Australian Investor would need to hold (either alone or together with its associates) 10% or more of the Shares.

On 12 May 2009, the Federal Government announced that the CFC rules will be rewritten and modernised (an exposure draft of the proposed CFC provisions was released for comment on 17 February 2011). Australian Investors should monitor the development of these rules (as their precise scope remains uncertain).

(4) Subsequent disposal of Shares

Any subsequent disposal of Shares by an Australian Investor will generally be subject to the application of the CGT rules.

A capital gain will arise to the extent that the proceeds from the disposal of the Shares are greater than the Australian Investor’s cost base in the Shares. Certain incidental costs of acquisition and disposal will be included in the cost base of the Shares. Where the Shares have been held for at least 12 months prior to disposal (which is not pursuant to an agreement entered into within 12 months of acquiring the Shares) and the Australian Investor is an individual, trustee or complying superannuation entity, the amount of the Australian Investor’s capital gain should be reduced by the applicable CGT discount. In the case of

individual and trustee Australian Investors, the capital gain (after offsetting any available current year capital losses or carried forward net capital losses from previous years) is reduced by one half. In the case of a complying superannuation entity Australian Investor, the capital gain (after offsetting any available current year capital losses or carried forward net capital losses from previous years) is reduced by one-third. The CGT discount is not available for Australian Investors that are companies.

A capital loss will arise to the extent that the proceeds from disposal are less than the Australian Investor’s reduced cost base in the Shares. Certain incidental costs of acquisition and disposal will be included in the reduced cost base of the Shares. This capital loss may be available to offset against capital gains in the same income year or may be carried forward to offset against capital gains in future income years. Australian Investors that are not individuals may have to satisfy certain legislative tests before they are able to utilise capital losses.

An Australian Investor that is a company which, broadly speaking, holds Shares which carry a voting interest of 10% or more in the Company for a continuous period of at least 12 months in the two years before a disposal of the Shares may be entitled to disregard all or a part of a capital gain realised from the disposal. The proportion of the capital gain which is disregarded will depend on the extent to which the Company is engaged in an “active business” at the time of the disposal. There are detailed rules on what constitutes an active business which would need to be considered by Australian Investors seeking to disregard a capital gain.

(5) Australian Goods and Services Tax

Under current Australian goods and services law, each of the following transactions:

- the acquisition of Shares pursuant to the Offer;
- payment of dividends on Shares; and
- a subsequent disposal of Shares,

would not be subject to Australian goods and services tax.

16 Definitions

Most capitalised terms in this Offer Document have a specific meaning and are defined in the “Glossary” on pages 114–116 of the attached New Zealand Prospectus.

17 Enquiries

If you have any questions about the Offer in Australia you should call the Trade Me Information Line on Share Registrar on 1800 868 464 (toll free within Australia) or the Broker from whom you have received a firm offer of Shares during the period of the Offer or contact your accountant or other professional adviser.

18 Additional Information

18.1 Interests of Directors, Promoters, Advisers and Underwriters

This section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Offer Document, no:

- Director or proposed Director of the Company;
- person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document;
- Promoter of the Company; or
- underwriter (not including a sub-underwriter) or financial services licensee named in this Offer Document as involved in the Offer,

holds at the time of lodgement of this Offer Document with ASIC, or has held in the two years before lodgement of this Offer Document with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer.

Interests of Fairfax Media

Co-operation

As at the date of this Offer Document, FNZHL is the sole Shareholder of the Company. Fairfax Media is the ultimate shareholder of FNZHL and the Fairfax Media Subsidiary Shareholder. Accordingly, Fairfax Media is interested in the shares in Trade Me held by FNZHL and the Shares to be acquired by the Fairfax Media Subsidiary Shareholder.

On completion of the Offer and the Restructure, the Company will be an indirect subsidiary of Fairfax Media. The Company and Trade Me are likely to continue to co-operate with the Fairfax Media group of companies going forward.

Refer to the section titled “Co-Operation with Fairfax Media” on page 106 of the New Zealand Prospectus for more information on these anticipated arrangements.

Reorganisation Agreement

FNZHL entered into the Reorganisation Agreement with the Company on 9 November 2011. Fairfax Media has an indirect interest in the Reorganisation Agreement by way of its shareholding in FNZHL, Fairfax Digital Assets, the Fairfax Media Subsidiary Shareholder, Trade Me and the Company. The Reorganisation Agreement is material to each of those entities.

Tax loss off-set arrangements

Certain companies within the FNZHL group have offset New Zealand tax losses against Trade Me’s net income, or transferred tax payments or other tax credits to Trade Me to satisfy an income tax liability of Trade Me. In consideration, Trade Me has paid the relevant Fairfax Media entity the full tax value of those losses, tax payments or tax credits.

Guarantees

While a subsidiary of the Fairfax Media group of companies, Trade Me (together with other subsidiaries of Fairfax Media) has guaranteed the obligations of Fairfax Media and other subsidiaries of Fairfax Media to parties who have provided financial accommodation to the Fairfax Media group of companies. As at the date of this Offer Document, certain of those guarantees remain in place, but are required to be released on completion of the Offer under the terms of the Reorganisation Agreement.

Refer to the section titled “Guarantees” on page 109 of the New Zealand Prospectus for more information.

Payments to Directors

Other than as disclosed in this Offer Document, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to a Director or proposed Director:

- to induce a person to become, or qualify as a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

Except as set out above, no specified person has, or has had at any time during the five years preceding the date of this Offer Document, any direct or indirect material interest in the Company, or in any contract or arrangement entered into on behalf or in respect of the Company, that is material to either or both of the person who has the interest and the Company.

18.2 Director remuneration

None of the Directors of the Company are entitled to any remuneration from the Company other than by way of Directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

A Director fee pool of a maximum of \$650,000 has been set. With the exception of Fairfax Media executives who are nominee Directors (being Greg Hywood and Gail Hambly), each of the Directors will be paid Directors' fees.

18.3 Directors' Shareholdings

Directors are not required under the Constitution to hold any Shares in the Company. Immediately prior to lodgement of the Offer Document, no Director held any Shares. Directors may apply for Shares in the Company in the Offer, and to the extent any such Shares are acquired these acquisitions will be disclosed to the market as required by law.

18.4 Interests of professionals

The Company has engaged the following professional advisers:

- UBS New Zealand Limited has acted as Underwriter, Organising Participant and Lead Manager to the Offer and the fees payable are described in section 19 of the New Zealand Prospectus;
- Russell McVeagh has acted as New Zealand legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately NZ\$1,100,000 (excluding disbursements and New Zealand Goods and Services Tax) for these services up until the date of this Offer Document. Further amounts may be paid to Russell McVeagh in accordance with its normal time-based charges;
- Freehills has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately A\$330,000 (excluding disbursements and Goods and Services Tax) for these services up until the date of this Offer Document. Further amounts may be paid to Freehills in accordance with its normal time-based charges;
- Ernst & Young Transaction Advisory Services Limited, has acted as Investigating Accountant. The Company has paid, or agreed to pay, approximately NZ\$750,000 (excluding disbursements and New Zealand Goods and Services Tax) for the above services; and

- Ernst & Young acts as auditor of the Company. The Company has paid, or agreed to pay, approximately NZ\$45,000 (excluding disbursements and New Zealand Goods and Services Tax) for the above services.

All of the expenses of the Offer described above were paid, or will be paid, by Fairfax Media.

18.5 ASX Waivers

The Company will apply for waivers and confirmations from the ASX which are standard for a New Zealand company listed on the ASX (including confirmation that the Company may prepare and publish its financial information in accordance with New Zealand financial standards).

18.6 Consents and Disclaimers of Responsibility

Each of the following has given, and not withdrawn prior to the lodgement of this Offer Document with ASIC, its written consent to be named in this Offer Document in the form and context in which it is so named:

- UBS New Zealand Limited;
- Russell McVeagh;
- Freehills;
- Ernst & Young
- Ernst & Young Transaction Advisory Services Limited;
- Craigs Investment Partners Limited;
- First NZ Capital Securities Limited;
- Forsyth Barr Limited;
- Goldman Sachs New Zealand Limited;
- ASB Securities Limited;
- Direct Broking Limited;
- Colmar Brunton;
- Domain Name Commission;
- Frost & Sullivan;
- IHS Screen Digest;
- Interactive Advertising Bureau;
- Nielsen;
- PwC New Zealand; and
- ZenithOptimedia.

No entity or person referred to above has made any statement that is included in this Offer Document or any statement on which a statement made in this Offer Document is based, except as stated above. To the maximum extent permitted by law, each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Document except the reference to its name and any statement or report included in this Offer Document with the consent of that party as specified above.

18.7 Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registrar, Link Market Services Limited (“Share Registrar”). The Company and the Share Registrar collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Australian law requires some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Share Registrar may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Australian Privacy Act 1988 (Cth) (“Australian Privacy Act”):

- the Lead Manager in order to assess your Application;
- the Share Registrar for on-going administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

If you become a Shareholder, your information may also be used or disclosed from time to time to inform you about the Company’s products. The information may also be disclosed to members of the Group and to their agents and service providers on the basis that they deal with such information in accordance with this privacy statement.

Under the Australian Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registrar. You can request access to your personal information by telephoning or writing to the Company or the Share Registrar.

By applying for Shares you consent to the Company and the Share Registrar disclosing your information to members of the Group and to their agents and service providers on the basis and for the purposes set out above.

18.8 Related party transactions

The Company is currently party to the following agreements with related parties as described more fully in paragraph 16 of the section entitled Statutory information on pages 103–109 of the New Zealand Prospectus:

- Reorganisation Agreement;
- Tax loss set off arrangements; and
- Guarantees.

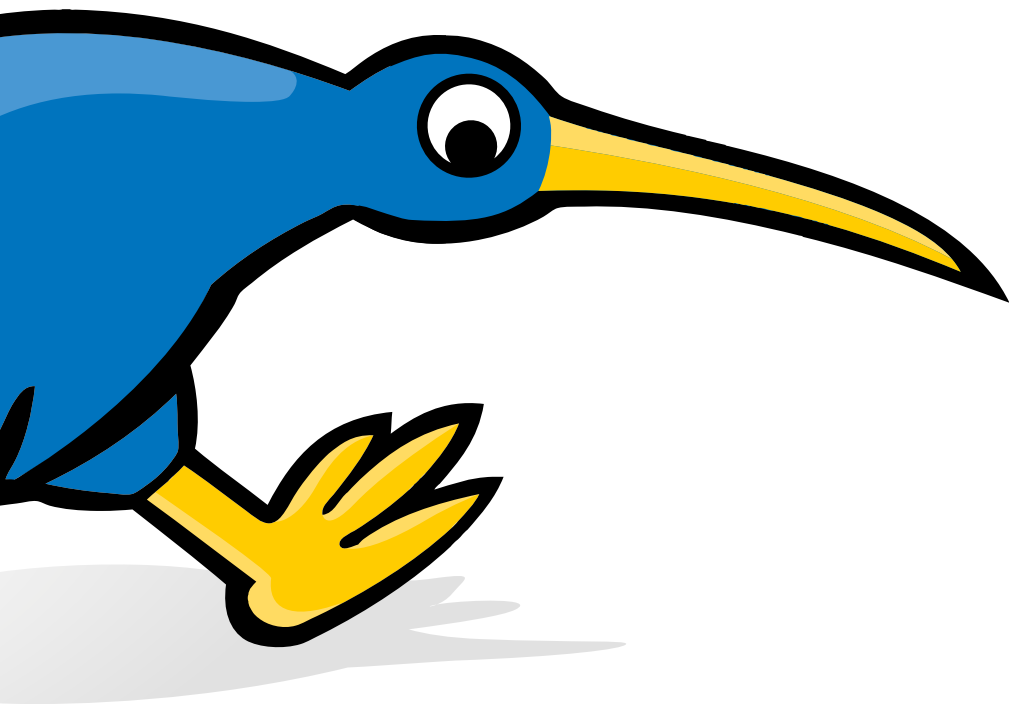
18.9 Documents available for inspection

The Constitution of the Company and any document referred to in paragraph 17 of the section entitled *Statutory information* on pages 109–110 of the New Zealand Prospectus may be inspected (without charge) at any time up to the Broker Firm Offer Closing Date during normal business hours at the registered office of the Company at Level 3, NZ Centre, 11 Cable Street, Wellington, New Zealand.

Copies of these documents are also available at the New Zealand Companies Office website at <http://www.business.govt.nz/companies>.

18.10 Consents of Directors

Each Director of the Company has given, and not withdrawn as at the date of this Offer Document, their consent to the lodgement of this Offer Document with ASIC and its issue. This Offer Document is dated 9 November 2011 and has been signed by Gail Hambly on behalf of the Company.



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Investment Statement and Prospectus dated 9 November 2011

Initial Public Offering of Ordinary Shares in Trade Me Group Limited

Lead Manager and Organising Participant



Co-Lead Managers



Co-Managers



Important information

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

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

Choosing an investment

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

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.¹

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

1. This is the wording required by Schedule 13 to the Securities Regulations, which contemplates a separate prospectus and investment statement. This Offer Document comprises both an investment statement and a prospectus and, accordingly, the prospectus available on request is identical to this document.

Important information (continued)

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

Important notice

This Offer Document is a combined investment statement and prospectus for the purposes of the Securities Act and the Securities Regulations. It is prepared as at, and dated, 9 November 2011.

The information required to be contained in an investment statement is set out above in this section and in the section entitled *Answers to important questions*. The purpose of those sections is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for Shares under the Offer. Investors should be aware that other important information about the Shares and the Offer is set out in other sections of this Offer Document.

This Offer Document is an important document and should be read carefully. Investors should consider the risks that are associated with an investment in the Shares, particularly with regard to their personal circumstances (including financial and tax issues). A summary of the principal risks associated with the Company and the Shares is set out under the heading "What are my risks?" on page 8.

Investors who are in any doubt as to any aspect of the Offer should consult an NZX Firm or their Broker, solicitor, accountant or other appropriately qualified professional adviser.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by Fairfax Media, the Company, their respective subsidiaries, the Lead Manager or any of their respective directors, officers or employees.

No guarantee

No person named in this Offer Document (including Fairfax Media, the Company, their respective subsidiaries, the Lead Manager or any of their respective directors, officers or employees), nor any other person, guarantees the Shares available for subscription pursuant to the Offer. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers or employees or any other person warrants or guarantees the future performance of the Shares or any return on any investments made pursuant to this Offer Document.

Registration

A copy of this Offer Document duly signed by or on behalf of the Directors of the Company and every Promoter for the purposes of the Securities Act, and having endorsed thereon or attached thereto copies of the documents and other materials required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration in accordance with section 42 of the Securities Act.

The documents required by section 41 of the Securities Act to be endorsed on or attached to the copy of this Offer Document delivered to the Registrar of Financial Service Providers are:

- the report of the Auditor in respect of certain financial information included in this Offer Document, as set out in this Offer Document;
- the signed consent of the Auditor to the audit report appearing in this Offer Document;
- the signed consent of Ernst & Young Transaction Advisory Services Limited to the Investigating Accountant's Report appearing in this Offer Document;
- copies of the material contracts referred to under the heading "Material contracts" on page 109; and
- letters of authority authorising this Offer Document to be signed by an agent of any director of the Company and any Promoter (if and where required).

Consideration period

Pursuant to section 43C of the Securities Act, upon registration of the Offer Document with the Registrar of Financial Service Providers, the Financial Markets Authority will be notified of the registration for the purpose of allowing the Financial Markets Authority an opportunity to consider whether the Offer Document (a) complies with the Securities Act and the Securities Regulations; (b) contains any material misdescription or error or any material matter that is not clearly legible; or (c) is false or misleading as to a material particular or omits any material particular. Nothing in that section or in any other provision of the Securities Act limits the Financial

Markets Authority's power to consider or reconsider those matters at any time. The nature and extent of the consideration (if any) that the Financial Markets Authority gives to the Offer Document is at the Financial Markets Authority's discretion.

Section 43D of the Securities Act prohibits the Company from accepting Applications or making allotments in respect of the Offer during the period commencing with the date of this Offer Document and ending on the close of the day that is five working days after that date (**Consideration Period**). The Financial Markets Authority may shorten the Consideration Period, or extend it by no more than five additional working days.

Overseas investors

The Offer is only being made to members of the public in New Zealand and Australia and to Institutional Investors in New Zealand, Australia and selected other jurisdictions (excluding the United States or any US Persons).

No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Offer Document) in relation to the Shares to any person outside New Zealand or Australia except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Company, any person or entity subscribing for Shares in the Offer shall by virtue of such subscription be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Offer Document, and is not acting for the account or benefit of a person within such jurisdiction. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

NZX listing

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZSX and all requirements of NZX relating to that application that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

NZX has authorised NZX Firms to act on the Offer. The NZSX is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZSX is expected to occur on Tuesday 13 December 2011 under the ticker code "TME".

ASX listing

The Company has also applied to the ASX for permission to list the Company and to quote the Shares on the ASX.

ASX accepts no responsibility for the contents of this Offer Document or for investment to which this Offer Document relates.

Initial quotation of the Shares on the ASX is expected to occur on Tuesday 13 December 2011 under the ticker code "TME".

Forward looking statements

Certain statements in this Offer Document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements of the Company to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to, those discussed under the heading "What are my risks?" on page 8.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward looking statements. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers or employees gives any assurance that actual outcomes will not differ materially from the forward looking statements contained in this Offer Document, and the inclusion of forward looking statements should not be regarded as a representation by any person that they will be achieved. Other than as required by law or by the NZSX Listing Rules or ASX Listing Rules, none of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor their respective directors, officers and employees undertakes any obligation to update any such risk factors or publicly announce the result of any revisions to the forward looking statements contained in this Offer Document to reflect future developments or events.

Risk and suitability of an investment in the Company

This Offer Document does not take into account the investment objectives, financial situation or particular needs of any investor. Before applying for Shares, investors should read this Offer Document in its entirety. In particular, investors should consider the risk factors that could affect the Company's performance (including those set out under the heading "What are my risks?" on page 8), particularly with regard to their personal circumstances. Investors who are in any doubt as to any aspect of the Offer should consult an NZX Firm or their Broker, solicitor, accountant or other appropriately qualified professional advisor.

Definitions

Capitalised terms used in this Offer Document have the specific meaning given to them in the *Glossary* section on page 114.

Unless otherwise indicated, any reference to dollars, \$ or cents refers to New Zealand dollars and cents.

All references to dates and time are to dates and time in New Zealand.

Copies of all New Zealand statutes and regulations referred to in this Offer Document can be viewed online, free of charge, at www.legislation.govt.nz.

References

The Co-Lead Managers and the Co-Managers have not made any statement in the Offer Document, or any statement on which a statement made in this Offer Document is based, other than as expressly consented to by them and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of the Offer Document other than those parts expressly consented to by them.

This Offer Document includes statements made by Colmar Brunton, Domain Name Commission, Frost & Sullivan, Interactive Advertising Bureau, IHS Screen Digest, Nielsen, PwC New Zealand and ZenithOptimedia. Each of these parties:

- has not authorised or caused the issue of this Offer Document;
- has not made, or purported to make, any statement in this Offer Document or any statement on which a statement made in this Offer Document is based (except where expressly referred to in the sections entitled *Industry overview* or *Trade Me business description*); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Offer Document other than the references to its name and services.

Nielsen information reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool. This information should not be viewed as a basis for investments and references to Nielsen should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in the Company.

Statements in the Offer Document that are based on materials prepared by PwC are sourced from the Online Advertising Expenditure Report Q4, 2010 prepared by PwC New Zealand on behalf of the Interactive Advertising Bureau New Zealand (IABNZ). With respect to the Online Advertising Expenditure Report Q4, 2010, attention is drawn to the following disclaimers:

- The report has been prepared using information provided by contributing media companies to PwC, which includes Trade Me Limited. PwC has relied on the information provided as being complete and accurate at the time it was given.
- PwC does not accept any responsibility for any reliance placed on this report by any person and hereby disclaims any liability for any loss or damage caused by errors or omissions, whether such errors or omissions resulted from negligence, accident or some other causes. PwC makes no representations about the analysis or application of the data.
- PwC's analysis of the data provided by contributors and preparation of this report do not constitute an audit performed in accordance with New Zealand Auditing Standards. Accordingly, PwC does not express an audit opinion or other form of assurance with respect to the information reported.

This Offer Document includes Statistics New Zealand's data which is licensed by Statistics New Zealand for re-use under the Creative Commons Attribution 3.0 New Zealand licence.



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Offer highlights and dates to remember.

Important dates

Offer Document registered	Wednesday 9 November
Broker Firm Offer and Priority Offer expected to open	Thursday 17 November
Priority Offer Closing Date	Monday 5 December
Broker Firm Offer Closing Date	Tuesday 6 December
Settlement, allocation and allotment	Monday 12 December
Expected commencement of trading on the NZSX and ASX (on a deferred settlement basis for ASX)	Tuesday 13 December

This timetable is indicative only. Applicants are encouraged to submit their Applications as early as possible. The Company and Fairfax Media, in consultation with the Underwriter, reserve the right to amend these dates at their sole discretion.

Offer highlights

Issuer ¹	Trade Me Group Limited
Offer Price per Share	\$2.70
Number of shares to be issued to new Shareholders under the Offer ²	134.6 million
Total proceeds from the Offer	\$363.5 million
Total number of shares on issue following the Offer ³	396.0 million
Fairfax Media shareholding following the Offer ⁴	261.4 million Shares, representing 66.0% of Shares on issue following the Offer

1. The issuer has been established to acquire all of the ordinary shares in Trade Me. Further details in relation to the acquisition of Trade Me by the issuer, Trade Me Group Limited, are described under the heading "Restructure" in the section entitled *Details of the Offer* on page 61.
2. The number of shares issued to new Shareholders includes ordinary shares and Restricted Shares.
3. The total number of shares on issue following completion of the Offer includes ordinary shares and Restricted Shares.
4. To be issued to the Fairfax Media Subsidiary Shareholder. There will be no restrictions on the disposal of any of the Shares issued to the Fairfax Media Subsidiary Shareholder in connection with the Restructure.



Selected pro forma financial information¹

SM	HISTORICAL		FORECAST	
	FY2010	FY2011	FY2012	CY2012 ²
	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDING 30 JUNE 2012	12 MONTHS ENDING 31 DECEMBER 2012
Total revenue	114.4	128.8	144.8	154.1
Pro forma EBITDA ³	88.5	97.0	104.8	110.9
Pro forma EBIT ⁴	85.6	93.5	99.6	104.4
Pro forma profit for the period			65.0	68.5
Pro forma EPS ⁵ (cents)			16.4 cents	17.3 cents
Pro forma dividends per share (cents) ⁶			6.8 cents	13.8 cents

1. Pro forma financial information reflects historical and prospective financial information that has been adjusted for specific items to enable a like for like comparison. Historical pro forma profitability has been adjusted to include estimated public company costs that are assumed to be incurred by the Group following the Offer. Forecast pro forma profitability for FY2012 has been adjusted to include a full year of estimated public company and financing costs as though the Group had been publicly listed with borrowings for the full year, to exclude the costs related to a one-off Trade Me Employee Gift Offer, and the resulting tax impact of these adjustments. Refer to the section entitled *Financial information* for further information.
2. Pro forma financial information for CY2012 is provided as additional information. The Company and Group have a June financial year end, and there is currently no intention to present a comparison of pro forma financial information for CY2012 with actual results when reported. "CY" denotes Calendar Year.
3. Earnings before interest, tax, depreciation and amortisation.
4. Earnings before interest and tax.
5. Earnings per Share.
6. Assumes a dividend payout ratio of 80% of profit for the period 2H2012 and 1H2013 (refer to page 85 under the heading "Dividends and distributions to Shareholders" for further information).

Key investment metrics

Offer Price	\$2.70
Shares on issue following the Offer ¹	396.0 million
Market capitalisation ²	\$1,069.2 million
Net debt (as at completion of the Offer) ³	\$164.0 million
Implied enterprise value ⁴	\$1,233.2 million
Offer Price/Pro forma CY12F EPS ⁵	15.6x
Implied enterprise value/Pro forma CY12F EBITDA ⁵	11.1x
CY12F cash dividend yield ⁵	5.1%
CY12F gross dividend yield ^{5,6}	7.1%

1. The total number of shares on issue following completion of the Offer includes ordinary shares and Restricted Shares.
2. Represents the Offer Price multiplied by the total number of Shares on issue following completion of the Offer.
3. Net debt represents total borrowings less cash and cash equivalents. Refer to the section entitled *Financial information* for further information regarding the prospective statement of financial position as at completion of the Offer.
4. Implied enterprise value represents market capitalisation (refer note 2 above) plus net debt as at completion of the Offer (refer note 3 above).
5. Based on the Offer Price and the pro forma financial information for the 12 month period ending 31 December 2012. Refer to the section entitled *Financial information* for further information on pro forma financial information.
6. Gross dividend yield assumes full imputation at a corporate tax rate of 28%.

Answers to important questions

This section includes, but is not limited to, the information required by Schedule 13 to the Securities Regulations.

1. What sort of investment is this?

The Offer

The Offer Document relates to an initial public offering of up to 396.0 million Shares in the Company at an Offer Price of \$2.70 per Share.

Restricted Shares are also being offered to Eligible Senior Employees at an issue price of \$2.70 per Restricted Share.

Full details of the Offer are set out in the section entitled *Details of the Offer* on page 60.

The Shares

Each Share gives the holder the right to:

- (a) Attend and vote at a meeting of Shareholders of the Company, including the right to cast one vote per Share on a poll on any resolution, including but not limited to a resolution to:
 - appoint or remove a Director or auditor;
 - adopt, revoke or alter the Constitution;
 - approve a major transaction (as that term is defined in the Companies Act);
 - approve the amalgamation of the Company (under section 221 of the Companies Act); or
 - place the Company in liquidation.
- (b) Receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by the Company in respect of that Share.

(c) Receive an equal share with other Shares in the distribution of surplus assets in any liquidation of the Company.

(d) Be sent certain Company information, including notices of meeting and company reports, sent to Shareholders generally.

(e) Exercise all other rights conferred upon a Shareholder by the Companies Act and the Constitution.

Restricted Shares

Each Restricted Share being offered under the Trade Me Executive Share Offer confers on the holder the same rights attaching to Shares (including the right to dividends) but is redeemable in the event that the qualification criteria are not met prior to their reclassification into Shares. The issue price per Restricted Share is \$2.70. If the qualification criteria of the Company achieving EBITDA of \$110.9 million in the period commencing 1 January 2012 and ending 31 December 2012 and the holder remaining in continuous employment with the Group through to the end of 31 December 2013 are met, subject to repayment of the loan (as described below) the Restricted Shares held by that holder will be reclassified into Shares.

The Company will provide participants in the Executive Share Plan with an interest free loan of the aggregate subscription price to fund the subscription for the Restricted Shares. Holders of Restricted Shares who wish to have their Restricted Shares reclassified into Shares will be required to repay those loans in an amount equal to the Offer Price.

Provided that the qualification criteria are met, the Company will procure that Trade Me pays a bonus to the participant which, after making the relevant deductions, will equal the aggregate issue price of the Restricted Shares issued to the participant. The participant will use this bonus to repay the loan obligation. The Restricted Shares will then be reclassified as Shares in the Company.

The loan will be limited in recourse against the participant to the lesser of:

- the amount payable to the Company under the loan; and
- the amount realised in respect of the Restricted Shares and any bonus paid by Trade Me on the qualification criteria being met.

If the Restricted Shares are redeemed, the proceeds from the redemption will be applied in repayment of the loan, which will discharge any obligation on the participant to repay the loan. The effect of redeeming the Restricted Shares is that the Eligible Senior Employee receives no shares or cash (other than dividends paid on the Restricted Shares) and the loan is repaid. This redemption mechanism is designed to return both parties to the position they were in prior to entry into the Executive Share Plan (other than in respect of the aforementioned dividends).

Restricted Shares are personal to the Eligible Senior Employee to whom they are allotted and cannot be transferred.

The above is a simplified description of the terms of the Restricted Shares. The full terms of the Restricted Shares are set out in full in the section entitled *Trade Me Executive Share Offer* under the heading "Rules relating to the Executive Share Plan".

Dividends

Details of the Company's proposed dividend policy are set out under the heading "What returns will I get?" on page 7.

NZSX and ASX listings

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZSX, and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

NZX has authorised NZX Firms to act on the Offer. The NZSX is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZSX is expected to occur on 13 December 2011 under the ticker code "TME".

An application has also been made to ASX for the Company to be admitted to the official list of ASX and for quotation of the Shares on ASX. The Company's ASX code is "TME".

The Restricted Shares will not be quoted. However, it is intended that any Restricted Shares that are reclassified into Shares will be quoted.

While the Company is listed, its Constitution is deemed to incorporate all provisions of the NZSX Listing Rules and the ASX Listing Rules required to be contained or incorporated in a listed company constitution. For so long as the Shares are quoted on the NZSX, the Company must comply with the NZSX Listing Rules as amended from time to time. Subject to certain conditions (including any waivers obtained by the Company), the Company will also be required to comply with the ASX Listing Rules.

2. Who is involved in providing it for me?

Issuer

Trade Me Group Limited (the Company) is the issuer of the Shares and the Restricted Shares. The Company can be contacted at its registered office at Level 3, NZX Centre, 11 Cable Street, Wellington.

The Directors of the Company as at the date of this Offer Document are David Edward Kirk, Gail Iris Hambly, Gregory Colin Hywood, Samuel Gareth Morgan and Joanna Mary Gordon Perry.

Promoters

Fairfax Media Limited (Fairfax Media) is a promoter of the Offer. Fairfax Media can be contacted at its registered office at Level 5, 1 Darling Island Road, Pyrmont, NSW 2009, Australia. Its address in New Zealand is C/- Fairfax New Zealand Holdings Limited at Level 3, 40 Boulcott Street, Wellington.

Each director of Fairfax Media is also a promoter of the Offer. The names and principal residences of those directors are as follows:

Gregory Colin Hywood	Sydney
Roger Campbell Corbett	Sydney
Nicholas John Fairfax	Sydney
Sandra Veronica McPhee	Sydney
Samuel Gareth Morgan	Nelson
Linda Bardo Nicholls	Melbourne
Robert Murray Savage	Sydney
Peter Francis Young	Sydney
Michael Edward Anderson	Bowral

The directors of Fairfax Media may be contacted at Fairfax Media's registered office or New Zealand address, as set out above.

The directors and registered offices of the Company and Fairfax Media may change from time to time. The names of the current directors and registered office of the Company can be found free of charge at any time by searching the public register maintained by the Companies Office of the Ministry of Economic Development on its website at www.business.govt.nz/companies. The names of the current directors and registered office of Fairfax Media can be found at any time by searching the register of companies maintained by the Australian Securities and Investments Commission at www.asic.gov.au (a fee is payable to obtain this information).

Activities of the Company

The Company was incorporated on 13 October 2011 to undertake the Offer and, as at the date of this Offer Document, has not carried out any business other than in preparation for the Offer.

The Company, FNZHL, Fairfax Media Subsidiary Shareholder and Fairfax Digital Assets have entered into the Reorganisation Agreement pursuant to which the Company will acquire all of the shares in Trade Me Limited, which operates the Trade Me website and associated businesses.

Once those transactions are completed, the principal activities of the Company will be owning and operating the business of Trade Me. Further information about the business of Trade Me is set out in the section entitled *Trade Me business description* on page 38.

3. How much do I pay?

Shares

The Shares are being offered at the Offer Price of \$2.70 per Share. With the exception of Applications under the Trade Me Employee Gift Offer, Applicants are required to pay the Offer Price per Share subscribed for.

Applications to subscribe for Shares must be made on the relevant Application Form and completed in accordance with the accompanying instructions.

Applications under the Institutional Offer may only be made for Shares allocated to an Institutional Investor under a Firm Allocation. Such Applications and corresponding payments must be made in accordance with arrangements made with the Lead Manager.

Applications under the Broker Firm Offer may only be made by New Zealand and Australian resident Retail Investors in respect of Shares for which they have received an allocation from an NZX Firm or Broker. Applicants under the Broker Firm Offer should make payments in accordance with the directions of the NZX Firm or Broker from whom they received an allocation. Applicants under the Broker Firm Offer must send the completed Application Form and Application Monies to the NZX Firm or Broker who provided the allocation so as to be received in time to enable them to be forwarded to and received by the Share Registrar by 5.00pm on 6 December 2011. Alternatively, Applications can be lodged with any NZX Firm, the Lead Manager, or any other channel approved by NZX so as to be received in time to enable them to be forwarded to and received by the Share Registrar by 5.00pm on 6 December 2011.

Applications under the Trade Me Employee Offer, Fairfax New Zealand Employee Offer, and Trade Me Eligible Member Offer must be made for a minimum amount of 750 Shares and thereafter in multiples of 200 Shares. Application Monies under the Trade Me Employee Offer, Fairfax New Zealand Employee Offer, and Trade Me Eligible Member Offer should be paid by direct debit or cheque drawn on a New Zealand bank. Cheques should be crossed "Not Transferable" and made out to "Trade Me Share Offer". Applicants'

payment by direct debit must include their bank account details on their Application Form. Applicants must send the completed Application Form and Application Monies to the Share Registrar in order to be received by 5.00pm on 5 December 2011. Alternatively, Applications can be lodged with any NZX Firm, the Lead Manager, or any other channel approved by NZX so as to be received in time to enable them to be forwarded to and received by the Share Registrar by 5.00pm on 5 December 2011.

Applications under the Fairfax Shareholder Offer must be made for a minimum amount of 750 Shares and thereafter in multiples of 200 Shares. Australian resident investors who apply for Shares in the Fairfax Shareholder Offer can only apply in Australian dollars. New Zealand investors applying under the Fairfax Shareholder Offer can only apply in New Zealand dollars. Application Monies should be paid by BPAY (if in Australia only), direct debit (if in New Zealand only), bank draft or cheque. All cheques must be made out to "Trade Me Share Offer" and crossed "Not Transferable". Cheques must be drawn on a registered New Zealand or Australian bank and must not be post-dated. Applicants must send the completed Application Form and Application Monies to the Share Registrar in order to be received by 5.00pm on 5 December 2011. Alternatively, Applications can be lodged with any NZX Firm, the Lead Manager, or any other channel approved by NZX so as to be received in time to enable them to be forwarded to and received by the Share Registrar by 5.00pm on 5 December 2011.

Applicants under the Trade Me Employee Gift Offer must complete the relevant Application Form and return it to the Human Resources manager of Trade Me by 5.00pm on 5 December 2011. A separate offer letter will be sent together with this Offer Document to Eligible Trade Me Employees detailing the terms of the Trade Me Employee Gift Offer. No payments are to be made by Eligible Trade Me Employees under the Trade Me Employee Gift Offer.

Further information on how to apply for Shares is set out in the accompanying Application Form and Application instructions, as well as on the website <https://events.miraql.com/Trade-Me/IPO>.

Online Applications

Applications made online must be paid for by direct debit (New Zealand only) or BPAY (Australia only) or cheque and remittance. Instructions should be followed carefully and Applicants should ensure payment is received by the Share Registrar by 5.00pm on 5 December 2011.

Restricted Shares

The Restricted Shares are being offered at the price of \$2.70 per Restricted Share. Eligible Senior Employees participating in the Executive Share Plan will be provided with a loan from the Company which will be applied to pay up the issue price of each Restricted Share allotted to that Eligible Senior Employee. Eligible Senior Employees will be provided with instructions as to how to apply for Restricted Shares when they are provided with notice of their entitlement.

4. What are the charges?

Shares

Applicants for Shares are not required to pay any charges to the Company, the Promoters or any associated person of either of them in relation to the Offer other than the Offer Price for each Share allocated to them.

Shares subsequently purchased or sold on the NZSX or the ASX are likely to attract normal brokerage fees and charges.

UBS New Zealand Limited (as Underwriter) will be paid an underwriting fee of 2.5% of the aggregate proceeds of the Offer. In addition, Fairfax Media may agree to pay UBS New Zealand Limited (as Lead Manager) an offer incentive fee of 0.5% of the aggregate proceeds of the Offer. UBS New Zealand Limited will pay the following fees in connection with the Offer:

- The Co-Lead Managers, the Co-Managers, NZX Firms and Brokers will be paid a brokerage fee of 1.0% of the proceeds in respect of Shares allotted pursuant to valid Applications for the Offer submitted by Applicants bearing their stamp.
- The Co-Lead Managers, the Co-Managers, NZX Firms and Brokers in the bookbuild will be paid a Firm Allocation fee of 0.5% of the proceeds in respect of Shares allotted pursuant to valid Applications submitted under Firm Allocations.

None of Fairfax Media, the Company nor their respective subsidiaries will be liable for any fees payable to the Co-Lead Managers, the Co-Managers, NZX Firms, Brokers or any participants in the bookbuild.

Details of the expenses of the Offer are set out on page 111. Fairfax Media will pay all costs associated with the Offer.

Restricted Shares

As described above, holders of Restricted Shares will be required to repay the loans provided to pay the subscription price for the Restricted Shares to the Company upon reclassification of the Restricted Shares into Shares or redemption of the Restricted Shares. No other charges are payable by subscribers for Restricted Shares to the Company or any associated person of the Company or any Promoter in relation to the Trade Me Executive Share Offer.

Restricted Shares reclassified into Shares which are subsequently purchased or sold on the NZSX or ASX are also likely to attract normal brokerage fees and charges.

5. What returns will I get?

Shares

Returns on Shares may be by way of capital appreciation realised on the sale or other disposition of Shares (although the market price of the Shares may also decline) and any dividends paid and other distributions made in respect of the Shares.

The key factors that determine the returns are:

- the market price of Shares;
- the Board's decisions in relation to dividends and other distributions;
- the financial performance of the Company;
- applicable taxes; and
- reserves and retentions.

Restricted Shares

Returns on Restricted Shares will be by way of any dividends paid during the period in which those securities remain Restricted Shares. The key factors that will determine those returns will be the Board's decision in relation to dividends and other distributions, the financial performance of the Company, applicable taxes, and reserves and retentions.

The Restricted Shares may be reclassified into Shares and thereafter the returns will be the returns on the Shares. Whether a holder's Restricted Shares will be reclassified into Shares depends on whether the Company achieves EBITDA of \$110.9 million in the period commencing 1 January 2012 and ending 31 December 2012, and whether the holder remains in continuous employment with the Group in the period to 31 December 2013.

No guarantee

Nothing contained in this Offer Document should be construed as a promise of profitability, and neither the Company nor any other person gives any guarantee or promise as to the return of capital or the amount of any returns (including dividends and other distributions) in relation to the Shares or the Restricted Shares.

The information set out in this section should be read in conjunction with the information set out under the heading "What are my risks?" below. The factors described in that section could reduce or eliminate the dividends or other returns intended to be derived from holding the Shares or the Restricted Shares.

Dividend policy

The Company intends to pay dividends based on approximately 80% of profit for the period, subject to the Company's outlook and its capital and liquidity requirements. The Company intends to pay dividends semi-annually, typically in March and September of each year and to impute dividends to the greatest extent possible.

Subject to the Company's forecast being achieved and other relevant factors, the Board expects to declare a final dividend of 6.8 cents per share in respect of the FY2012 financial year to be paid in September 2012 and an interim dividend of 7.0 cents per share in respect of the FY2013 financial year to be paid in March 2013. The final dividend for FY2012 combined with the interim dividend for FY2013 equates to 13.8 cents per share which represents a cash dividend yield of 5.1%. Both of the dividends are expected to be fully imputed for New Zealand tax purposes.

All dividend payments post-Offer will initially be declared by Trade Me and paid to the Company. Subsequent to this the Company will then declare and pay dividends to its Shareholders.

Despite the intentions set out above, the Company can give no assurances as to the level or frequency of any dividend (or other distributions, if any) payable on the Shares or the Restricted Shares, or as to the level of imputation credits, if any, attached to any dividends.

The Company is the entity legally liable to pay any dividends or other distributions declared or made on the Shares and the Restricted Shares.

Sale of Shares

Shareholders may benefit from any increase in the market price of their Shares. Shareholders will realise this benefit upon sale of their Shares. The market price of Shares may also decline. Information on the selling of Shares is set out in this section under the heading "How do I cash in my investment?" on page 12.

The price of the Shares may rise or fall due to numerous factors, including:

- general economic conditions;
- movements in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- the nature of the competition in the markets in which the Group operates;
- general operational and business risks; and
- those factors discussed below under the heading "What are my risks?".

No assurances can be given that the Company's market performance will not be adversely affected by any market fluctuations or other factors. No amount of returns is promised by the Company or any other person, including Fairfax Media or the Fairfax Media Subsidiary Shareholder.

There can be no guarantee that an active market in the Shares will develop, or that the market price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on the NZSX or the ASX at any time. This may increase the volatility of the market price of the Shares and affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the Offer Price.

If an investor sells any Shares, the purchaser of those Shares will be legally liable to pay the sale price of those Shares.

No transfer of Restricted Shares

The Restricted Shares are personal to the Eligible Senior Employee to whom they are allotted and cannot be transferred or sold while they remain Restricted Shares.

Taxation implications on returns

Taxes may affect returns on the Shares and the Restricted Shares. A summary of the New Zealand tax implications in relation to the Shares is set out in the section of this Offer Document entitled *New Zealand taxation* on page 71.

6. What are my risks?

The Group's business activities are subject to risk factors, both specific to its business activities and of a general nature. Individually, or in combination, these might affect the future operating performance of the Group, and the value of an investment in the Company. Some of these factors can be mitigated by appropriate commercial action, including use of appropriate safeguards and systems, but many are outside the control of the Group and cannot be mitigated. Prospective investors should also note that this section does not purport to list every risk that may affect the Group, now or in the future.

There can be no guarantee that the Group will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. An investment in the Company should be considered in light of the risks, both general and specific. Before making an investment in the Company, prospective investors should read the whole of this Offer Document and should specifically consider the factors contained within this section in order to fully appreciate the risks.

These could each materially adversely impact on the financial performance of the Group and reduce the value of an investment in Shares or the returns received as a result of holding Shares or Restricted Shares.

Shares

The principal risk for Shareholders is an inability to recover some or all of their investment and/or the failure of the Company to pay dividends. This could happen for a number of reasons, including in the event that:

- the returns which investors receive from holding their Shares (which may consist of dividends and other distributions, and the price received on a sale of Shares) is less than the price they have paid due to the Group's operating and/or financial performance, market volatility or for other reasons;
- Shareholders are unable to sell their Shares at all; or

- the Company is placed in receivership or liquidation. Shareholders could receive no returns or less than the returns mentioned above, if the Company becomes insolvent for any reason.

If the Group's operating and/or financial performance is worse than investors expect, the future market price of the Shares and/or the Restricted Shares may be less than the price paid for them and returns on the Shares and/or the Restricted Shares may be less than anticipated. Some of the principal factors which may affect the Company's Share price or its performance are detailed in this section.

Restricted Shares

The principal risk to holders of Restricted Shares is that the qualification criteria are not met, in which case the Company may exercise an option to redeem the Restricted Shares. Thereafter, the holder will cease to hold or receive any further returns on Restricted Shares. One of the qualification criteria is that the Company achieves an EBITDA of \$110.9 million in the period commencing 1 January 2012 and ending 31 December 2012.

If the Restricted Shares are redeemed, the proceeds from the redemption will be applied in repayment of the loan, which will discharge any obligation on the participant to repay the loan. The effect of redeeming the Restricted Shares is that the Eligible Senior Employee receives no shares or cash (other than dividends paid on the Restricted Shares) and the loan is repaid. This redemption mechanism is designed to return both parties to the position they were in prior to entry into the Executive Share Plan (other than in respect of the aforementioned dividends).

Once the holder has elected to have the Restricted Shares reclassified into Shares, that person will be subject to the same risks as any Shareholder as set out in this section.

General

There are also risks that are common to all investments in shares and which are not specific to an investment in the Company. These include the general volatility of share prices, which could occur as a result of general economic conditions in New Zealand and overseas and other events outside the usual course of Trade Me's business such as environmental disasters, acts of terrorism or war or other catastrophic events.

Prospective investors should carefully consider the following risk factors, in addition to the other information in this Offer Document, before subscribing for Shares or Restricted Shares. Prospective investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section of the Offer Document, and have regard to their own investment objectives, financial circumstances, and taxation position before investing in the Group. If you do not understand any part of this Offer Document, or are in any doubt as to whether to invest in Shares or Restricted Shares or not, it is recommended that you seek professional guidance from an NZX Firm, your Broker, solicitor, accountant or other qualified professional adviser before deciding whether to invest.

Trade Me Group specific risks

Brand and reputation

Trade Me's reputation and recognisable brand are extremely valuable components of its business, and underpin users' trust in its websites. Adverse events including a failure to effectively address customer disputes, issues with fraudulent or other illegal activity on or in connection with its websites, a breach of privacy, sustained or repeated site outages, or a loss of customer data could damage Trade Me's reputation, and diminish the value of Trade Me's brand. This could adversely affect the Group's financial performance.

Market activity across key businesses

Trade Me relies on discretionary spending by consumers, so it is exposed to changes in economic activity and consumer sentiment. A downturn could impact its key businesses, and may adversely impact the Group's financial performance.

Disruption of information systems

Trade Me is dependent on the information technology systems, servers, networks, hardware and software that it has in place. Although it has implemented security measures, disaster recovery, systems redundancy, and backup procedures, its systems may be vulnerable to unauthorised access, viruses, human error, natural disasters, flood, fire, power loss, communications failure, sabotage or terrorism.

A significant disruption, repeated or ongoing failure, loss of data, security breach, or incidence of fraudulent transactions could dent confidence in its websites, and could adversely affect the Group's financial performance.

Security

Trade Me is heavily reliant on the security of its websites and associated payment systems to ensure that customers retain confidence when transacting online. Breaches of security such as fraudulent trades and credit card scams, or breaches of customer data privacy, could impact customer trust and confidence in Trade Me and have an adverse impact on the Group's financial performance.

Threat of Disruptive Models or technology changes

Emerging technologies may create additional competition in the future. Online and mobile technology continues to advance and this may affect Trade Me's ability to retain its existing community of members, maintain and increase its existing level of listings, or implement its growth strategies. The effects of future technological change cannot be predicted. Competitors may take a different approach to Trade Me in relation to technology changes and thereby secure an advantage which could adversely affect Trade Me's financial performance.

Competition

Trade Me has a strong market position in many of its key businesses, but operates in competitive markets. There is no guarantee that Trade Me will maintain these strong positions. As described under the heading “Competitive landscape” in the section entitled *Industry overview* on page 36, Trade Me competes against a broad range of industry participants including domestic and international media companies, online retailers, and niche market operators. The costs of market entry for many online businesses are relatively low and competition may intensify in the future. Increased competition may adversely impact the Group’s financial performance.

Changes in consumer habits

Trade Me relies on strong and growing consumer confidence in the internet remaining an efficient, simple and trusted channel. It also relies on New Zealanders continuing to migrate towards online activities. If this confidence was eroded and online activity became less popular or preferences shifted away from Trade Me’s online services, a failure by Trade Me to adapt its services to reflect those changing preferences could adversely affect the Group’s financial performance.

In addition, a significant portion of Trade Me’s revenue is derived from advertising as it takes advantage of the continued shift away from traditional mediums like print and radio. However, if the expected trend toward online advertising did not materialise, this could also have an adverse effect on the Group.

Nature of Trade Me revenue

The majority of Trade Me’s revenue is not subject to any contractual commitments as it is derived from its community of members who utilise Trade Me’s websites as required. Any contractual commitments, including Trade Me’s agreement with AutoBase, tend to be relatively short-term or subject to renewal and there can be no assurance these will be renewed on the same terms, or at all, when they expire.

Growth strategy execution

There can be no assurance that Trade Me will successfully execute its growth strategies outlined under the heading “Growth strategies” in the section entitled *Trade Me business description* on page 47. These include expanding existing businesses and entering into new market segments. There is a risk these growth plans may be unsuccessful or require higher than expected levels of expenditure, and this may have an adverse impact on the Group’s financial performance.

Key people

Trade Me’s success depends on key people in the business, including the senior management team discussed in the section entitled *Board and management* on page 50. Trade Me may not be able to recruit suitably skilled or experienced replacements to implement growth strategies within a short timeframe. Although efforts will be made to retain the services of these key people, vacancies may arise and could have an adverse effect on the Group’s financial performance.

Legal and regulatory

Changes to laws and regulations which apply to Trade Me and restrict what can be sold or advertised on its websites, restrict use of the internet for commerce, or impose increased responsibility for member transactions or compliance requirements on Trade Me, could have an adverse effect on the Group’s financial performance.

In particular, changes in the laws relating to privacy, parallel importing, competition, intellectual property, online advertising, money laundering, sales or pricing, or the liability of providers of online marketplaces for the conduct of their users, could adversely impact the Group’s financial performance.

Litigation and disputes

In the ordinary course of its business, Trade Me has had, and may have, litigation filed against it, including the claim described under the heading “Pending Proceedings” in the section entitled *Statutory information*.

While Trade Me maintains insurance in relation to some claims, other claims may not be insured. A judgment against a member of the Group may adversely impact the Group’s financial performance.

Release of guarantees

Trade Me has in the past guaranteed certain indebtedness of Fairfax Media and its other subsidiaries. The relevant guaranteed monies have been repaid in the ordinary course and, accordingly, Fairfax Media has requested formal releases of the guarantees but some of these have not been obtained. The most recent of the repayments of guaranteed monies of approximately A\$167.7 million occurred on 27 June 2011, so as at the date of the Offer Document the six month period commencing on the ‘relation back day’ under Australian insolvency law has not yet expired.

If the formal releases were not obtained before 27 December 2011, in the event of an insolvency of the relevant Fairfax Media group entity which repaid the guaranteed monies before that time, and if any liquidator claimed repayment of amounts claimed as unfair preferences, Trade Me could be required to make a payment under the guarantee which could have an adverse effect on the Group.

As at the date of this Offer Document, Trade Me is party to a number of guarantees in respect of the Fairfax Media group’s existing external financing arrangements totalling approximately A\$2,309 million. It is intended that Trade Me will be released from these guarantees with effect from the moment of allotment of Shares to the Fairfax Media Subsidiary Shareholder under the Restructure. (For a description of the arrangements relating to the Restructure, see page 61.) For these releases to be effective:

- at the date of the release, there must be no event of default or potential event of default under the applicable financing arrangement;

- Fairfax Media group must be in compliance with certain requirements as to the composition of its guarantor group; and
- each holder of the guarantee must receive notice of the release in the manner contemplated in the applicable financing arrangements.

Fairfax Media has put in place processes in order to ensure that each of these requirements are met as at the Allotment Date. The allotment of Shares and the implementation of the Restructure will not proceed unless the Company believes that these requirements have been met on the Allotment Date. However, if contrary to that belief, any of the requirements had not been met, there is a risk that the guarantees would not be released and that this could have an adverse effect on Trade Me in the event of the subsequent default or insolvency of Fairfax Media or its relevant subsidiaries.

Concentration of shareholding

After the Offer is completed, Fairfax Media will hold 66% of the Shares, and may be in a position to control or exert significant influence over the Company, including the election of Directors and the approval of major transactions. The interests of Fairfax Media may be different from the interests of investors who purchase Shares in the Offer.

The Shares held by Fairfax Media will not be subject to any escrow arrangements or restrictions on transfer and will be able to be sold by Fairfax Media if it chooses to do so. A significant sale of Shares by Fairfax Media, or the perception that such sales may occur, could adversely impact the market price for the Shares.

General risks

Macroeconomic factors

Trade Me is affected by general business cycles and economic conditions including interest rates, inflation, disposable income levels, consumer sentiment, and demographics.

Changes in general macroeconomic factors may result in consumers changing spending patterns or the level of consumption, and this may adversely impact the Group's financial performance.

No guarantee can be given in respect of the future earnings of the Group.

Changes in the regulatory environment

Changes to laws or accounting standards which apply to the Company could have an adverse effect on the financial performance of the Group.

Forward looking statements

Certain statements in this Offer Document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to, those discussed in this section.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward looking statements. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers or employees gives any assurance that actual outcomes will not differ materially from the forward looking statements contained in this Offer Document, and the inclusion of forward looking statements should not be regarded as a representation by any person that they will be achieved. Other than as required by law or by the NZSX Listing Rules or ASX Listing Rules, none of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager or their respective directors, officers and employees undertakes any obligation to update any such risk factors or publicly announce the result of any revisions to the forward looking statements contained in this Offer Document to reflect future developments or events.

Consequences of insolvency

Shares

Shareholders will not be liable to pay any additional money (in excess of the Offer Price, payable to the Company upon subscription for the Shares) to any person in the event of insolvency of the Company.

All claims of creditors or holders of shares ranking in priority to the Shares rank ahead of the claims of holders of Shares in the event of any liquidation or winding up of the Company. All holders of Shares rank equally upon a winding up or liquidation of the Company, in each case for an equal share per Share of any surplus assets of the Company, after payment or discharge of all other claims. Other than holders of Restricted Shares, which rank equally with the Shares, no other persons currently rank equally with or behind such claims.

Restricted Shares

On insolvency of the Company, subscribers for Restricted Shares will be liable to repay the loans advanced to pay the subscription price for the Restricted Shares. However, upon redemption of the Restricted Shares, the Company may set off the amount owing on account of the redemption amount that participants are liable to repay under the loan. The loan will be limited in recourse against the participant to the lesser of:

- the amount payable to the Company under the loan; and
- the amount realised in respect of the Restricted Shares and any bonus paid by Trade Me on the qualification criteria being met.

In all other respects, claims of holders of Restricted Shares will rank equally with claims of holders of Shares in the event of any liquidation or winding up of the Company as described above.

7. Can the investment be altered?

Shares

The full terms of the Offer of Shares are set out in the section entitled *Details of the Offer*. Those terms, including the amounts payable on Application for the Shares, may be altered by the Company by an amendment to this Offer Document, details of which must be filed with the Registrar of Financial Service Providers. However, those terms cannot be altered without an Applicant's consent after an Application has been accepted and Shares allotted to the Applicant.

The rights attaching to the Shares are governed by the Companies Act, the Constitution and the NZSX Listing Rules and ASX Listing Rules. The Constitution may only be altered by a special resolution of Shareholders, subject to the rights of interest groups under the Companies Act, or in certain circumstances by Court order. Section 117 of the Companies Act and NZSX Listing Rule 8.3.1 restrict the Company from taking any action which affects the rights attached to the Shares unless that action has been approved by a special resolution of Shareholders whose rights are affected by the action. A special resolution must be approved by at least 75% of Shareholders entitled to vote and voting on that resolution. Under certain circumstances, a Shareholder whose rights are affected by a special resolution may require the Company to purchase its Shares.

Restricted Shares

The full terms of the offer of Restricted Shares are set out in the section entitled *Trade Me Executive Share Offer*. Those terms including the amounts payable on application for Restricted Shares or under the loan to be provided to fund the subscription price may be altered by the Company by an amendment to this Offer Document, details of which must be filed with the Registrar of Financial Service Providers. However, those terms cannot be altered without the consent of an Applicant for Restricted Shares after their application for Restricted Shares has been accepted and the Restricted Shares have been allotted.

The rights attaching to the Restricted Shares are governed by the terms of the Restricted Shares, the Companies Act and the Constitution. A description of the requirements relating to the alteration of the Constitution is set out above. The terms of the Restricted Shares provide that other than in relation to minor or non-technical variations, and subject to complying with applicable laws, the rights attaching to Restricted Shares may be varied, added to or cancelled with the approval of the Board and a special resolution (as defined in the Companies Act) of holders of Restricted Shares. The Restricted Shares are a separate class of shares in the Company and accordingly section 117 of the Companies Act may also require approval by a special resolution of holders of Restricted Shares before taking any action that affects the rights attaching to Restricted Shares. A special resolution of holders of Restricted Shares must be approved by a majority of 75% of votes of

those holders of Restricted Shares entitled to vote and voting on that resolution. Under certain circumstances, a holder of Restricted Shares whose rights are affected by a special resolution may require the Company to purchase its Restricted Shares.

8. How do I cash in my investment?

Shares

Shareholders will be able to cash in their investment by selling their Shares. The Shares are transferable in accordance with the Constitution, the NZSX Listing Rules, the ASX Listing Rules, applicable laws and regulations (including the Takeovers Code, the Overseas Investment Act 2005 and the Securities Act) and the existence of an active trading market.

As at the date of this Offer Document, there is no established trading market for the Shares. However, in the Company's opinion, a market for the Shares is likely to develop.

No charges are payable to the Company in respect of any sale of Shares. Any sale of Shares on the NZSX or the ASX is likely to attract brokerage fees.

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZSX and all requirements of NZX relating to that application that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document. NZX has authorised NZX Firms to act on the Offer. The NZSX is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act. Initial quotation of the Shares on the NZSX is expected to occur on 13 December 2011 under the ticker code "TME".

An application has also been made to ASX for the Company to be admitted to the official list of ASX and for quotation of the Shares on ASX. ASX accepts no responsibility for the contents of this Offer Document or for investment to which this Offer Document relates. The Company's ASX code is "TME".

Applicants should not attempt to sell their Shares until they know whether, and how many, Shares have been allocated to them. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before confirmation of allotment of Shares is received by the Applicant for those Shares.

Under certain provisions of the Companies Act, the Shares could be cancelled by the Company by a reduction of capital, share buyback or other form of capital reconstruction. Subject to this, none of the Company, a subscriber nor any other person has any right to terminate, cancel, surrender or otherwise make or obtain payment of the returns from the Shares, other than as referred to under the heading "What returns will I get?" on page 7.

Restricted Shares

If the Restricted Shares are redeemed, the proceeds from the redemption will be applied in repayment of the loan, which will discharge any obligation on the participant to repay the loan. The effect of redeeming the Restricted Shares is that the Eligible Senior Employee receives no shares or cash (other than dividends paid on the Restricted Shares) and the loan is repaid. This redemption mechanism is designed to return both parties to the position they were in prior to entry into the Executive Share Plan (other than in respect of the aforementioned dividends). Unless and until the Restricted Shares are reclassified into Shares, they are personal to the holder and cannot be transferred. Accordingly, a holder of Restricted Shares will have no right to sell their Restricted Shares while they remain Restricted Shares.

Upon reclassification of the Restricted Shares into Shares, the ability of a holder to cash in their investment in Shares or make or obtain payment of the returns on those Shares will be as described above under the heading "Shares".

9. Who do I contact with inquiries about my investment?

Inquiries in relation to the Shares and the Restricted Shares may be made to the Share Registrar at:
Link Market Services Limited
Level 16, Brookfields House
19 Victoria Street West
Auckland 1010

PO Box 91976
Auckland 1142

Phone: +64 9 375 5998
Fax: +64 9 375 5990
Email: Lmsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com

10. Is there anyone to whom I can complain if I have problems with the investment?

Any complaints arising in connection with the Shares or the Restricted Shares can be made to the Complaints Manager of the Share Registrar who can be contacted at the address or phone number set out above.

There is no ombudsman to whom, or approved dispute resolution scheme under which, complaints can be made about an investment in Shares or Restricted Shares.

11. What other information can I obtain about this investment?

Offer Document and financial statements

Further information about the Offer, the Shares, the Restricted Shares and the Company is contained elsewhere in this Offer Document.

The Company has been recently incorporated to undertake the Offer and has not produced financial statements. A copy of this Offer Document and, going forward, the financial statements for the Company will be able to be accessed free of charge on the Company's website at www.trademe.co.nz.

Those documents and other documents of, or relating to, the Company are also filed on a public register maintained by the Companies Office of the Ministry of Economic Development and are available for public inspection, including on the Companies Office website at www.business.govt.nz/companies.

Annual information

Shareholders of the Company (including holders of Restricted Shares) at the relevant record date will be entitled to receive certain information relating to the ongoing performance of the Company in accordance with the Companies Act, the Financial Reporting Act 1993, the NZSX Listing Rules and the ASX Listing Rules. Shareholders will either receive this information automatically or will receive notification of their right to request this information.

The Company is also required to make half-yearly and annual announcements to NZX and the ASX, and such other announcements as are required by the NZSX Listing Rules and the ASX Listing Rules from time to time.

On request information

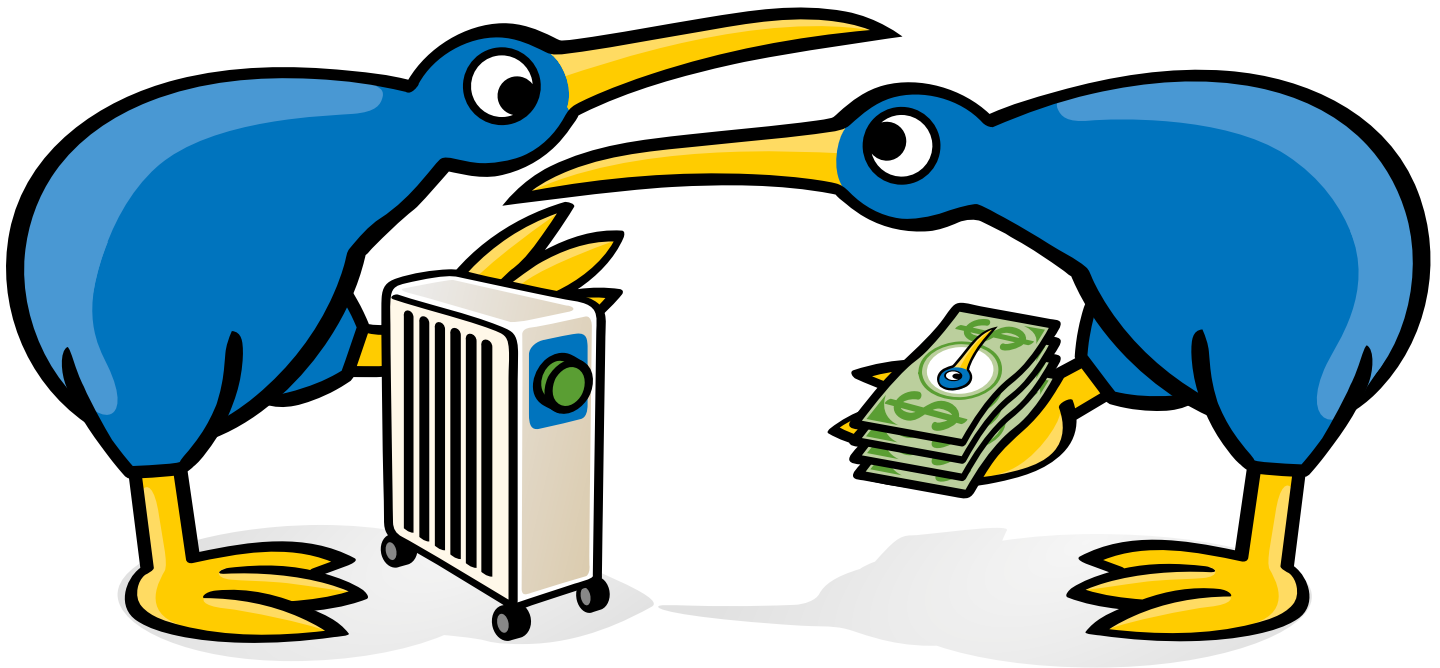
Shareholders (including holders of Restricted Shares) are also entitled to request copies of the following documents under section 54B of the Securities Act:

- the most recent financial statements of the Company, together with a copy of the auditor's report on those statements;
- the most recent annual report of the Company;
- this Offer Document;
- a comparison of actual dividends paid against the prospective information about dividends set out in this Offer Document, once available;
- a comparison of actual results against the prospective financial information set out in this Offer Document, once available; and
- any other information that may be requested under regulation 44 of the Securities Regulations.

This information will be provided, free of charge, upon a written request to the Company at its registered office at Level 3, NZX Centre, 11 Cable Street, Wellington.

2.8 million
members

**It's where
Kiwis buy
and sell
online.**



Trade Me is the leading online marketplace and classifieds business in New Zealand.

Trade Me has a highly engaged community of more than 2.8 million members,* with an average of 1.0 million members logging in every month and over 1.1 million people buying or selling something on Trade Me in the last twelve months.**

Trade Me provides its members with an easy-to-use platform and a comprehensive range of listings. Its core focus is providing New Zealanders with trusted, effective and good value marketplaces.

Refer to the *Trade Me business description* section for more information

*As at 30 September 2011.

** Average for the year to 30 September 2011.

1.8 million concurrent listings* ** Smart with eggs baskets.

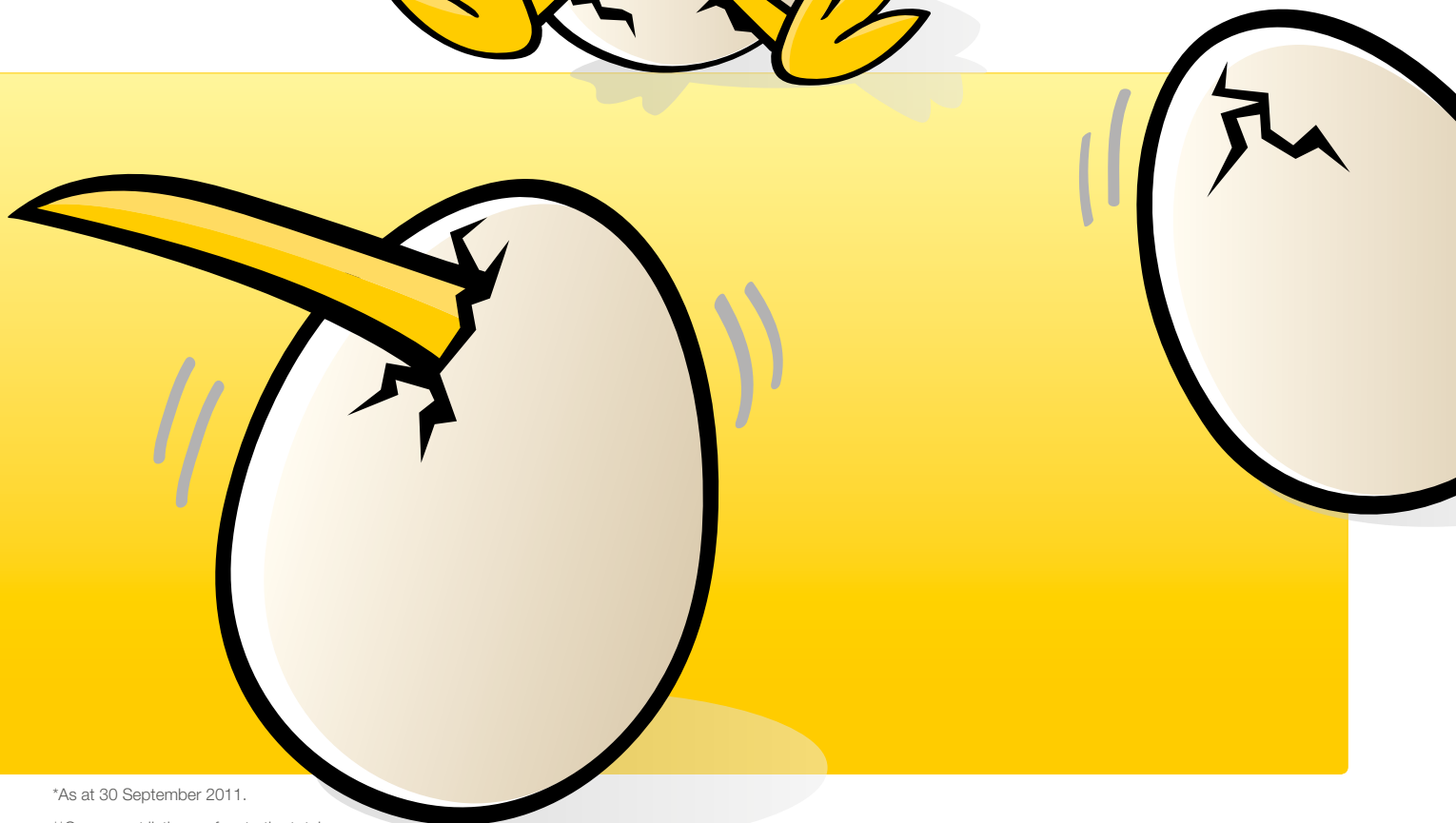
More than just a website – Trade Me connects people and helps them do business across a range of industries.

Trade Me connects people and businesses across its diverse portfolio of websites, and provides them with the information and tools to help them undertake a transaction.

Trade Me has strong market positions across a wide range of online markets including trading new and used goods, automotive, employment, real estate, accommodation, dating and group buying, each of which has unique dynamics and different audiences.

Refer to the *Trade Me business description* and *Industry overview* sections for more information

thinking in lots of

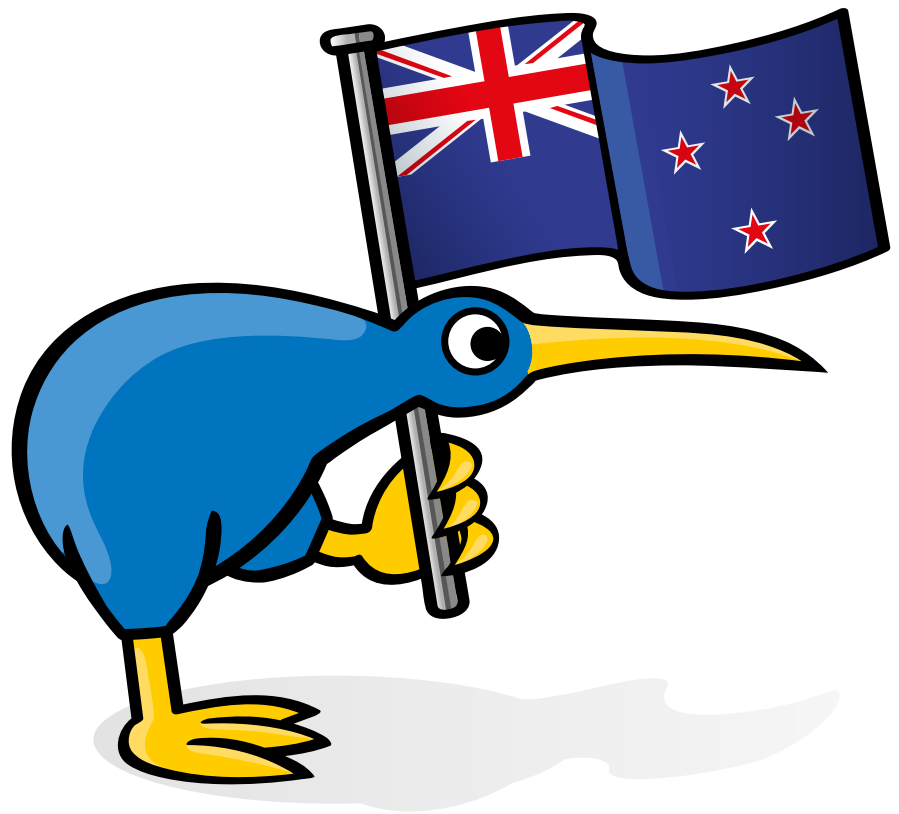


*As at 30 September 2011.

**Concurrent listings refers to the total number of listings on Trade Me's website at any one point in time.

21 thousand
message
board
posts
each day*

**A liked
and
trusted
brand.**



Trade Me has a large, engaged community of members and customers.

Trade Me is one of the most popular online brands in New Zealand – from Kevin the Kiwi to Cool Auctions and its friendly design, Trade Me is firmly ingrained within ‘Kiwi’ culture. It has also retained a strong respect for its community of members.

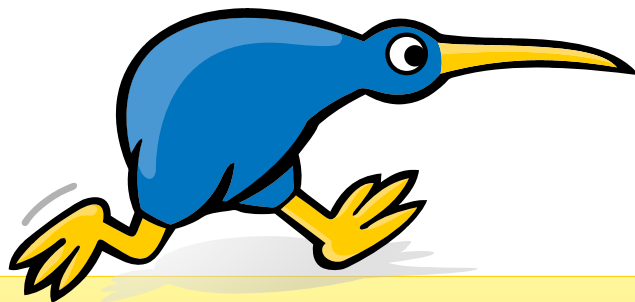
Trade Me is an everyday brand for many New Zealanders, with an average of more than 668,000 domestic visitors to its website each day.* This strength of community has supported Trade Me’s day-to-day operations and helped when launching new initiatives such as Treat Me, and undertaking pro bono “public good” projects (most recently after the Canterbury earthquakes).

Refer to the *Trade Me business description* section for more information

*Average for the year to 30 September 2011.

1 million members logging in every month*

Kiwis are flocking on



Trade Me will benefit as people increasingly research, converse and transact online.

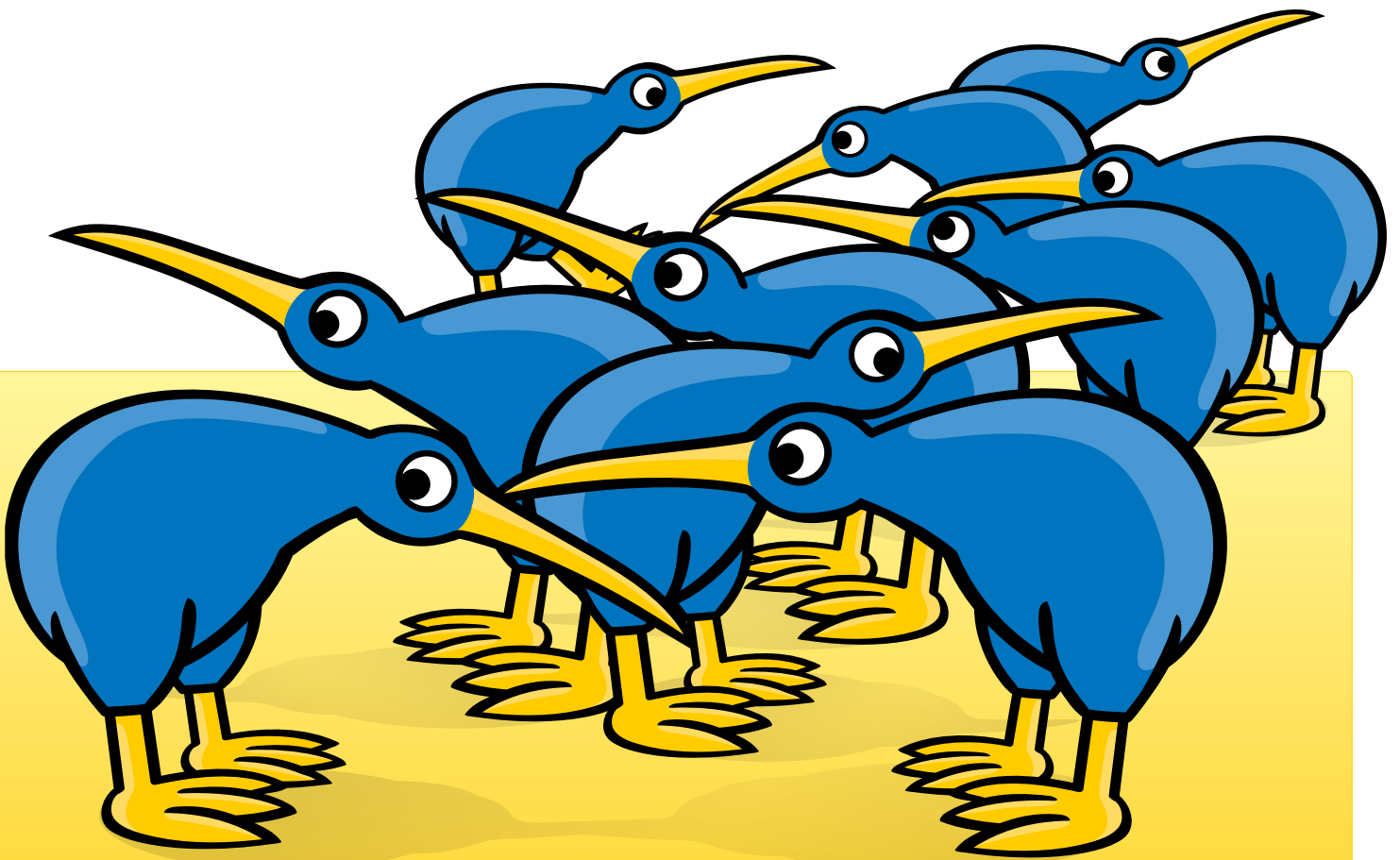
New Zealanders are increasingly migrating online and away from traditional formats, supported by a range of benefits including increased choice, functionality and price transparency.

Better internet infrastructure (e.g. the planned rollout of the New Zealand Government's \$1.5 billion ultra-fast broadband initiative), technological innovation (e.g. smartphones and tablets), and a regulatory environment that continues to evolve and recognise the importance of facilitating ecommerce will all contribute to increasing online activity.

Penetration in online retail and advertising lags markets like Australia, the United States and the United Kingdom. Trade Me expects online penetration to grow steadily over the coming years.

Refer to the *Industry overview* section for more information

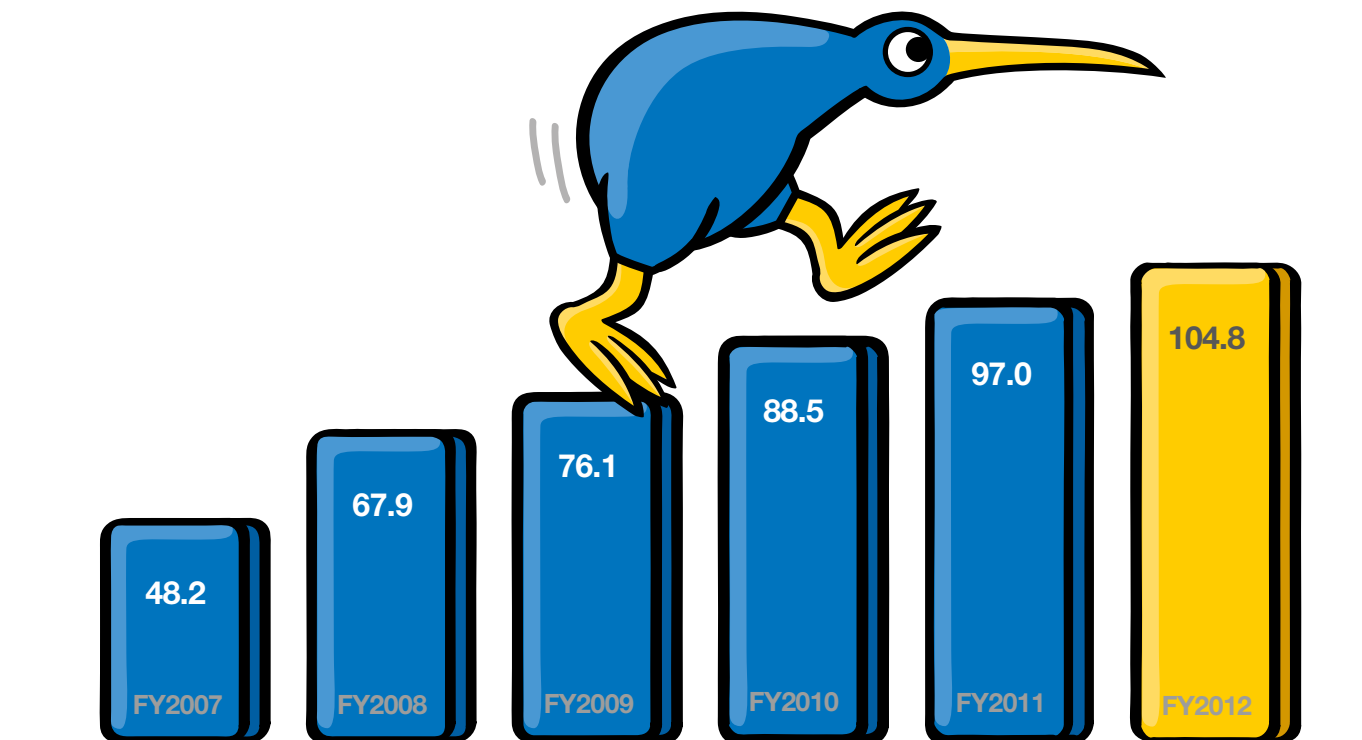
e
line.



*Average for the year to 30 September 2011.

1.4 billion
page
impressions
each
month*

**A hard-
working
Kiwi
getting
consistent
results.**



Trade Me has delivered earnings growth every year since 2001.

Trade Me has realised consistent earnings growth and strong EBITDA margins for the past 10 years. Earnings growth has been underpinned by Trade Me's diversified business portfolio, combined with growth in advertising and transactions online.

Trade Me achieved pro forma EBITDA growth of 9.6% between FY2010 and FY2011,** and compound annual growth of around 19% between FY2007 and FY2011.

Trade Me has low working capital and capital expenditure requirements, resulting in high conversion of earnings growth to cash flow.

Refer to the *Financial information* section for more information

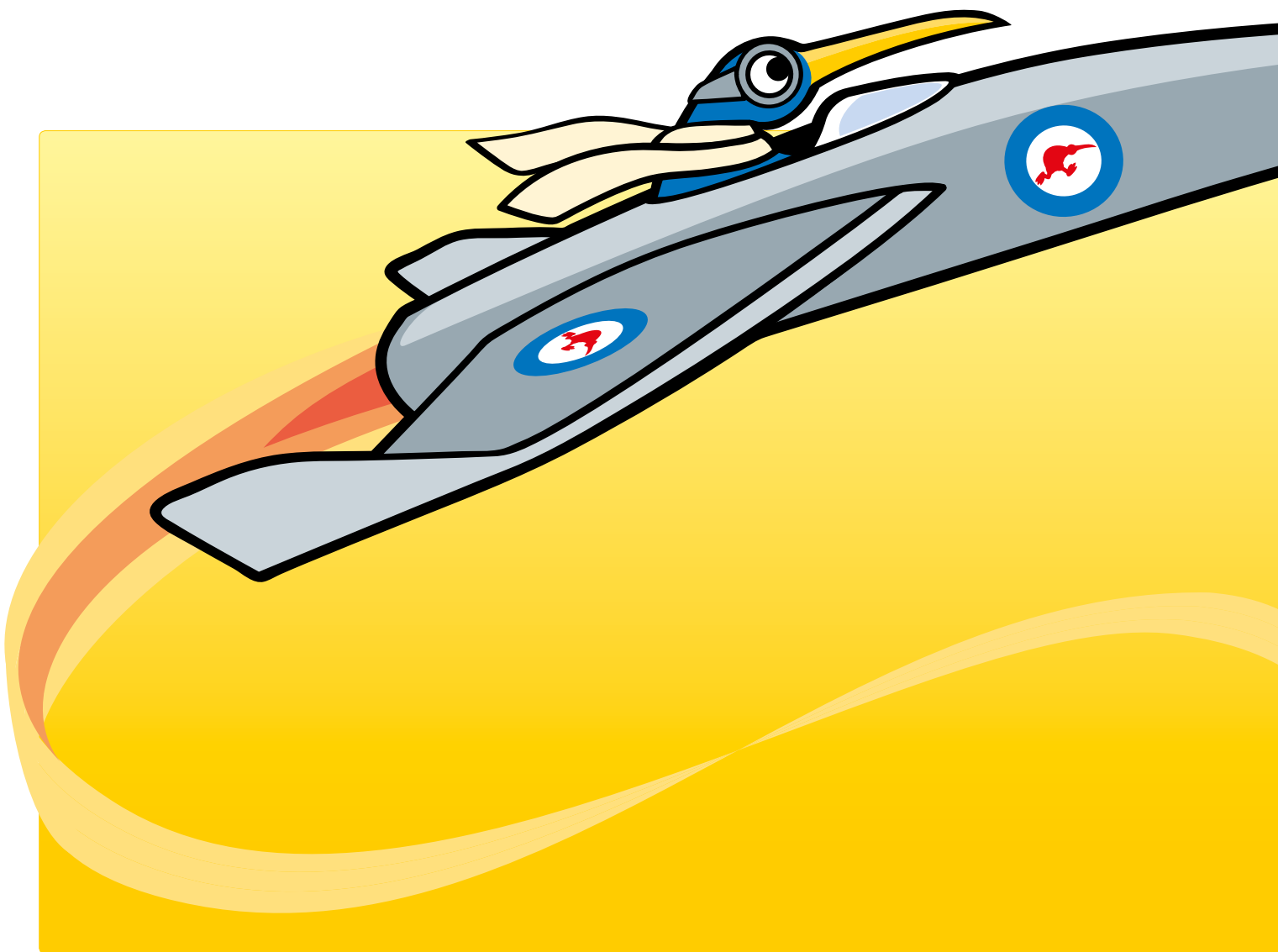
* Average for the year to 30 September 2011.

** Pro forma EBITDA (earnings before interest, tax, depreciation and amortisation) is the Group's historical and prospective EBITDA adjusted for specific items that are assumed to be incurred by the Group following the completion of the Offer. The purpose of these adjustments is to enable potential investors to understand the profitability of the Group on a consistent basis. "FY" denotes Financial Year, and refers to the 12 months to 30 June.

2

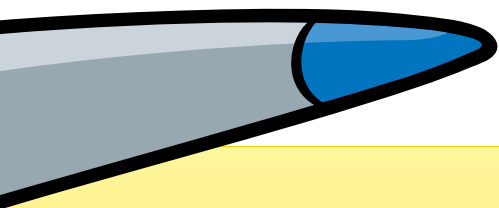
million
emails sent
per day*

A Kiwi bright futu



*Average for the year to 30 September 2011.

with a re.



Trade Me has a proven ability to roll out new ventures and make incremental improvements to sustain its growth.

Trade Me has solid growth prospects, which it will build on through its strong market positions, diverse audiences, and trusted brand.

Trade Me expects to benefit from the ongoing structural shift of transactions and advertising to online and away from traditional media and retail channels.

Revenue and pro forma EBITDA are forecast to grow at around 12% and 8% respectively in FY2012.

Trade Me has identified three areas to focus on to extend its growth:

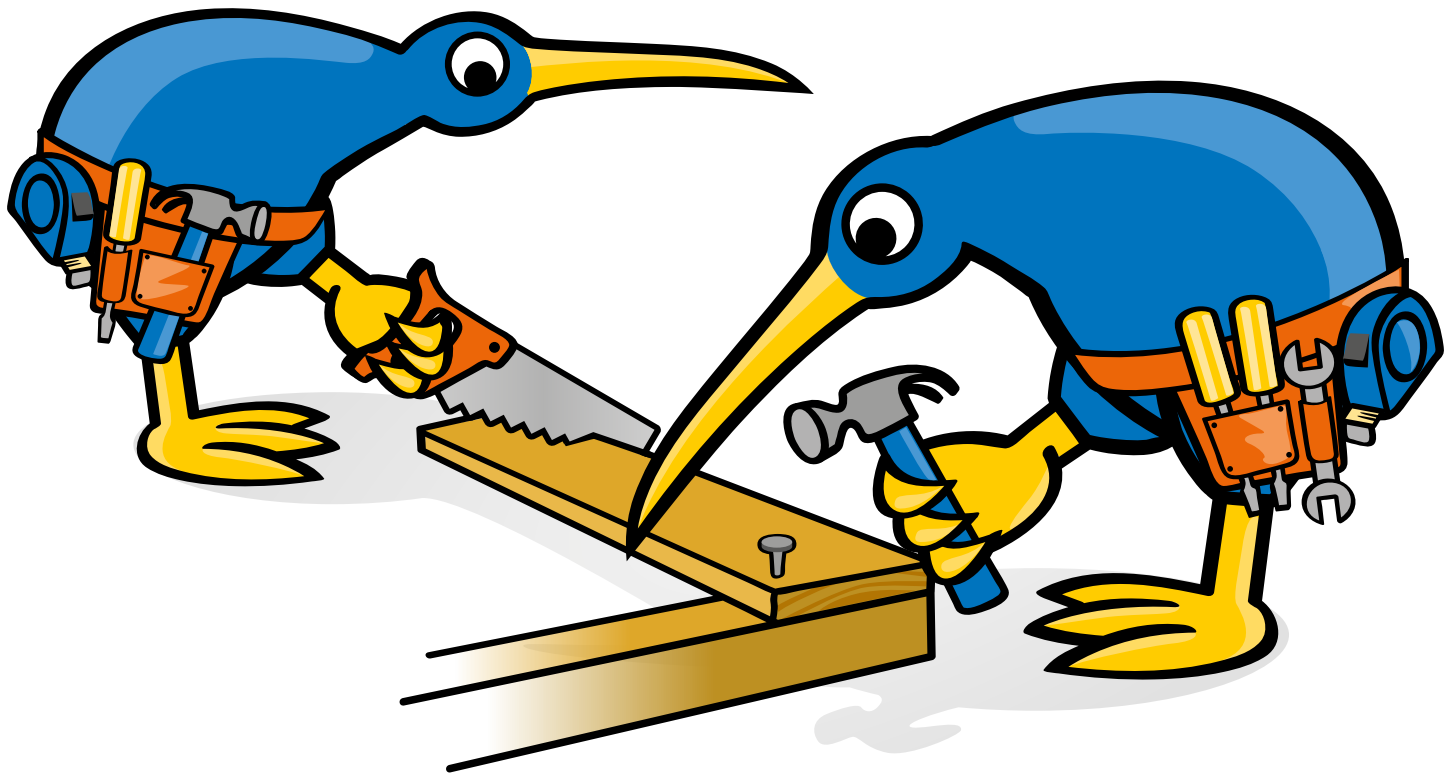
- Harnessing industry growth
- Extending existing platforms and products
- Opportunities in new markets

Refer to the *Trade Me business description* and *Financial information* sections for more information

668 thousand
domestic
visitors
per day on
Trade Me*

**Kiwi
know-
how
and can
do.**

*Average for the year to 30 September 2011.



Trade Me has a highly experienced management team, with strong online credentials.

Trade Me is led by a strong management team with good experience within the company and the internet industry.

The Board includes David Kirk as chairman, and founder Sam Morgan as a non-executive director.

Trade Me has an entrepreneurial and non-bureaucratic culture, and is committed to pushing the boundaries of online innovation. Trade Me is supported by its engaged and talented workforce with strong online technology and commercial expertise.

Refer to the *Board and management* section for more information

What are the risks?

There are risks associated with any investment in the share market, and this investment is no exception. Some of the key risks that are specific to Trade Me are set out below.

Trade Me's brand and reputation could be damaged and this could affect the confidence of its users. This could arise from issues like fraud, customer disputes or a breach of privacy.

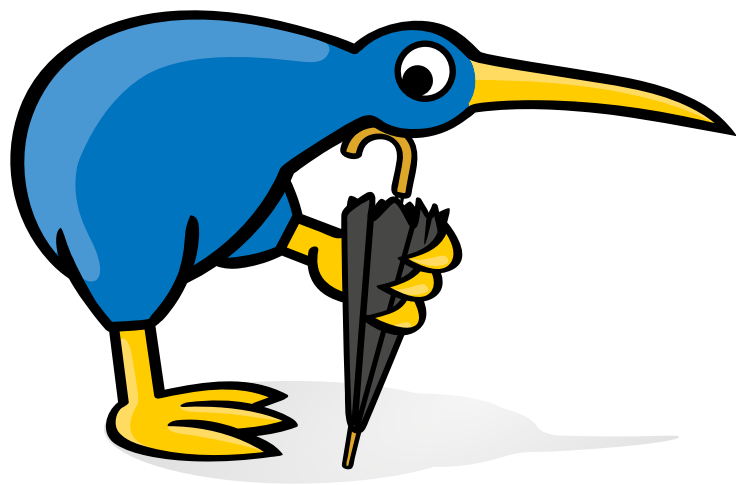
An economic downturn could result in a decline in activity across Trade Me's key businesses.

Trade Me could face increased competition from industry participants in New Zealand and overseas, online retailers, and niche players. Its current market position may decline.

Trade Me could fail to navigate and adapt to changes in online consumer habits and preferences.

This Offer Document relates to an initial public offering in Trade Me Group Limited, which is to acquire Trade Me and become its listed holding company upon allotment.

The above factors could each materially adversely impact on the financial performance of Trade Me or the Company and reduce the value of an investment in Shares or the returns received as a result of holding Shares.



Major disruptions to Trade Me's IT systems could occur and back-up systems might not work as expected.

New or Disruptive Models, or technology changes, could provide advantages to competitors adopting different strategies to Trade Me.

Trade Me's growth strategy may not be implemented successfully which could mean that results may be lower than expected.

Key people may leave Trade Me and suitable replacements may not be readily available.

The above factors are a short summary of certain risks specific to Trade Me and the business environment in which it operates. Prospective investors should not place any additional importance on these risks over and above the risks identified elsewhere in this Offer Document.

The risks set out above should be read together with all the other information in this Offer Document. Further details of the general and Trade Me Group specific risk factors that prospective investors should be aware of are set out under the heading "What are my risks?" in the section entitled *Answers to important questions* on page 8. Prior to making any investment decision, prospective investors should carefully consider those risks.



**Thanks
for
taking
a look...
time for
action.**

Chairman's letter

Wednesday 9 November 2011

Dear Investor

On behalf of the Directors of Trade Me Group Limited (the Company), I am delighted to invite you to become a shareholder of the Company. Trade Me operates the leading online marketplace and classified advertising business in New Zealand.

Since its establishment in 1999 by entrepreneur Sam Morgan, Trade Me has been at the forefront of New Zealanders' migration online and away from traditional buying and selling through physical stores and print classified advertising. Today, Trade Me offers Kiwis a platform through which we can buy and sell a wide range of new and used goods and search for a new job or advertise a home or car for sale.

Trade Me is the market leader in online trading, automotive and real estate classifieds, and is the second largest participant in online employment classifieds in New Zealand. It also has strong online businesses in accommodation, dating, and group buying. These valuable market positions are the result of Trade Me's large and engaged audience. Trade Me has more than 2.8 million members and in the past year 1.1 million people bought or sold something on Trade Me. As at 30 September 2011, there were 1.8 million listings live onsite.

The Directors and management believe Trade Me has attractive opportunities to continue to grow revenue and profit. We believe that in the future, more business will be done online and that Trade Me's existing market position means the Company will benefit from this trend. Opportunities to enter new markets have also been identified.

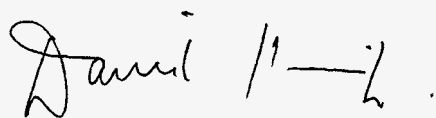
A listing on NZSX and ASX will provide employees and public market investors with the opportunity to share in Trade Me's success and also allow the Company to raise additional funds from public markets should appropriate growth or development opportunities arise in the future.

Funds raised from new investors will be used by the Company to partially fund the purchase of the Trade Me business from its existing owner Fairfax Media. After the sale to new investors is completed, Fairfax Media currently intends to continue to hold 66% of the Shares in the Company.

This Offer Document contains detailed information about Trade Me, and importantly, the risks associated with an investment of this type. I encourage you to read it carefully in its entirety before making an investment decision.

The Board and management are excited about the future for Trade Me. On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a shareholder.

Yours sincerely



David Kirk
Chairman
Trade Me Group Limited

Industry overview

Trade Me and the shift online

Trade Me is the leading online marketplace and classified advertising platform in New Zealand. It has been at the forefront of New Zealanders' migration online and away from traditional formats such as physical stores and print classifieds.

The benefits offered by the online format include increased convenience, choice, functionality and attractive pricing, and these have all been pivotal in the increased usage, penetration and acceptance of the internet by the New Zealand population.

This shift of activity online (and more recently to mobile) has been driven by four key aspects of technology and social change.

Better internet infrastructure

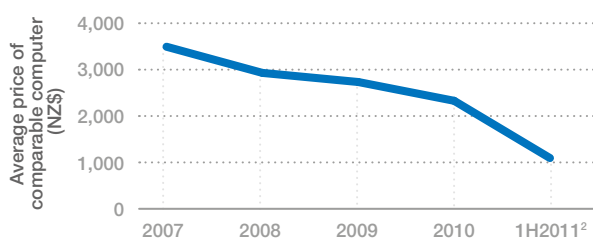
Improved access to reliable, high-speed internet connections has supported the move to online. In 2010, approximately 68% of the New Zealand population had access to broadband internet at home, compared to approximately 11% in 2004. The rollout of the New Zealand Government's \$1.5 billion ultra-fast broadband (UFB) initiative is expected to continue to improve access to high-speed internet. The Government's aim is to deliver UFB to approximately 75% of New Zealanders by 2019.¹

Better devices

Technological innovation has improved the affordability of devices providing access to the internet. As technology has evolved, there has been a significant reduction in the average cost of desktop and laptop computers. Figure 1 below shows the reducing cost of a computer from 2007 to 2011, representing a compound annual decline in price of approximately 28%. In addition, technological innovation has improved accessibility to the internet. The introduction of new devices such as smartphones and tablets is expected to continue the trend of enabling New Zealanders to connect to the internet more frequently and undertake more tasks online. Mobile devices are expected to continue to increase in popularity, and become a significant driver of further growth in online usage in coming years.

Trade Me expects continuing growth in transactions undertaken on mobile devices such as smartphone applications and mobile websites underpin a richer, on-the-go web experience for consumers.

Figure 1. Cost of a comparable computer over time



Source: Statistics New Zealand

Note: Statistics New Zealand methodology controls for changes in computer capabilities over time

1. As announced by the New Zealand Government 24 May 2011.

2. 1H2011 means the six month period ended 31 December 2010.

Regulatory awareness and support

The growth of ecommerce is influenced by the level of consumer trust in the online industry. Trade Me believes that the regulatory environment is a factor that influences consumer confidence in the integrity of online trading, and the growing acceptance and familiarity with the benefits of ecommerce. Generally, New Zealand's regulatory environment continues to evolve in a way that recognises the importance of facilitating ecommerce.

Consumer habits and expectations

Consumer engagement with online media has increased compared to other media formats such as television and newspapers. In 2010, New Zealanders over the age of 10 spent an average of 7.9 hours on the internet at home per week, and approximately 46% of those aged over 18 used the internet to make a purchase.¹

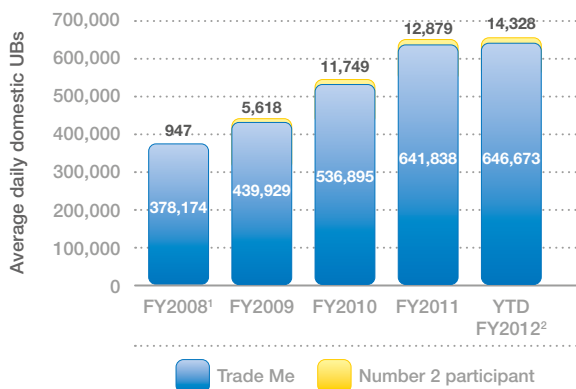
Trade Me believes that as individuals continue to become more comfortable conversing, researching, transacting and consuming media online, they also have the same expectations of their peers, friends and family ultimately encouraging increased usage.

Used goods: online auctions

The online auction industry has enabled people to buy and sell in a more efficient and accessible manner than traditional auction channels. Initially, goods available for purchase were predominantly second-hand. In addition to auctions, the segment also includes the sale of fixed price items on auction websites.

Trade Me was a pioneer of the online auction industry in New Zealand, and has developed and retained a pre-eminent position as a trusted and effective marketplace since its establishment in 1999. Figure 2 below shows the growth in the number of average daily unique browsers of the top two market participants from June 2008. Average daily domestic unique browsers have grown at a compound annual rate of approximately 18% from June 2008 to June 2011.

Figure 2. Participants in online auctions market in New Zealand—by number of average daily domestic unique browsers



Source: Nielsen Market Intelligence, Domestic Traffic

1. FY2008 data for the Number 2 participant is only for the period from 1 February – 30 June 2008.
2. YTD FY2012 includes data for the 3 month period to 30 September 2011.

The development of the online auction industry in New Zealand is consistent with the experience of other developed countries such as the United States, the United Kingdom and Australia, where the online auction industry is typically led by a cornerstone participant with highly engaged audiences. These market players are generally underpinned by strong infrastructure around payments and security, and recognised branding.

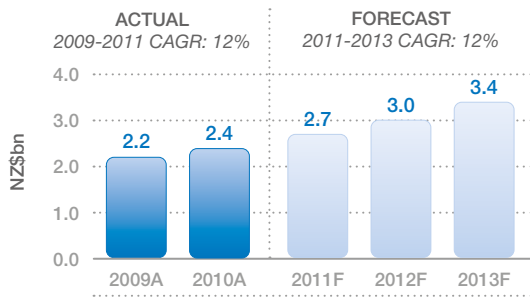
New goods: online retailing

The online retailing segment comprises the buying and selling of new products and services. Online retailing in New Zealand has grown at a compound annual growth rate of approximately 12% between 2009 and 2010, with turnover increasing from \$2.2 billion in 2009 to \$2.4 billion in 2010. In 2011, online retailing is expected to account for 5.1% of the total \$52.9 billion New Zealand retailing sector.

Trade Me believes consumers are still discovering the convenience and competitive pricing offered online, but second-hand goods is now a more mature sector, with higher growth likely to come from the new goods sector. Trade Me also expects to see a continued increase in items sold by fixed price.

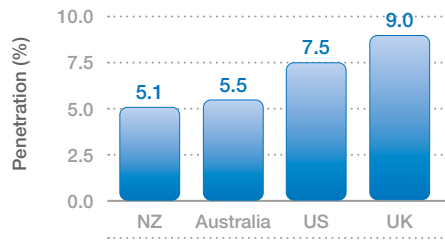
1. Nielsen Market Intelligence, Online Media Trends Report.

Figure 3. Size of the online retailing segment in New Zealand



Source: Trade Me management estimates based on Frost & Sullivan/PwC Australia Digital Media Research 2011 report

Figure 4. 2011 New Zealand online retailing penetration relative to other developed countries



Source: Trade Me management estimates based on Frost & Sullivan/PwC Australia Digital Media Research 2011 report

Note: The calculation of online retail sales includes the same merchandise categories used in retail sales statistics published by Statistics New Zealand, and excludes online purchases of services such as travel and accommodation, event ticketing, financial services products and media downloads.

The percentage of retail revenue generated online in New Zealand is significantly lower than other developed nations, as shown in Figure 4 above. Trade Me expects New Zealand's online retail penetration to be more in line with these other countries in time.

Trade Me expects online retailing as a percentage of overall retail sales to increase as consumers take advantage of greater flexibility, convenience, price and choice. Trade Me expects online retailing to grow at a compound annual rate of approximately 12% from 2011 to 2013, and to account for 5.9% of total retail sales, or \$3.4 billion, by 2013.

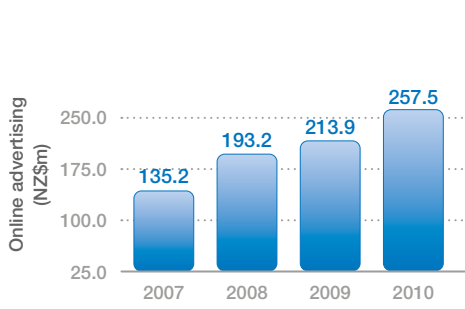
Overview of the online advertising industry

The online advertising industry comprises advertising revenue generated from online classifieds, online display advertising and search advertising.

Online advertising is the fastest growing component of the advertising industry in New Zealand, and has grown at a compound annual growth rate of approximately 24% from 2007 to 2010, increasing from \$135 million in 2007 to \$257 million in 2010, as shown in Figure 5 below. This strong market growth continues to be driven by the move online by consumers and its proven effectiveness as an advertising medium.

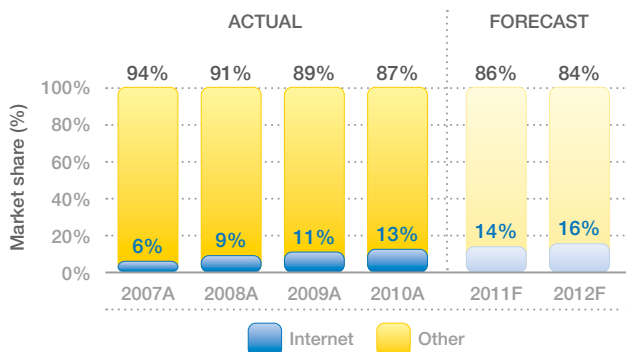
Innovation across formats, higher quality destination websites and behavioural and demographic targeting has supported growth in New Zealand online advertising. Trade Me believes there will be continued growth in the sector, with online advertising expected to account for approximately 16% of the total advertising market in 2012, compared to approximately 6% in 2007, as shown in Figure 6 below.

Figure 5. Size of the New Zealand online advertising market



Source: IABNZ / PwC NZ Insight Online Advertising Expenditure Report Q4 2010

Figure 6. Advertising market share by media type



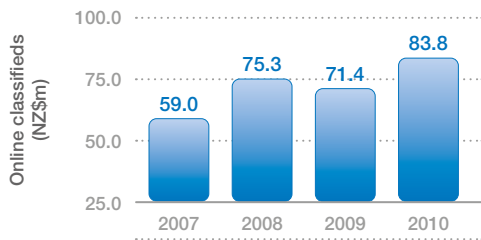
Source: Trade Me management estimates based on ZenithOptimedia reports

Online classifieds

The online classified segment is made up of listings, primarily across three broad categories: automotive, employment, and real estate. It also includes personals listings.

Online classifieds in New Zealand grew at a compound annual growth rate of approximately 12% from 2007 to 2010, increasing from \$59.0 million in 2007 to \$83.8 million in 2010, as shown in Figure 7 below. This segment experienced a moderate slowdown in 2009 reflecting weaker economic conditions, but recovered in 2010 as the migration to online continued, underpinned by the return of business and consumer confidence. Trade Me expects continuing growth stimulated by improving consumer sentiment and growth in niche categories.

Figure 7. Size of the New Zealand online classifieds market



Source: IABNZ / PwC NZ Insight Online Advertising Expenditure Report Q4 2010

Table 1 below summarises the typical market participants within each of the three broad categories in online classifieds:

Table 1. Participants, drivers and trends

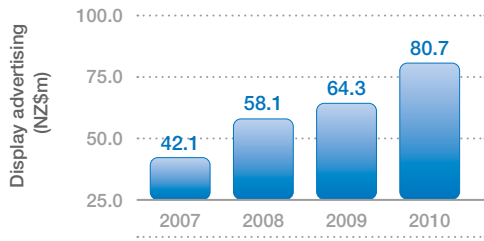
	Typical market participants	Drivers and trends
Automotive	<ul style="list-style-type: none"> Automotive dealers Private car owners 	<ul style="list-style-type: none"> Consumer sentiment Availability of finance Changes to import laws New/used car supply (e.g. supply chain impact of recent natural disasters in Japan) Macroeconomic conditions
Employment	<ul style="list-style-type: none"> Recruitment agencies Corporates Small to medium sized enterprises Employment advertising resellers 	<ul style="list-style-type: none"> Business confidence Unemployment rate Macroeconomic conditions Immigration
Real estate	<ul style="list-style-type: none"> Real estate agents, from large franchises to small independent offices Private homeowners Landlords 	<ul style="list-style-type: none"> Consumer sentiment House prices Immigration Availability and cost of finance Macroeconomic conditions

Display advertising

Display advertising comprises the selling of advertising space on websites by website owners or intermediaries, and can be in the form of 'banner advertisements', 'islands', 'skyscrapers', 'integrated links' and 'buttons'. Display advertising is typically offered by website owners with significant traffic and/or specific target audiences.

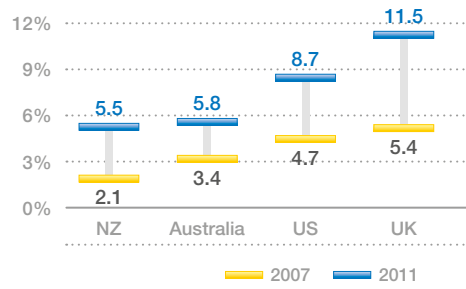
The display advertising segment in New Zealand is fragmented, with a large number of market participants. The segment grew at a compound annual growth rate of approximately 24% between 2007 and 2010, with revenue increasing from \$42.1 million in 2007 to \$80.7 million in 2010, as shown in Figure 8. Despite the slowdown in the economy, this segment continued to grow in 2009 and 2010, driven by new formats such as online video, mobile devices and opportunities in social media. Trade Me expects that the display advertising segment will grow at a compound annual growth rate of approximately 13% from 2011 to 2013. The percentage of online display revenue as a proportion of total advertising is lower than in other developed nations, as shown in Figure 9.

Figure 8. Size of the online display advertising market in New Zealand



Source: IABNZ / PwC NZ Insight Online Advertising Expenditure Report Q4 2010

Figure 9. Online display revenue as a proportion of total advertising



Source: Trade Me management estimates based on IHS Screen Digest Advertising Intelligence Service reports

Search advertising

Search advertising involves placing relevant online advertisements ('sponsored links') alongside results from search queries. These search advertisements are targeted to match keywords entered by people browsing and searching online.

Google is a clear leader in the search advertising market, where the main participants in that market are search engines. Other industry participants, such as Trade Me, also operate in the segment, whereby the participant acts as the search engine, and allows limited sponsored links from Google AdSense to be displayed on search results across its portfolio of websites. Revenue is paid by Google to the participant when a link is clicked.

Competitive landscape

As a diversified online company, Trade Me competes with a broad range of industry participants, as shown in Table 2 below. Trade Me's competitors are mainly focused on individual categories and vary from dedicated online companies to diversified media companies.

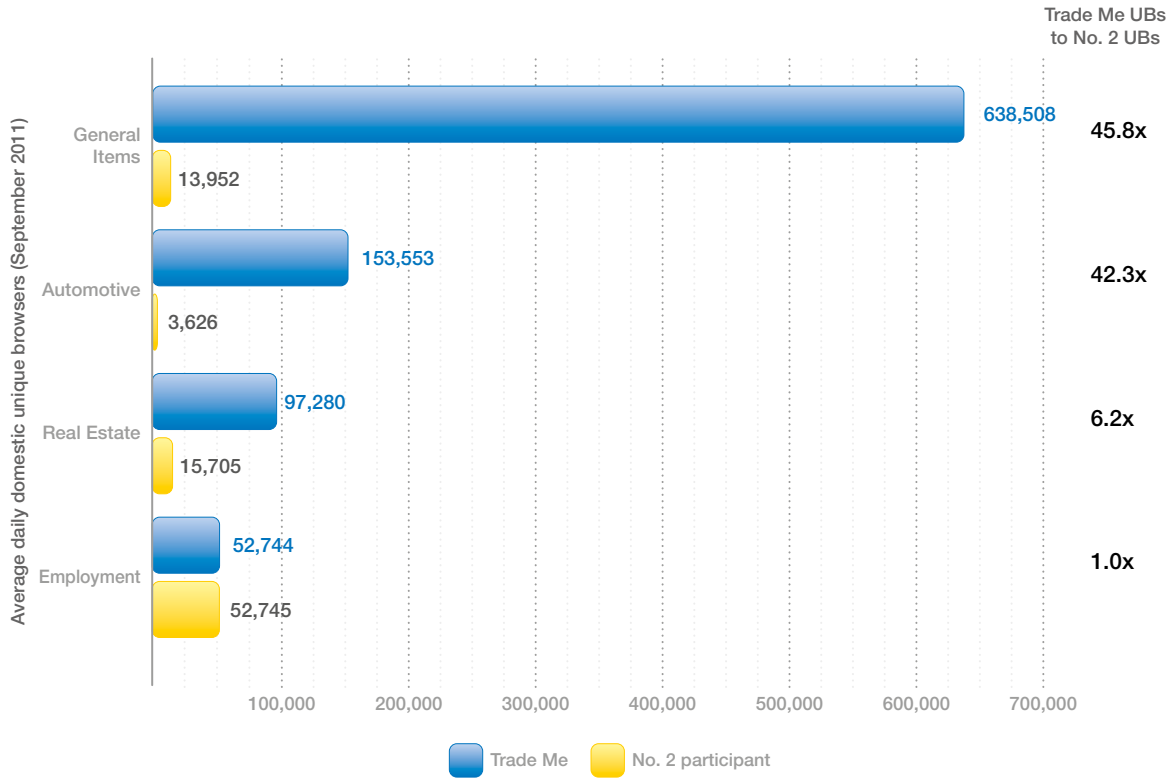
Table 2. New Zealand online competitive landscape

Online auctions	<ul style="list-style-type: none"> International participants (e.g. eBay) Other domestic participants (e.g. Sella)
Online retail	<ul style="list-style-type: none"> Traditional retailers expanding online (e.g. Dick Smith, The Warehouse) International play participants (e.g. Amazon) Domestic online pure plays (e.g. Torpedo7, Mighty Ape, Fishpond)
Online classifieds	<ul style="list-style-type: none"> Print media (e.g. APN News & Media, Fairfax Media) Pure play participants (e.g. Seek, realestate.co.nz, AutoTrader) International participants (e.g. carsales.com.au) Disruptive models (e.g. Facebook, LinkedIn)
Display advertising	<ul style="list-style-type: none"> Domestic web publishers (e.g. NZ Herald, Stuff) International web publishers (e.g. Facebook, Google Display Network)

Note: Pure play participant refers to industry participants who undertake only one type of business activity or operate through only one type of medium.

Trade Me has market leading positions across its business divisions. Figure 10 below shows Trade Me's market position by domestic unique browsers in General Items and in the major online classified categories.

Figure 10. Trade Me market position in General Items and online classifieds



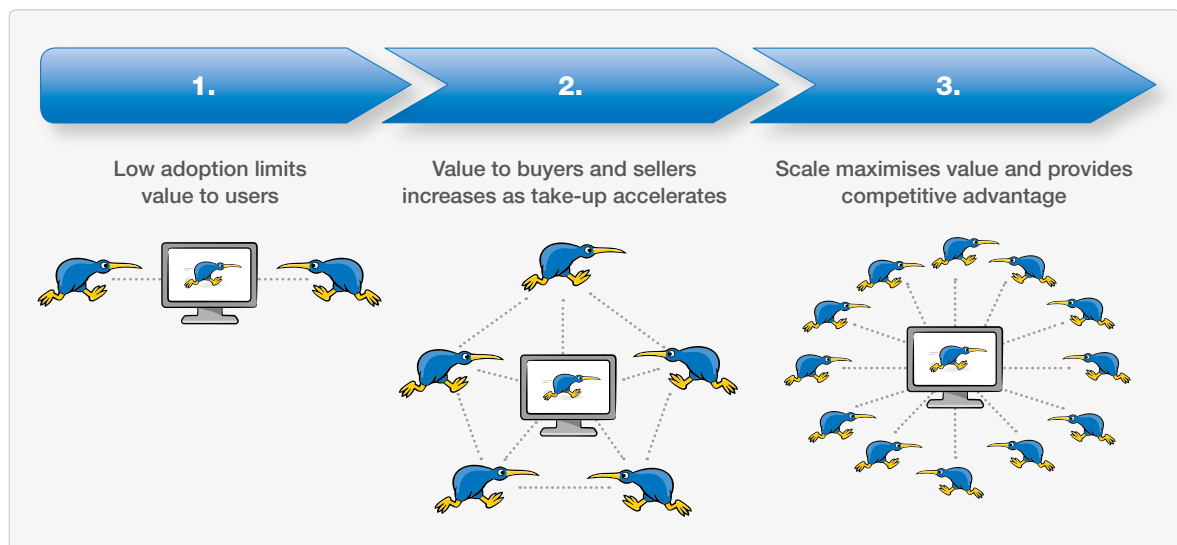
Source: Nielsen Market Intelligence, Domestic Traffic

Market structure

Online marketplaces and classifieds businesses are interlinked networks of buyers and sellers. As these networks gain scale, the benefits accruing to new and existing users increase.

Users of Trade Me benefit from this “network effect” by having access to the largest network of buyers and sellers in the New Zealand online industry. Buyers benefit from having access to a growing selection of goods and services which provides for increased choice and price transparency. Sellers benefit from having access to a larger pool of buyers which drives demand for listed goods and services and increases the proportion of successful sales. As these benefits accrue, more users are attracted to the Trade Me platform. This “network effect” provides Trade Me with a competitive advantage in several of the markets in which it operates.

Figure 11. The “network effect”



trademe

Where Kiwis Buy and Sell



Memorable auctions



Hurricanes handbag & cellphone

Handbag used by Tana Umaga to hit Chris Masoe at the Jolly Poacher in Christchurch after the Super 14 final.

Page views **1,072,893**
 Starting bid **\$150**
 Reserve price **\$1,500**
 Questions **283**
 Bids **194**
 Sold for **\$22,800**
 Closing date **3 Jun 2006**



Jesus Christ pita bread

Hungry, one morning last week, I decided to heat up some pita bread... oddly enough one piece looked like the 'face' of Jesus.

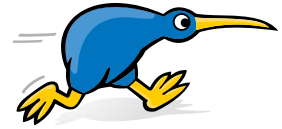
Page views **276,094**
 Starting bid **\$1**
 Reserve price **\$1**
 Questions **487**
 Bids **53**
 Sold for **\$215**
 Closing date **8 Jan 2009**



Scary washing machine

Old mid 80s Fisher and Paykel top loader. The loudest most violent sounding washing machine I have ever encountered.

Page views **810,802**
 Starting bid **\$1**
 Reserve price **\$1**
 Questions **2,128**
 Bids **199**
 Sold for **\$5,160**
 Closing date **18 Jun 2009**



2005	2006	2007	2008	2009	2010	2011
Launch of Trade Me Property	Launch of Trade Me Jobs	Launch of Travelbug		Acquisition of Holiday Houses	Launch of Daily Deals Acquisition of BookIt	Launch of Treat Me
	Acquired by Fairfax Media	Pay Now launched Serves 1 billion page impressions in a month 100 staff	1,000,000 concurrent listings achieved		iPhone app launched	1,000,000 members logging in each month 200 staff



Roofliss the Toyota Townace Interisland van

We've just crossed Cook Strait in this van... you won't get much cooler than this sweet deal.

Page views	67,655
Starting bid	\$1
Reserve price	\$1
Questions	292
Bids	142
Sold for	\$9,100
Closing date	14 Sep 2009



Flying hovercraft

This machine has been called an aircraft, airplane, hovercraft & flying boat. It is in fact a "wing in ground effect" in the form of a hovercraft.

Page views	248,607
Starting bid	\$20,000
Reserve price	\$20,000
Questions	454
Bids	66
Sold for	\$27,500
Closing date	13 Mar 2010



Rocky: landscape rock for sale in Christchurch

For sale: one owner, 25-30 tonne landscape feature. Suitable for garden feature, or as in our case, a magnificent addition to your living area.

Page views	316,350
Starting bid	\$1
Reserve price	\$1
Questions	1,072
Bids	72
Sold for	\$60,000
Closing date	7 Mar 2011

Trade Me business description

Overview

Trade Me is the place where Kiwis buy and sell online. It is the leading online marketplace and classified advertising platform in New Zealand, spanning auctions and fixed price sales for new and used goods, with automotive, real estate and employment businesses. It also has web businesses specialising in accommodation, dating and group buying. Additionally, Trade Me sells advertising across its portfolio of websites.

Trade Me's core premise is to connect people and businesses, and to provide them with the information and tools they need to undertake a transaction, for example to purchase a new computer or to find a new home or a job.

Importantly, for each of its businesses, Trade Me aims to place the consumer at the heart of a transaction and has designed the Trade Me platform in a way which is focused on best meeting the needs of the users in each of its business lines. Trade Me believes that it does this in a way that works better than previously established models (primarily classified listings in newspapers), and its goal is to continue to do this in a way that is trusted, effective, and good value.

Trade Me has a unique position of leadership in New Zealand's online industry. Trade Me has:

- More than 2.8 million members;¹
- 1 million members logging in each month;²
- 1.1 million people buying or selling something on Trade Me in the past year;²
- 1.8 million concurrent listings;¹
- 668,000 domestic visitors per day;²
- 1.4 billion page impressions each month;²
- More than 2 million emails sent per day;²
- 21,000 message board posts daily;² and
- The most recognised online brand in New Zealand, according to the results of the 2011 Colmar Brunton and NZ Domain Name Commission survey.³

Looking ahead, while Trade Me will continue to concentrate upon its core marketplace and classified advertising business in New Zealand, it will also explore opportunities to move into new markets and industries, with new platforms and applications. Trade Me believes there are a number of near term opportunities to expand and develop its operations, which are described further under the heading "Growth strategies" below. However, its goal of providing trusted, effective and good value marketplaces, based on connecting people and businesses, will remain a core focus.

1. As at 30 September 2011.

2. Year to 30 September 2011.

3. The survey asked respondents to provide up to five domain names that they had seen or heard of recently.

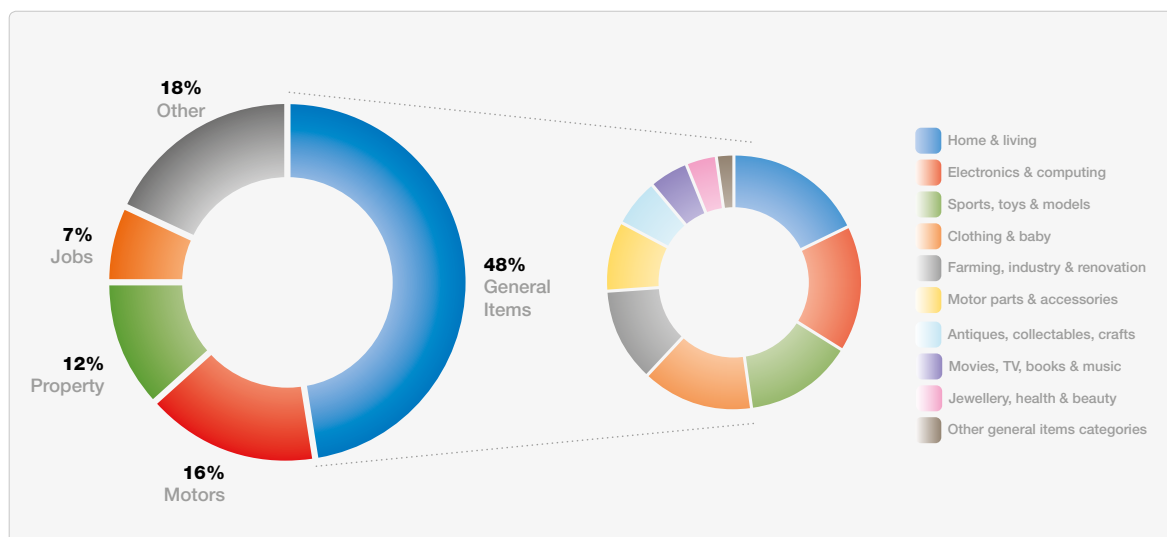
Business portfolio

Trade Me's business portfolio is comprised of the following:

General Items	All marketplace listings (new and used, sold via auction and fixed price) including items such as books, clothing, sports equipment and furniture
Motors	Motors website, where new/used cars, motorbikes and boats, parts and accessories are advertised and sold by dealers and private sellers
Property	Property website, where residential and commercial properties for sale and rent are advertised by realtors and private sellers
Jobs	Employment board, where full-time, part-time, contracting and temping roles are advertised by recruiters and employers
Advertising	Display advertising and business partnerships
Travel	Accommodation websites and booking engine service, including <i>Holiday Houses</i> , <i>Travelbug</i> and <i>BookIt</i>
FindSomeone	Premium online dating website for people serious about finding someone special
Treat Me	Group buying website with consumer deals from merchants, advertised by location

The breakdown of Trade Me's total revenue for FY2011 is shown in Figure 1 below. In FY2011, General Items accounted for 48% of total revenue, Motors 16%, Property 12%, Jobs 7% and Other 18%.

Figure 1. FY2011 revenue breakdown



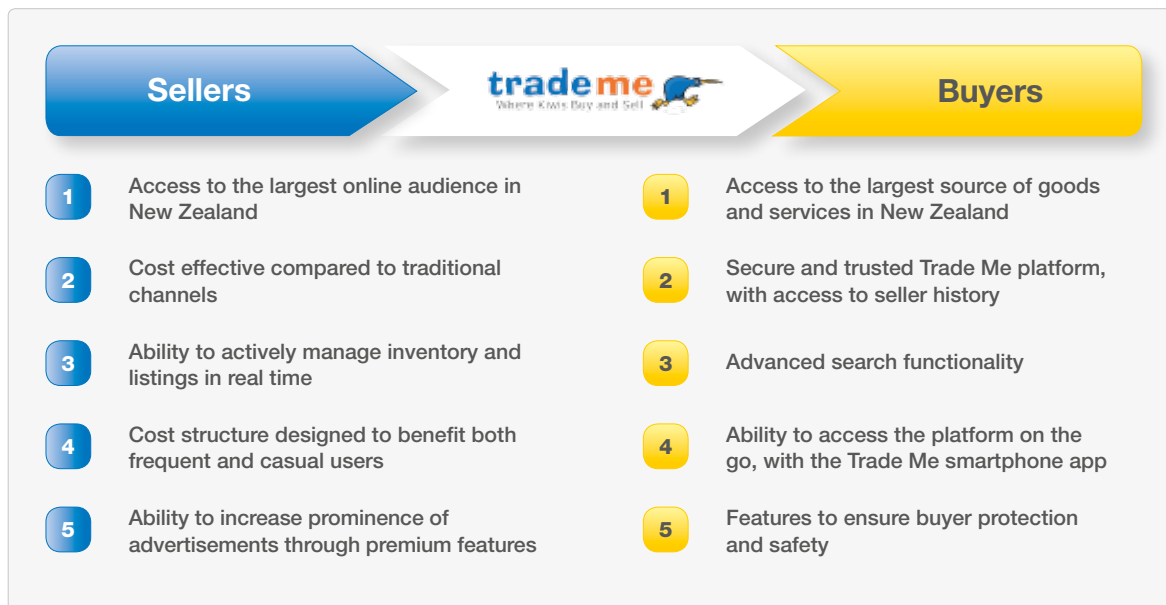
Source: Trade Me management

1. Other includes Advertising, Travel, FindSomeone and Treat Me.
2. Due to rounding, charts may not add to 100%.

The Trade Me platform

Trade Me provides an easy-to-use and secure platform across its different businesses. Figure 2 below shows the key features of the Trade Me platform.

Figure 2. Trade Me platform



General Items

Key statistics

- Largest online marketplace in New Zealand
- More than 1.6 million listings live on the site¹
- Average of more than 653,000 domestic visitors per day²
 - average visit duration of 18 minutes²
- 238,000 listings every day²
- More than 37,000 items sold per day for an average price of NZ\$56²
- 17% growth in listings in the year to 30 September 2011

Trade Me's marketplace for General Items is the largest ecommerce website in New Zealand. It provides buyers with a wide range of new and used goods that can be bought via competitive auctions (where prospective buyers compete by bidding) and fixed price transactions (where buyers confirm their purchase instantly).

It is Trade Me's founding business line and remains Trade Me's core business. It accounted for approximately 48% of Trade Me's revenue during FY2011.

Items for sale on Trade Me are provided by a broad spectrum of sellers, ranging from casual private sellers cleaning out their cupboards and garages, through to professional sellers importing or making goods for sale, and established businesses selling new goods. The items listed on Trade Me are diverse and cover 23 categories of merchandise including books, clothing, electronics and jewellery. Items listed on the Trade Me marketplace are both new and used, and in the year ending 30 September 2011 the composition of goods sold was approximately 40% new goods and 60% used goods.

1. As at 30 September 2011.

2. Year to 30 September 2011.

An important part of the marketplace is providing sellers with tools to help them manage their listings on Trade Me. One example of this is Trade Me's free bulk listing tool called "My Products", which aims to help sellers run their businesses more smoothly by automatically managing their listings on Trade Me. This Trade Me designed and built technology was introduced in 2010 and, in the year to 30 September 2011, My Products was used for more than 15% of listings on Trade Me.

Revenue model

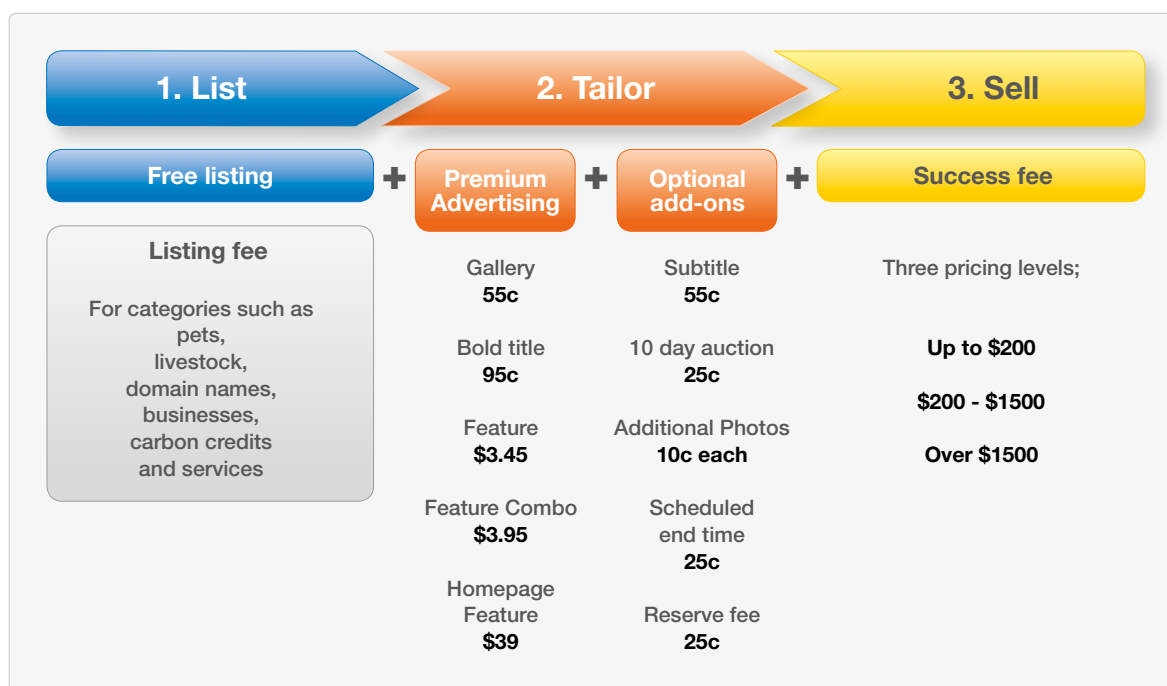
As shown in Figure 3 below, the revenue model for General Items listings in the Trade Me marketplace has four components:

- success fees: commission based fees for successfully completed sales by auction or fixed price;
- promotional fees: fixed fees to increase the prominence of advertisements;
- classified listing fees (in some categories): for example "Flatmates wanted" and "Pets & animals"; and
- other fees: optional add-ons including extra photos and scheduled end times.

The majority of General Items revenue is derived from success fees, which in FY2011 accounted for 65%, with premium fees at 26% and all other fees accounting for 9%.

Participants in Trade Me's high volume sellers programme (known as the Trade Me Top Seller Programme) are entitled to a 15% rebate on fees, as well as personalised customer service from a dedicated team.

Figure 3. General Items revenue model¹



1. General Items revenue model as at 30 September 2011. Prices shown are inclusive of GST.

Pay Now payment system

Pay Now is another example of a Trade Me designed and built platform, and is aimed at making the process of buying and selling on the Trade Me platform easier. Implemented in 2007, Pay Now gives sellers the option of receiving payment from buyers by credit card. Trade Me acts as the merchant, settles the funds into the seller's bank account after appropriate fraud checks, and provides instant notification to the seller of the transaction.

Sellers are charged a percentage fee for the use of Pay Now, with no fees charged to the buyer. Members of the Top Seller Programme are entitled to reduced Pay Now fees.

In the year ended 30 September 2011, 14.3% of purchases in Trade Me's core marketplace used Pay Now. Trade Me members that do not elect to use Pay Now typically elect to use online banking or cash on pick up.

Trade Me is compliant with the PCI-DSS standards, an industry standard established by major credit card providers.

Classifieds

Trade Me operates New Zealand's leading online classifieds businesses comprising Motors, Property and Jobs.

Motors

Key statistics

- **No. 1 online automotive classifieds platform**
- **More than 85,000 listings live to the site¹**
- **Average of 158,000 domestic visitors each day²**
 - **average visit duration of 24 minutes²**
- **3% growth in listings in the year to 30 September 2011**

Trade Me Motors is the largest online automotive classifieds site in New Zealand and provides buyers with access to new and used vehicles for sale. It includes car, boat, and motorbike listings. Sellers can also choose to sell their vehicle by competitive auction.

Trade Me Motors inventory is derived both from automotive dealers and private sellers. Most automotive dealers who list vehicles in the classified format do so via AutoBase, an aggregator of dealer-only vehicles.

Trade Me outsources the procurement of car, truck, motorcycle and boat dealer bulk listings to AutoBase, along with relationship management and related software development. Under the arrangement, AutoBase provides Trade Me with classified vehicle listings from dealers, and Trade Me displays these advertisements on Trade Me Motors.

Unlike Trade Me, AutoBase has expertise in vehicle sales and advertising, strong relationships with dealers throughout New Zealand, and it has invested in software and systems enabling vehicle dealers to automatically upload and manage classified listings in bulk, as well as assist with customer enquiries.

Trade Me owns 25.4% of AutoBase.

Property

Key statistics

- **No. 1 online property classifieds platform in New Zealand**
- **Lists the majority of New Zealand property listings**
- **More than 117,000 listings live on the site¹**
- **Average of 92,000 domestic visitors each day²**
 - **average visit duration of 23 minutes²**
- **10% growth in listings in the year to 30 September 2011**

1. As at 30 September 2011.

2. For the year to 30 September 2011.

Trade Me Property is the largest online property classifieds site in New Zealand. It provides homebuyers and renters with information on properties for sale and for rent across the country and enables prospective buyers and tenants to make contact with sellers and landlords (or their agents).

Trade Me Property sources the majority of its inventory from real estate agents across New Zealand, which is supported by Trade Me's relationships with all of the major real estate franchises. Private property owners also use Trade Me Property to advertise their properties for sale or rent.

Jobs

Key statistics

- **No. 2 online employment classifieds in New Zealand**
- **More than 10,000 listings live to the site¹**
 - approximately 420 jobs listed each day²
- **Average of 55,000 domestic visitors each day²**
 - average visit duration of 5 minutes²
- **27% growth in listings in the year to 30 September 2011**

Trade Me Jobs is one of the two leading online employment classifieds sites in New Zealand, providing a classified advertising platform for the employment industry.

Job listings comprise agent listings from recruitment companies, employers and casual listings. Agent listings are managed directly by the Trade Me Jobs account managers, or by resellers who onsell Trade Me listing placements for commission. Trade Me Jobs listings run for a maximum of 30 days.

Revenue model³

The revenue model for Trade Me's classifieds business divisions is designed to suit the needs of both its high volume sellers as well as casual sellers.

Trade Me does not charge fees to users browsing the Trade Me platform for a new job, car or home to live in.

Table 1 Trade Me revenue models

	Motors	Jobs	Property
Private user fee structure	Upfront listing fee Listing fee + success fee for auctions	Upfront listing fee	Upfront listing fee
Agent / dealer fee structure	Tiered volume plans	Job packs & volume plans	Volume plans & franchise agreements
Premium products	✓	✓	✓
Maximum listing period*	14 days	30 days	56 days

*Advertisers are entitled to relist their vehicle or property for free after the expiry of the maximum listing period, however, this requires the advertiser to actively confirm that the listing is still current.

1. As at 30 September 2011.
2. For the year to 30 September 2011.
3. As at 30 September 2011.







Other businesses

Trade Me operates other websites in categories such as travel, dating and group buying. These are outlined below.

Key statistics

- More than 350,000 FindSomeone members¹
 - more than 45,000 active members²
- More than 550,000 Treat Me subscribers¹
 - more than 320,000 coupons purchased¹

Figure 4. Trade Me's other businesses

Brand	Business model
	Retail accommodation website <ul style="list-style-type: none">- inventory powered by BookIt
	Aggregation and booking engine for accommodation
	Private accommodation aggregator <ul style="list-style-type: none">- market leader in home bookings in New Zealand
	Premium online dating site targeting New Zealand singles
	Group buying website
	Connecting old classmates and workmates

Trade Me's travel business derives revenue predominantly from a combination of monthly subscription fees for listings and commission fees for successful bookings.

Trade Me's online dating business, FindSomeone, derives revenue from monthly subscription fees from members.

Trade Me's group buying business, Treat Me, was established in March 2011. Treat Me generates traffic from a daily email to a large subscriber base offering discounted services from supplier merchants. The Treat Me team engages directly with businesses to structure deals. Revenue from Treat Me is derived from commissions earned on each voucher sold.

Advertising

Trade Me has a number of relationships with agencies and direct clients who pay to display their advertisements across Trade Me's portfolio of websites. This includes website banners, newsletter placements, and tailor-made tiles for business partners (for example on Property and Motors listings).

Trade Me also has an arrangement with Google AdSense whereby Trade Me displays Google AdSense textlinks in selected parts of its websites.

1. As at 30 September 2011.

2. Logging in between July 2011 – September 2011.

Revenue model

Revenue is derived from display advertising in several ways. The majority is based on the number of times an advertisement on Trade Me's webpages is viewed by visitors, with the advertising rate determined via a cost per thousand views (CPM) model. The remainder comes from advertising banners in set locations for fixed periods of time (Fixed Tenancies), or based on the number of clicks an advertisement receives (Performance Deals).

Revenue from Google AdSense is derived based on the number of visitors who click on the Google AdSense textlinks that appear in various places across the Trade Me websites.

Growth strategies

Trade Me has identified three key areas from which it will seek to continue its track record of growth.

Industry growth

Specifically, with its large membership base, Trade Me believes that it is well-positioned to take advantage of:

- **Growth in internet access:** The anticipated increased access to the internet is expected to increase Trade Me's potential customer base. Broadband penetration at home in New Zealand was 68% in 2010, and connection speeds are expected to increase with the rollout of UFB. Increased usage of new devices, including smartphones and tablets is also expected to increase internet usage.
- **Advertising structural migration:** Migration of advertising to online in New Zealand has undergone a period of rapid expansion, but the shift lags other developed nations, including Australia, the United States and the United Kingdom. Trade Me believes that it is in a good position to take advantage of this continued migration to online, underpinned by its wide, engaged and known audience, and the large number of page impressions it can deliver to advertisers.
- **Online retail expansion:** Trade Me expects online retailing in New Zealand to continue to grow. Trade Me believes that it is well-positioned to expand the proportion of new goods it sells through its General Items platform.

Growth from existing platforms

Trade Me has identified a number of opportunities from which it can grow its existing businesses. Initiatives that Trade Me is currently considering include:

- **Grow existing categories, ancillary products and platforms:** Trade Me plans to extend its existing categories in order to grow market share of the classifieds market (e.g. boats, services and businesses for sale). Trade Me is developing smartphone and tablet applications to increase user functionality from those mobile devices and has a dedicated Mobile team currently working on various applications for different devices, which is expected to broaden access to the Trade Me platform.
- **Increase yield:** Trade Me will seek to further refine its pricing structures for its various businesses, and to introduce further high yield add-ons (such as recent promotional products like super-feature in Property).
- **Focus on unlocking potential:** Trade Me is focussed on growing three platforms in particular: New Goods, Treat Me and Travel. Trade Me will seek to grow these businesses through enhancing its product offerings, improving supplier relationships and increasing its focus on marketing.

Opportunities in new markets

Trade Me believes that its core strengths – a large and engaged community, expertise in technology, experience in online marketplaces – mean that it is well positioned to take advantage of new opportunities as they arise.

There is a range of ways in which Trade Me can enter new markets, including acquisition, new ventures with business partners, or developing additional capability from within. Trade Me has a proven track record of expanding in all these various ways.

The statements in this section should be read in conjunction with the risks set out under the heading "What are my risks?" on page 8. No assurances can be given that Trade Me will be successful in implementing the growth strategies above or that these will be profitable.

Technology

The speed and simplicity of Trade Me's platform is a key factor in connecting people across its different websites. The underlying philosophy in developing Trade Me's technology systems is to preserve these attributes for buyers and sellers, and provide a transparent marketplace.

Software

Trade Me is a Web Application. It consists of a core business and data platform that integrates with payment gateways and user interfaces to provide Trade Me members with various services.

The most common user interfaces are via the web at www.trademe.co.nz and m.trademe.co.nz, and others include the Trade Me iPhone application. Trade Me expects the number of interfaces to continue to grow, driven by in-house and third party applications that consume its public API.

Most of the systems that deliver the Trade Me application are powered by Microsoft technology, including VB.NET, C#, SQL Server and IIS.

Hardware

Trade Me has physical data centres in both Auckland and Wellington which contain both "best of breed" and commodity hardware. The physical configuration within these data centres is identical, making incident responses by engineers operationally efficient.

The data centres have been designed to minimise the risk of data loss or disruption through individual component failures, as well as the risk of failure of an entire data centre. Each data centre has sufficient capacity to serve traffic from a single site alone. Data is consistently replicated between data centres and complete restores are undertaken on a daily basis, ensuring backups are off-site and fully functional to facilitate a full recovery if required.

Security is a major consideration in all aspects of the Trade Me environment, from the development of code to the physical infrastructure it runs on. Trade Me is PCI-DSS compliant meaning that it meets the strict guidelines set down by the major credit card providers, Visa and Mastercard. Compliance is maintained through annual security audits and quarterly network scans. There are two independent payment gateways for processing onsite credit card payments.

People & Culture

Trade Me has approximately 200 staff,¹ located in offices on the Wellington waterfront and in Parnell, Auckland. Some Travel and Treat Me staff members are located in other regions of New Zealand.

Trade Me's workplace culture is underpinned by values referenced in staff induction sessions, business dealings, and employee performance reviews. These are important to the business and drive decisions.

Working environment

Trade Me operates an open and collaborative working environment with minimal hierarchies, and promotes innovation across its business operations. Regular "all company" meetings are held to encourage the sharing of ideas and communication. Trade Me has an energetic and engaged workforce, measured regularly with company-wide staff surveys. Feedback from these surveys is used to continually improve Trade Me as a business and place to work. Other hallmarks of Trade Me's workplace culture include:

- A desire to make good day-to-day decisions based on merit and data, not bureaucracy and hierarchy;
- No executive carparks: these are given up and staff who bike or scooter to work get to use them;
- Deployment of changes to websites on a daily basis; and
- A strong respect for the Trade Me member community.

1. As at 30 September 2011.

The teams

Along with the seven person executive, there are five broad teams at Trade Me:

- Marketplace: looking after Trade Me's General Items business.
- Technology: looking after development, platform, design and infrastructure.
- Finance & Analytics: looking after data analysis and finance.
- Operations: looking after customer service, trust & safety, travel, dating, regulatory and communications & community.
- Commercial: looking after Trade Me Jobs, Trade Me Property, Trade Me Motors, Advertising, and Treat Me.

Community

Strong, engaged relationships with its community of more than 2.8 million members, as well as the wider New Zealand public, are very important for Trade Me in maintaining the trust of its market. Trade Me drives engagement with its community via social media, sponsorship and activity with charities.

Trade Me welcomes opportunities to showcase its strengths where it can make a real difference in the community. Recent examples include:

- a free-to-list Canterbury Earthquake Support site enabling those affected by the earthquakes to use Trade Me's marketplace to help each other with offers and requests for accommodation, emergency supplies, and volunteer labour; and
- responding to a request from the Prime Minister's office and building a website (www.landcheck.org.nz) pro bono for the Canterbury Earthquake Recovery Authority so Canterbury residents could check the status of their land after the earthquakes.

Government relationships

Trade Me seeks to maintain a constructive relationship with the New Zealand Government with the goals of promoting a safe and trusted marketplace, and providing appropriate input for laws that have a bearing on online transactions and activities.

Trade Me believes that appropriate regulation is important to support and enable a safe and trusted online marketplace. Accordingly, Trade Me frequently takes a leadership role in making submissions on proposed legislative changes with implications for online transactions and digital citizens. Over the last year Trade Me has contributed to the policy formulation process on a range of reviews including the Consumer Law Review and the Privacy Act Review.

Trade Me also seeks to work with the Government's regulatory agencies with the goal of minimising the possibility for its websites to be misused.

Ongoing relationship with Fairfax Media

Since the acquisition of Trade Me by FNZHL (a subsidiary of Fairfax Media) in 2006, Trade Me has largely operated as a standalone business and has entered into relatively few transactions with Fairfax Media and its subsidiaries. Transactions that have been entered into include hosting by Trade Me of FNZHL's online publishing platform, discounted advertising on each others' websites, arrangements in relation to services provided by Google, and certain tax loss offset arrangements. Trade Me is likely to continue to co-operate with Fairfax Media going forward, on an arm's length basis. Further information in relation to these arrangements is included under the heading "Interested persons" in the section entitled *Statutory information* on page 108.

Board and management

David Kirk

Gail Hambly

Joanna Perry

Sam Morgan

Greg Hywood



Director profiles

The Board of Directors intends to appoint an additional independent non-executive Director following the completion of the Offer. Any Director appointed following the Offer would be required to seek re-election at the first annual general meeting of Shareholders following their appointment.

David Kirk

Independent,
non-executive Chairman

David is the co-founder and Managing Partner of Bailador Investment Management, Chairman of Hoyts Group Limited, Chairman of SMI Limited and a director of Forsyth Barr Limited, Pacific Fibre Limited and Viocorp Limited. He is also Chairman of Trustees of Sydney Grammar School.

David was the Chief Executive Officer of Fairfax Media from 2005 to 2008. He was also the Chief Executive Officer and Managing Director of PMP Limited from 2003 to 2005 and the Regional President (Australasia) for Norske Skog from 2000 to 2003.

David has worked for Fletcher Challenge Paper and Fletcher Challenge Energy in senior executive roles in New Zealand and Australia from 1995 to 1999. He was Chief Policy Advisor to the Prime Minister of New Zealand from 1992 to 1994 and was a management consultant with McKinsey & Company in London from 1989 to 1991.

David holds a Medical Doctorate from the University of Otago and a Bachelor of Arts (Philosophy, Politics and Economics) from Oxford University. He is also a Rhodes Scholar.

David lives in Sydney, Australia.

Joanna Perry

Independent,
non-executive Director

Joanna has extensive governance experience and is currently the Deputy Chair of Genesis Energy. Her directorships include Kiwi Income Property Trust, PSIS, AsureQuality, SPARC, Partners Life and Rowing New Zealand.

Prior to focusing on her directorships Joanna was for 17 years a senior partner in the global audit, tax and advisory firm KPMG. She was a member of the Securities Commission for 11 years and until June 2011 both chaired the Financial Reporting Standards Board and was a member of the Australian Accounting Standards Board.

Joanna has a Master of Arts in Economics from Cambridge University and is a Fellow of the New Zealand Institute of Chartered Accountants in New Zealand and of the Institute of Chartered Accountants in England and Wales. She was appointed a Member of the New Zealand Order of Merit for services to accounting.

Joanna lives in Auckland, New Zealand.

Gail Hambly

Non-independent,
non-executive Director

Gail has over 15 years experience as a senior media executive. She is currently Group General Counsel and Company Secretary of Fairfax Media and is responsible for the provision of legal, corporate governance and internal audit and risk services to the Fairfax Group. She also plays a key role in the core management team.

Gail is Chairman of Copyco Pty Limited, a Director of Company B Belvoir Limited, a member of the Advisory Board of the Centre of Media and Communications Law at Melbourne University, a member of the Media and Communications and Privacy Law Committees of the Law Council of Australia and a director of the Story Factory – a not for profit organisation which provides education services with a special focus on disadvantaged children in Sydney.

Gail holds degrees in Law, Science and Economics.

Gail is a nominee of Fairfax Media.

Gail lives in Sydney, Australia.

Greg Hywood

Non-independent,
non-executive Director

Greg is currently the Chief Executive Officer of Fairfax Media.

Greg has enjoyed a long career in media and government. A Walkley Award-winning journalist, he held a number of senior management positions at Fairfax Media including Publisher and Editor in Chief of each of The Australian Financial Review, The Sydney Morning Herald, Sun Herald and The Age. He also held the position of Group Publisher of Fairfax magazines.

Greg has previously held the positions of Executive Director Policy and Cabinet in the Victorian Premiers Department and Chief Executive of Tourism Victoria.

Greg is a nominee of Fairfax Media.

Greg lives in Sydney, Australia.

Sam Morgan

Non-independent,
non-executive Director

Sam is the founder and former Chief Executive Officer of Trade Me Limited, which was purchased by Fairfax Media in 2006.

Sam is the Chairman of software company Visfleet Limited and of Pacific Fibre Limited. Sam is a director of Outsmart 2005 Limited, GMI General Partner Limited, Xero Limited and Sonar Limited. Sam is also a non-executive director of Fairfax Media.

Sam is a nominee of Fairfax Media.

Sam lives in Nelson, New Zealand.

Dave Wasley

Craig Jordan

Jon Macdonald

Michael O'Donnell

Vince Betham

Fiona Ireland

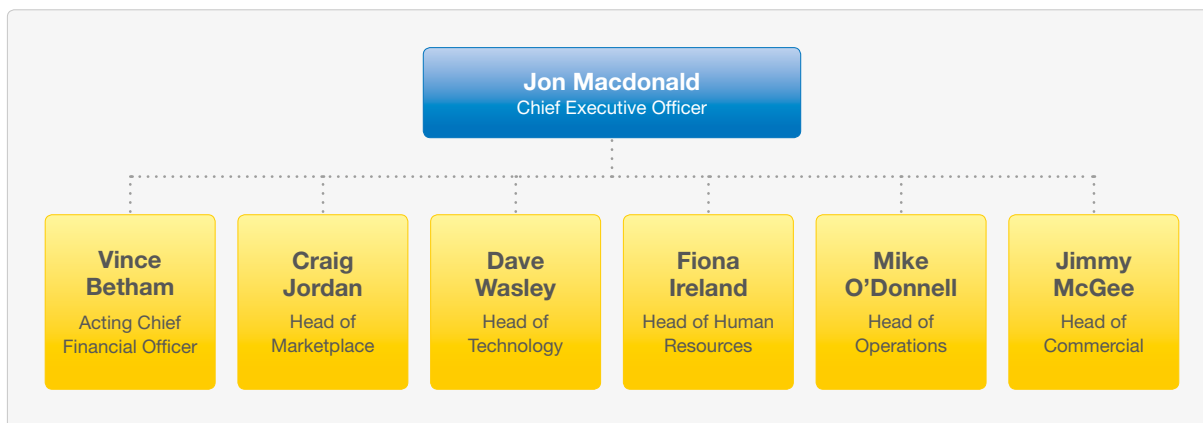
Jimmy McGee



Senior management

Trade Me's current management structure is set out below.

Trade Me is currently in the process of undertaking an extensive executive search for a Chief Financial Officer, with the intention of making an appointment after completion of the Offer.



Jon Macdonald

Chief Executive Officer

Jon was appointed Chief Executive Officer in 2008.

Jon joined Trade Me in 2003, where he took the position as Head of Technology, before being appointed General Manager and, subsequently, Chief Executive Officer.

Prior to joining Trade Me, Jon worked in London for HSBC Investment Bank in a variety of technical and management positions. He has also worked for Deloitte Consulting, focusing on the telecommunications and financial services industries. Jon has a Bachelor of Engineering with Honours from the University of Canterbury.

Mike O'Donnell

Head of Operations

Mike was appointed Head of Operations in 2010.

Mike (aka MOD) joined Trade Me in 2004 and originally led Trade Me's three commercial business units: Property, Jobs and Motors. As Head of Operations, his role involves overseeing customer service, trust and safety, communications & community, and legal & regulatory. He also oversees Trade Me's dating and travel businesses.

Prior to joining Trade Me, Mike held senior management roles at AMP Capital Investors, Gareth Morgan Investments, Fonterra and Forestry Corporation. Mike is also a professional director and business columnist. He holds a Bachelor of Arts in Political Science and Philosophy.

Vince Betham

Acting Chief Financial Officer

Vince was appointed Acting Chief Financial Officer in 2011.

Vince joined Trade Me in November 2010 as Head of Finance and from July 2011 changed role to Acting Chief Financial Officer, currently managing Trade Me's Finance and Analytics teams.

Prior to joining Trade Me, Vince worked at BNZ and also at Fonterra in a variety of roles that included planning, forecasting, systems and management accounting. Vince started his career at KPMG where he qualified as a chartered accountant. Vince has a Bachelor of Management Studies (Accounting and MIS) from the University of Waikato.

Following the appointment of a permanent Chief Financial Officer, Vince will help develop Trade Me's financial performance function and grow the Pay Now business.

Dave Wasley

Head of Technology

Dave was appointed Head of Technology in 2010.

Dave joined Trade Me in 2007, where he worked as Head of Platform and Operations, and Head of Infrastructure. As Head of Technology, Dave is responsible for the company's technology operations.

Prior to joining Trade Me, Dave was IT Manager at Commercial Fisheries Services and also worked for Deloitte Consulting in various industries, including Health and Energy, in New Zealand and Australia. Dave has a Bachelor of Economics and Information Systems with Honours from Massey University.

Craig Jordan

Head of Marketplace

Craig was appointed Head of Marketplace in 2010.

Craig joined Trade Me in 2007 to manage the business partnerships and Trade Me Motors. As Head of Marketplace, Craig is responsible for running the General Items business.

Prior to joining Trade Me, Craig worked for GE (Finance) and Beca (Engineering and Consultancy Services) in a variety of positions. Craig holds a Master of Management (Finance) from Massey University and Bachelors of Commerce and Surveying from the University of Otago.

Fiona Ireland

Head of Human Resources

Fiona was appointed as the first Head of Human Resources in 2010.

Fiona is responsible for reward and recognition, training and development, recruitment and career development.

Prior to joining Trade Me, Fiona worked as the Human Resources Manager at AMS (a joint venture by Vector and Siemens) as well as holding generalist Human Resources roles at Vector Limited for six years.

Jimmy McGee

Head of Commercial

Jimmy was appointed Head of Commercial in 2009.

Jimmy joined Trade Me in 2006, where he was initially responsible for the launch of Trade Me Jobs. As Head of Commercial, Jimmy is responsible for Property, Jobs and Motors, as well as display advertising and Treat Me.

Prior to joining Trade Me, Jimmy was a senior manager at eBay in Australia. He has also worked for Monster.com in Australia and New Zealand. Jimmy has Bachelors of Physical Education and Commerce (Marketing Management) from the University of Otago.

Corporate governance

The Board believes that good governance is based on a set of principles and behaviours that provide a clear basis for the Company's everyday activities to ensure transparency, fairness and recognition of the interests of our stakeholders.

The Board's corporate governance framework takes into consideration contemporary standards in New Zealand and Australia, incorporating principles and guidelines issued by the Financial Markets Authority, and the best practice code issued by NZX and the ASX.

As at the date of this Offer Document, there are five non-executive Directors: an independent Chairman, one independent Director, and three non-independent Directors (nominated by Fairfax Media). It is the Company's intention to appoint an additional non-executive independent Director following the completion of the Offer. Any Director appointed following the Offer would be required to seek re-election at the first annual general meeting of Shareholders following their appointment.

Roles and responsibilities

The Board has statutory responsibilities for the affairs and activities of the Company, with Board-approved delegation to the Chief Executive Officer and other management of the Company.

The roles and responsibilities of the Board include:

- Charting the direction, strategies and financial objectives of the Company and monitoring the implementation of those policies, strategies and financial objectives;
- Monitoring compliance with regulatory requirements and ethical standards;
- Appointing and reviewing the performance of the Chief Executive Officer; and
- Protecting and enhancing the value of the Company's assets.

The Chief Executive Officer and management are responsible for:

- Developing and implementing company strategies and making recommendations on specific strategic initiatives;
- Management and implementation of policies and reporting procedures for management strategy set out by the Board;
- Formulation and implementation of policies and reporting procedures for management;
- Implementation of the delegated financial authority policy; and
- The day-to-day management of the Company.

The powers specifically reserved for the Board are:

- Appointment of the Chief Executive Officer and determination of his or her terms and conditions, including remuneration;
- Any matters in excess of delegated authorities that it may have from time to time granted to the Chief Executive Officer and management in relation to transactions, market risk limits and expenditure;
- Approvals of the budget and business plan, the acquisition, establishment, disposal and cessation of any significant businesses of the Company or Trade Me, and issue of any securities in the Company; and
- Review of the Company's performance against strategic objectives.

Board committees

The Board will have three formally constituted committees. These committees will review and analyse policies and strategies, usually developed by management, which are within their terms of reference. They will examine proposals and, where appropriate, make recommendations to the full Board. Committees will not take any action or make decisions on behalf of the Board unless they are specifically mandated by prior Board authority to do so.

The audit and risk management committee will be responsible for:

- Assisting the Board in performing its oversight responsibilities in relation to financial reporting and regulatory compliance;
- Reviewing financial reporting processes, internal controls, the audit process and the Company's process for monitoring legal and regulatory compliance; and
- Assisting the Board in performing its oversight responsibilities relating to the identification, analysis and management of risks which may have a significant impact on the performance of the Company.

The audit and risk management committee will also act as a forum for communication between the Board and senior financial management staff, and internal and external auditors where appropriate. It will meet with the external auditors as required during the year and for at least part of that meeting no employees will be present.

The human resources and compensation committee will be responsible for:

- Considering appointments at the senior management level (senior executive and Chief Executive Officer) including contractual conditions and overseeing succession planning in respect of senior management roles;
- Monitoring outcomes of policy implementation at the senior management level, including incentive payments;
- Reviewing the Company remuneration and human resources structure, strategy and policy; and
- Reviewing director remuneration.

The nominations committee will be responsible for:

- Establishing the criteria for determining the suitability of potential Directors and recommending persons suitable for appointment to the Board.

Directors' interests

Directors' remuneration

None of the Directors of the Company are entitled to any remuneration from the Company other than by way of Directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

A Director fee pool of a maximum of \$650,000 has been set. With the exception of Fairfax Media nominee Directors who also hold positions as executive employees of Fairfax Media (being Gail Hambly and Greg Hywood), each of the Directors will be paid Directors' fees.

Fairfax Media has also agreed to pay David Kirk A\$50,000 and Joanna Perry A\$25,000 for work undertaken in preparation for the Offer.

Directors' shareholdings

Directors may apply for Shares in the Company in the Offer, and to the extent any such Shares are acquired, these acquisitions will be disclosed to the market as required by law.

Trade Me Executive Share Offer

The Company has established an Executive Share Plan for selected employees in the Group.

The Company is offering up to 25 selected members of Trade Me's senior management and senior employees (**Eligible Senior Employees**) the opportunity to purchase Restricted Shares under the Executive Share Plan.

Public investors are not being offered Restricted Shares. The Eligible Senior Employees who receive offers of Restricted Shares will be advised of the number of Restricted Shares for which they will be entitled to apply.

Offer of Restricted Shares

The offer of the Restricted Shares will be on the basis of the following timetable:

Offer Document registered	9 November 2011
Executive Share Plan entitlements notified	By 17 November 2011
Offer under Executive Share Plan expected to open	17 November 2011
Offer under Executive Share Plan closes	5 December 2011
Final expiry of qualification period	31 December 2013

This timetable is indicative only. The Company reserves the rights to amend these dates in its sole discretion.

Executive Share Plan statistics

Issuer	Trade Me Group Limited
Number of Restricted Shares being offered	254,490
Percentage of total number of Shares ¹	0.1%

The Restricted Shares will not be quoted on the NZSX or the ASX and cannot be traded.

Offer of Restricted Shares – Eligible Senior Employees only

The Company is offering Eligible Senior Employees a total of up to 254,490 Restricted Shares pursuant to the terms of the Executive Share Plan, details of which have been set out in full at the end of this section on pages 57 to 59.

On the basis that all offers of Restricted Shares are accepted, the Company will have on issue 254,490 Restricted Shares which may be reclassified into a total of 254,490 Shares representing 0.1% of the Shares in the Company (on the basis that a total of 396.0 million Shares and Restricted Shares are allotted pursuant to this Offer Document, including those Shares to be issued to the Fairfax Media Subsidiary Shareholder).

The Restricted Shares will only be offered to selected employees of Trade Me. Each Eligible Senior Employee will receive, together with this Offer Document, an individual offer letter specifying the number of Restricted Shares being offered to that employee.

The Company may also offer participation in further share plans or other incentive schemes on equivalent or different terms as determined by the Board from time to time.

1. Assumes that all Restricted Shares meet the performance and transfer conditions and are reclassified into Shares.

Summary of the terms of the Restricted Shares

The Restricted Shares under the Executive Share Plan will be offered at the Offer Price and will have all of the rights attaching to Shares (including the right to receive dividends), but may be redeemed by the Company if the qualification criteria are not met.

The Company will provide participants in the Executive Share Plan with an interest free loan of the aggregate subscription price to fund the subscription price for the Restricted Shares.

Reclassification of their Restricted Shares into Shares will only occur if the following qualification criteria are met:

- the Company achieves EBITDA of \$110.9 million during the period commencing 1 January 2012 and ending 31 December 2012; and
- the participant remains in continuous full time employment with Trade Me until 31 December 2013.

In addition, holders of Restricted Shares who wish to have their Restricted Shares reclassified into Shares will be required to repay the loans in an amount equal to the Offer Price.

Provided that the qualification criteria are met, the Company will procure that Trade Me pays a bonus to the participant which, after making the relevant deductions, will equal the aggregate issue price of the Restricted Shares issued to the participant. The participant will use this bonus to repay the loan obligation. The Restricted Shares will then be reclassified as Shares in the Company.

If either or both of the qualification criteria are not met, the Company may require that the Restricted Shares be redeemed for the Offer Price.

The proceeds from the redemption of the Restricted Shares will be applied in repayment of the loan, which will discharge any obligation by the participant to repay the loan. Following redemption, the Eligible Senior Employee will not receive any entitlements, such as distributions or dividends, in respect of the Restricted Shares.

The effect of redeeming the Restricted Shares is that the Eligible Senior Employee receives no shares or cash (other than dividends paid on the Restricted Shares) and the loan is repaid. This redemption mechanism is designed to return both parties to the position they were in prior to entry into the Executive Share Plan (other than in respect of the aforementioned dividends).

The Company will retain a security over the Restricted Shares until the loan is repaid.

The loan will be limited in recourse against the participant to the lesser of:

- the amount payable to the Company under the loan; and
- the amount realised in respect of the Restricted Shares and any bonus paid by Trade Me on the qualification criteria being met.

Applications for Restricted Shares

Eligible Senior Employees wishing to accept the offer of Restricted Shares need to complete the Restricted Share Application Form in full and return it at the address below no later than 5.00pm on the Priority Offer Closing Date or such later date notified by the Company in writing.

The Restricted Share Application Form contains an undertaking to comply with the terms and conditions of the Executive Share Plan and must be signed before a witness.

The completed Restricted Share Application Form must be returned to:

The Human Resources Manager
Trade Me Limited
Level 3, NZX Centre
11 Cable Street
Wellington

Allocations and Minimum Application

Eligible Senior Employees will be notified of the number of Restricted Shares being offered to them, and provided with a Restricted Share Application Form. Applications must be for an initial minimum of 2,000 Restricted Shares, and thereafter in whole multiples of 10 Restricted Shares, subject to a maximum of the total number of Restricted Shares offered to the particular Eligible Senior Employee under their entitlement.

The Company will issue the Restricted Shares on the Allotment Date subject to the receipt of validly completed Application Forms and the accompanying loan agreements and security agreements from the Eligible Senior Employees.

Participation in the Executive Share Plan

The offer to participate in the Executive Share Plan described in this section is an Offer to select Eligible Senior Employees only in New Zealand.

Rules relating to the Executive Share Plan

1. Definitions

1.1 For the purposes of these Rules:

“Board” means the board of directors of the Company.

“Company” means Trade Me Group Limited.

“Distribution” has the same meaning given to that term in the Companies Act 1993.

“EBITDA” means earnings before interest, tax expense, depreciation and amortisation.

“Entitlement” means the proportion of the total number of Restricted Shares issued by the Company pursuant to the Executive Share Plan to which a Participant is entitled.

“Executive Share Plan” means Trade Me’s senior management share plan with the terms set out in these Rules.

“Issue Date” means the date on which Restricted Shares are issued to the Participant.

“Issue Price” means \$2.70 per Restricted Share.

“Loan Agreement” means a loan agreement between the Company and each Participant in connection with the Executive Share Plan, and “Loan Agreements” has a corresponding meaning.

“Participant” means a full time employee of Trade Me who is offered Restricted Shares pursuant to the Executive Share Plan and “Participants” has a corresponding meaning.

“Qualification” means the point in time at which both of the conditions in clause 7.2(a) have been satisfied, and “Qualify” and “Qualified” have corresponding meanings.

“Reclassification” means the classification of Restricted Shares as Shares in accordance with the terms set out in these Rules, and “Reclassify” and “Reclassified” have corresponding meanings.

“Redemption” means the redemption of a Participant’s Restricted Shares by the Company in accordance with the Rules, and “Redeem”, “Redeemed”, and “Redeemable” have corresponding meanings.

“Restricted Share” means a share in the Company issued pursuant to the Executive Share Plan and having the rights, privileges, limitations and conditions specified in clause 5.1, and “Restricted Shares” has a corresponding meaning.

“Security” means the mortgage of Restricted Shares in accordance with the Loan Agreements as security for the performance of a Participant’s obligations under his or her Loan Agreement.

“Shares” means fully paid ordinary shares issued by the Company.

“Subscription Price” means aggregate total price payable by a Participant for his or her Restricted Shares based on the Participant’s Entitlement, determined in accordance with clause 3.2.

“Trade Me” means Trade Me Limited.

2. Issue of Restricted Shares

2.1 Subject to receiving a valid application in respect of the Restricted Shares, the Company will issue Restricted Shares to each Participant in accordance with his or her Entitlement on the Issue Date.

3. Subscription price

3.1 The Subscription Price is payable to the Company by each Participant in full on the Issue Date.

3.2 The Subscription Price is determined by multiplying the Issue Price by the number of Restricted Shares applied for in accordance with a Participant’s Entitlement.

4. Loan

4.1 The Company will provide each Participant with a loan equal to the Subscription Price on the terms and conditions set out in the Loan Agreement.

5. Rights attaching to Restricted Shares

5.1 Restricted Shares shall have the same rights, limitations, privileges and conditions as Shares, including in respect of Distributions, except:

- (a) they will be Redeemable as set forth in the terms of the Restricted Shares below;
- (b) their entitlement to participate in any bonus issues of securities will be as set out in clause 7.7; and
- (c) unless and until a Participant’s Restricted Shares are Reclassified and the Participant has repaid his or her loan moneys under his or her Loan Agreement in full, the Participant is not entitled to transfer or otherwise dispose of his or her Restricted Shares.

6. No certificates

6.1 No share certificates will be issued for Restricted Shares.

7. Terms of the Restricted Shares

7.1 Dividends, distributions and voting rights

- (a) Restricted Shares carry the same rights to dividends or other Distributions (which, amongst other things, includes the right to participate in any share buy back) in respect of which Shares become entitled (or which, in the case of any share buy back, is offered or made).
- (b) Holders of Restricted Shares are entitled to receive notice, attend and vote at the Company shareholders’ meetings on the same basis as holders of Shares.

7.2 Qualification and Reclassification

- (a) A Participant’s Restricted Shares will Qualify on 1 January 2014 provided that both of the following conditions are met:
 - (i) The Company achieving an EBITDA of \$110.9 million during the period commencing on 1 January 2012 and ending on 31 December 2012; and
 - (ii) the Participant remaining in continuous full time employment with Trade Me until 31 December 2013.
- (b) Following Qualification the Company will cause the Participant’s Restricted Shares to be Reclassified immediately upon repayment of all amounts owing by the Participant to the Company under his or her Loan Agreement.
- (c) Upon Reclassification, the Restricted Shares shall cease to be redeemable and shall be classified as Shares.

7.3 Consequences of Restricted Shares being ineligible for Qualification

- (a) Subject to clause 7.4(a), a Participant's Restricted Shares shall be ineligible for Qualification when either or both of the conditions in clause 7.2(a) are not met.
- (b) Subject to clause 7.4, the Company may Redeem any Restricted Shares which become ineligible for Qualification on the date on which they become ineligible for Qualification or if the Participant has failed to repay the amounts owing under the Participant's Loan Agreement by 30 June 2014.

7.4 Redemption/Qualification on death or termination of employment

- (a) Provided that the condition in clause 7.2(a)(i) is met, the Board may agree to release the Security in respect of some or all of a Participant's Restricted Shares or waive the condition in clause 7.2(a)(ii) in favour of the Participant (or his or her personal representatives, as appropriate) in circumstances where a Participant ceases to be a full time employee of Trade Me because of death, permanent disability or for other reasons which the Board considers are not related to the performance of the Participant.
- (b) The Board will notify a Participant (or his or her personal representatives, as appropriate) of its position under clause 7.4(a) and the applicable Redemption/Reclassification provisions of these Rules shall, with all necessary modifications, apply.

7.5 Redemption of Restricted Shares

- (a) The Company may exercise an option to Redeem Restricted Shares in accordance with clause 7.3(b).
- (b) Any Redemption of Restricted Shares shall be made in cash for an amount (per share) equal to the Issue Price.
- (c) The Company shall be entitled to set off any amount payable by the Company on Redemption of a Participant's Restricted Shares against all amounts owing by a Participant under his or her Loan Agreement, and to apply such amounts, on behalf of the Participant, in repaying to the Company all amounts so owing, including any applicable interest.

7.6 Takeovers

If a takeover, merger, amalgamation, scheme, arrangement, or reconstruction (any of which being a "takeover") affecting more than 50% of the Shares is recommended for acceptance or approval by the Board, or if not recommended, is declared unconditional in circumstances where a party obtains beneficial ownership of more than 50% of the Shares, the Board will amend the terms of the Executive Share Plan in order to enable Participants to participate in such takeover.

7.7 Subdivision, consolidation and bonus issues

If, after the Issue Date and before a particular Restricted Share is Reclassified or Redeemed:

- (a) the Shares are subdivided or consolidated, the relevant Restricted Share shall be subdivided or consolidated correspondingly;
- (b) the Company makes a bonus issue of securities to the holders of Shares (not being a bonus issue made in pursuance of any dividend re-investment scheme), a Participant shall be entitled to participate in that issue upon the Reclassification of his or her Restricted Shares in accordance with clause 7.2(b) on the same basis as holders of Shares, his or her entitlement being calculated as if the relevant Restricted Shares had been Reclassified immediately prior to the date as at which entitlements to the bonus issue are determined. Any accrued entitlement to bonus securities shall lapse in respect of any Restricted Shares which are Redeemed.

7.8 Rights issues

If, after the Issue Date and before a particular Restricted Share is Reclassified or Redeemed, the Company makes any cash issue, offer or invitation to subscribe for cash in respect of the issue of shares, options or other securities, the Company shall (except to the extent precluded by the Listing Rules) take all necessary steps to procure that each Participant participates in such an issue as if, at the relevant entitlement time, the Restricted Shares were Shares.

8. Amendment

8.1 Subject to clause 8.2 and complying with applicable laws, the rights attaching to Restricted Shares may be varied, added to or cancelled with the approval of:

- (a) the Board; and
- (b) a special resolution (as defined in the Companies Act 1993) of holders of Restricted Shares.

A meeting of holders of Restricted Shares for the purposes referred to in paragraph (b) may be convened by the Board.

8.2 Subject to complying with applicable laws, the Board may without the authority, assent or approval of the holders of Restricted Shares vary or add to the rights attaching to Restricted Shares if such variation or addition is in the opinion of the Board formed in good faith:

- (a) of a formal, minor or technical nature; or
- (b) made to correct a manifest error; or
- (c) not likely (taken as a whole and in conjunction with all other variations, if any, to be made contemporaneously with that variation) to be materially prejudicial to the interests of the holders of Restricted Shares.

Details of the Offer

The Offer

This Offer Document relates to an initial public offering of 396.0 million shares in the Company at an Offer Price of \$2.70 per Share, which includes the issue of:

- approximately 134.6 million shares under the Offer, consisting of:
 - approximately 118.8 million Shares, or \$320.8 million under the Broker Firm Offer and the Institutional Offer;
 - up to approximately 15.5 million Shares (excluding any additional shares made available from the Trade Me Executive Share Offer), or \$42.0 million under the Priority Offer; and
 - up to approximately 0.3 million Restricted Shares under the Trade Me Executive Share Offer, with any Restricted Shares not taken up to be made available as Shares in the Priority Offer.
- approximately 261.4 million Shares, to the Fairfax Media Subsidiary Shareholder in partial payment for the acquisition of Trade Me by the Company under the Restructure, described in further detail below under the heading “Restructure”.

The Offer is made on the terms, and is subject to the conditions, set out in this Offer Document.

Following completion of the Offer there will be a total of up to 396.0 million shares on issue.

Structure of the Offer

The Offer includes:

- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in New Zealand, Australia and certain overseas jurisdictions;
- the Broker Firm Offer, which is only available to New Zealand and Australian resident Retail Investors who have received an allocation from their NZX Firm or Broker;
- the Priority Offer, consisting of:
 - the Trade Me Employee Gift Offer;
 - the Trade Me Employee Offer;
 - the Fairfax New Zealand Employee Offer;
 - the Fairfax Shareholder Offer;
 - the Trade Me Eligible Member Offer; and
- the Trade Me Executive Share Offer.

No general public offer will be made. Members of the public wishing to subscribe for Shares under the Offer must do so through an NZX Firm (or, if in Australia, through a Broker) with a Firm Allocation. The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by the Lead Manager and Fairfax Media, in consultation with the Company, having regard to the allocation policy outlined under the heading “Allocation Policy under Institutional Offer” below.

The Offer has been fully underwritten by the Underwriter, UBS New Zealand Limited.

Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide the Company with access to capital markets and financial flexibility required for growth and development opportunities;
- provide an opportunity for Trade Me members, Eligible Trade Me Employees and Eligible Fairfax New Zealand Employees to invest in the Company;
- assist the Company in attracting and retaining high calibre employees; and
- allow Fairfax Media to realise a portion of its investment in Trade Me by reducing its current 100.0% shareholding to a shareholding of 66.0% of the Company.

The Offer is expected to raise approximately \$363.5 million.

The proceeds of the Offer will be paid to Fairfax Digital Assets in partial payment for the acquisition of Trade Me under the Restructure referred to below. No proceeds of the Offer will be retained by the Company following completion of the Offer.

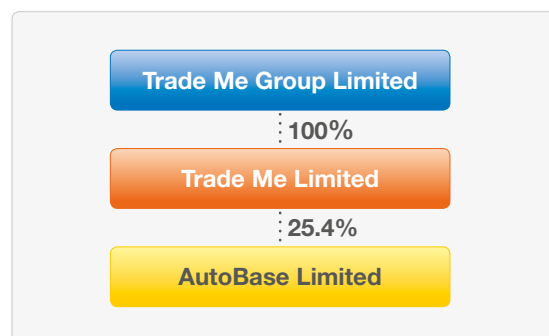
All of the costs of the Offer will be borne by Fairfax Media.

Restructure

The Restructure involves Trade Me Group Limited acquiring a 100.0% ownership interest in Trade Me immediately prior to quotation and trading on the NZSX and ASX.

Trade Me Group Limited was incorporated in New Zealand on 13 October 2011 to undertake the Offer and, as at the date of this Offer Document, has not carried on any business other than in preparation for the Offer. It has one share on issue.

Trade Me Limited owns the business of Trade Me and is currently a wholly owned subsidiary of FNZHL. On completion of the Offer the Company will acquire all of the shares in Trade Me, and will have a corporate structure as illustrated below.



The total consideration of \$1,235.2 million payable for the acquisition of those shares in Trade Me will be funded through:

- the gross proceeds of the Offer of \$363.5 million;
- cash of \$166.0 million drawn down under the Company's debt facility; and
- the issue of 261.4 million Shares to the Fairfax Media Subsidiary Shareholder.

Further details relating to the Restructure are set out under the heading "Acquisition of business or subsidiary" in the section entitled *Statutory information* on page 106.

Shareholding structure

The table below shows the details of the ownership structure of the Company immediately prior to completion of the Offer, and upon completion of the Offer.

	Prior to the Offer	Following completion of the Offer ²	
	%	shares	%
FNZHL/Fairfax Media Subsidiary Shareholder	100.0% ¹	261.4 million	66.0%
New Shareholders pursuant to the Offer	—	134.3 million	33.9%
Restricted Shares under the Executive Share Plan		0—0.3 million	0.0%—0.1%
Total	100.0%	396.0 million	100.0%

1. The Company has on issue one Share which is held by FNZHL. This Share is to be transferred to the Fairfax Media Subsidiary Shareholder under the Restructure.

2. Under the Trade Me Employee Gift Offer, the Fairfax Media Subsidiary Shareholder will subscribe for the relevant Shares and then gift those Shares to Eligible Trade Me Employees who have completed an Application in respect of the Trade Me Employee Gift Offer. The table above has been prepared to show shareholding percentages after those gifts have occurred.

Under the Reorganisation Agreement, the Fairfax Media Subsidiary Shareholder, a wholly owned subsidiary of Fairfax Media, will, on completion of the Offer and subsequent Restructure, hold 261.4 million Shares (66%) in the Company, being both “Vendor Securities” (as that term is defined in the NZSX Listing Rules) and a major holding under NZSX Listing Rule 7.8. There are no formal restrictions on the transfer of those securities.

Fairfax Media continues to be supportive of the Trade Me business and its growth potential. Fairfax Media’s current intention is to remain a strategic shareholder of the Company as it hopes to participate in the future growth of Trade Me (via the Fairfax Media Subsidiary Shareholder).

Broker Firm Offer

The Broker Firm Offer

Who may apply?

The Broker Firm Offer is open to New Zealand resident Retail Investors who have received an allocation from an NZX Firm and to Australian resident Retail Investors who have received an allocation from their Broker, which in each case have obtained a Firm Allocation from the Lead Manager. Investors who have been offered an allocation by an NZX Firm or a Broker having a Firm Allocation will be treated as an Applicant under the Broker Firm Offer in respect of that Application.

Investors should contact their NZX Firm or, if in Australia, their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

How to apply?

Investors who have received an allocation of Shares in the Broker Firm Offer must follow instructions provided by their NZX Firm or Broker. Those Applicants will be required to complete the blue Broker Firm Application Form provided to them and accompanying the Offer Document. To complete a Broker Firm Application Form, follow the detailed instructions on the ‘Broker Firm Application Form Instructions’ provided with the Application Form.

Any Broker Firm Application Form must be stamped by an NZX Firm or Broker so that the correct allocation of Shares is received.

Payment methods

Applications must be accompanied by payment in accordance with the directions of the NZX Firm or Broker from whom an allocation will be received. Payment may be via direct debit (New Zealand only), bank draft or cheque, but must be made in accordance with the directions of the NZX Firm or Broker.

Broker Firm Offer Closing Date and delivery

Broker Firm Applicants should send their completed Application Form and Application Monies to the NZX Firm or Broker who provided the Shares so as to be received in time to enable the Share Registrar to receive Applications by 5.00pm on the Broker Firm Offer Closing Date. Applications and payment must be in accordance with the directions of the Broker.

Alternatively, Applications can be lodged with any NZX Firm, the Lead Manager, or any other channel approved by NZX so as to be received in time to enable the Share Registrar to receive Applications by 5.00pm on 6 December 2011.

Investors applying for Shares using a paper Application Form are encouraged to submit an Application Form and Application Monies as early as possible in advance of the Broker Firm Offer Closing Date and to allow a sufficient period for mail processing time.

Allocations under the Broker Firm Offer

Shares which have been allocated to NZX Firms and Brokers as a Firm Allocation for allocation to their New Zealand and Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those NZX Firms and Brokers. It will be a matter for the NZX Firms and Brokers how they allocate Shares among their retail clients, and they (and none of the Company, Fairfax Media nor the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

Priority Offer

The Priority Offer is an underwritten offer for up to 15.5 million Shares and comprises:

- the Trade Me Employee Gift Offer;
- the Trade Me Employee Offer;
- the Fairfax New Zealand Employee Offer;
- the Fairfax Shareholder Offer; and
- the Trade Me Eligible Member Offer.

To the extent that Restricted Shares are not taken up under the Trade Me Executive Share Offer, an equivalent number may be made available as Shares under the Priority Offer and may increase the number of Shares available under the Priority Offer accordingly.

Applicants under the Priority Offer may also apply for Shares under the Broker Firm Offer, in which case a separate Broker Firm Application Form must be completed.

An Application in the Priority Offer is an offer by the Applicant to subscribe for Shares, and to the extent permitted by law, is irrevocable.

Applications for Shares should be made on the relevant Application Form detailed below (completed in full) and available on the Share Offer website at <https://events.miraqle.com/Trade-Me/IPO/> or has been provided with this Offer Document. Failure to do so or to include any of the required details may (at the Company's discretion) disqualify the Application.

Fairfax Media, the Company and the Lead Manager reserve the right to extend the Broker Firm Offer Closing Date and the Priority Offer Closing Date, in which case the dates referred to may change correspondingly.

Further details of each category of the Priority Offer are set out below. Details on how to apply can be found on pages 66 to 67.

Trade Me Employee Gift Offer

All Eligible Trade Me Employees are entitled to participate in the Trade Me Employee Gift Offer. Shares will not be allotted to any Applicant under the Trade Me Employee Gift Offer if that Applicant has given or received notification of termination of employment on or before the Priority Offer Closing Date.

Under the Trade Me Employee Gift Offer, the Fairfax Media Subsidiary Shareholder will subscribe for and gift 370 Shares to each Eligible Trade Me Employee who has completed an Application for Shares under the Trade Me Employee Gift Offer.

Holding period

By completing an Application Form in respect of the Trade Me Employee Gift Offer, the Eligible Trade Me Employee will agree not to transfer his or her Shares for a period of approximately one year following the Allotment Date, except in certain limited circumstances as stated on the Application Form.

A separate offer letter will be sent together with this Offer Document to Eligible Trade Me Employees detailing the terms of the Trade Me Employee Gift Offer.

Trade Me Employee Offer

Who may apply?

The Trade Me Employee Offer is made to all Eligible Trade Me Employees. Shares will not be allotted to any Applicant under the Trade Me Employee Offer if that Applicant has given or received notification of termination of employment on or before the Priority Offer Closing Date.

Guaranteed allocation

Eligible Trade Me Employees will receive a guaranteed minimum allocation of 1,850 Shares at the Offer Price (\$2.70) (or such lower value applied for, subject to the minimum Application of 750 Shares (\$2,025). Eligible Trade Me Employees may also apply for further Shares in whole multiples of 200 Shares (\$540). Shares applied for in excess of this guaranteed minimum allocation may be subject to scaling at the absolute discretion of the Company in consultation with Fairfax Media and the Lead Manager.

Eligible Trade Me Employees may apply online and must comply with the instructions on the website <https://events.miraqle.com/Trade-Me/IPO/> or by completing the appropriate Application Form.

Fairfax New Zealand Employee Offer

Who may apply?

The Fairfax New Zealand Employee Offer is made to all Eligible Fairfax New Zealand Employees. Shares will not be allotted to any Applicant under the Fairfax New Zealand Employee Offer if that Applicant has given or received notification of termination of employment on or before the Priority Offer Closing Date.

Guaranteed allocation

Eligible Fairfax New Zealand Employees will receive a guaranteed minimum allocation of 1,850 Shares at the Offer Price (\$2.70) (or such lower value applied for, subject to the minimum Application of 750 Shares (\$2,025) and may apply for further Shares in whole multiples of 200 Shares (\$540). Shares applied for in excess of this guaranteed minimum allocation may be subject to scaling at the absolute discretion of the Company in consultation with Fairfax Media and the Lead Manager.

Applications in excess of this guaranteed minimum allocation may be subject to scaling at the absolute discretion of the Company, in consultation with Fairfax Media and the Lead Manager.

Eligible Fairfax Employees may apply online and must comply with the instructions on the website <https://events.miraqle.com/Trade-Me/IPO/> or by completing the Application Form.

Trade Me Eligible Member Offer

The Trade Me Member Offer is made to Eligible Trade Me Members, being either:

- enabled members of Trade Me's online business website with a feedback rating of at least 500 as at 28 October 2011; or
- enabled members of the Top Seller Programme as at 28 October 2011; or
- enabled members who have qualified twice for the Top Seller Programme in the period between 28 June 2011 and 28 October 2011.

Eligible Trade Me Members will receive an invitation by email, on or about 9 November 2011 to participate in the Offer.

Eligible Trade Me Members can apply online and comply with the instructions on the website <https://events.miraqle.com/Trade-Me/IPO/> or by completing the appropriate Application Form.

Applications from Eligible Trade Me Members may be subject to scaling at the absolute discretion of the Company in consultation with Fairfax Media and the Lead Manager.

Fairfax Shareholder Offer

Who may apply?

The Fairfax Shareholder Offer is made to Eligible Fairfax Shareholders, being holders of ordinary shares in Fairfax Media on its share register at 7.00pm (AEDT) on 28 October 2011, who are residents of New Zealand and Australia, and who are not US Persons or persons who hold shares in Fairfax Media for, or who act for the account or benefit of, US Persons. Accordingly, the last day on which an investor could buy shares in Fairfax Media in the normal course of trading and settlement on CHESS in order to appear on the register is 25 October 2011.

Investors resident in Australia who apply for Shares in the Fairfax Shareholder Offer will pay the Australian dollar equivalent of the Offer Price. The Australian dollar equivalent of the Offer Price will be calculated by converting the Offer Price (which is expressed in New Zealand dollars) to the Australian dollar equivalent using the New Zealand dollar/Australian dollar exchange rate as at 6.00pm New Zealand time on the Priority Offer Closing Date, sourced from the Reserve Bank of Australia's website at www.rba.gov.au.

Investors resident in Australia applying for Shares in the Fairfax Shareholder Offer can only apply in Australian dollars. Investors resident in Australia can apply using the appropriate Application Form, and must comply with the instructions on that Application Form. Alternatively, Investors resident in Australia can apply online at <https://events.miraqle.com/Trade-Me/IPO/>, and must comply with the instructions on the website.

Investors resident in New Zealand applying for Shares in the Fairfax Shareholder Offer can only apply in New Zealand dollars. They will have their holdings recorded on the Company's New Zealand Share register. Investors resident in New Zealand can apply using the appropriate Application Form, and must comply with the instructions on that Application Form. Alternatively, investors resident in New Zealand can apply online at <https://events.miraqle.com/Trade-Me/IPO/>, and must comply with the instructions on the website.

Applications from Eligible Fairfax Shareholders may be subject to scaling at the absolute discretion of the Company in consultation with Fairfax Media and the Lead Manager.

Shares applied for as an Australian resident will be allotted on the ASX and will trade on the ASX. Shares applied for as a New Zealand resident will trade on the NZSX.

Payment methods for all Applicants

Payment may be via direct debit (New Zealand only), BPAY (Australia only), bank draft or cheque.

Direct Debit (New Zealand residents with a New Zealand bank account only)

To make payment via direct debit, tick the box authorising the Share Registrar to direct debit the bank account nominated on the Application Form, on the day the Application Form is received by the Share Registrar, for the amount applied for on the Application Form. The bank account must be with a New Zealand registered bank. You cannot specify a direct debit date and you must ensure that:

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

Should your direct debit fail, your application will be rejected. If requested, a direct debit authority form may be provided to you by the Share Registrar.

BPAY (Australian residents with an Australian bank account only)

To make a payment via BPAY, you must be a Fairfax Shareholder and an Australian resident. You need to apply online at <https://events.miraql.com/Trade-Me/IPO/> and must comply with the instructions on the website.

Bank draft or cheque

Payment by bank draft must be in New Zealand dollars (or Australian dollars if an investor is resident in Australia applying under the Fairfax Shareholder Offer). All cheques or payment orders must be made out to "Trade Me Share Offer" and crossed "Not Transferable". Cheques must be drawn on a registered New Zealand or Australian bank and must not be post-dated and will be banked upon receipt for immediate value. The banking of such monies does not constitute confirmation of allotment of any Shares. If a cheque does not clear, the Application may be rejected or any allocation made may be cancelled.

Acceptance of Applications

Applicants must apply for a specific number of Shares and pay upon Application the full amount for Shares applied for in the Application Form based on the Offer Price.

An Application is an offer by the Applicant to Trade Me Group Limited to subscribe for the number of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Offer Document, including any supplementary or replacement Offer Document and the Application Form (including the conditions regarding quotation on the NZSX and ASX). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. By submitting an Application Form, the Applicant agrees to be bound by these terms and conditions and the Company's Constitution.

An Application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Money received in respect of Applications which are declined in whole or in part will be refunded in whole or in part (as the case may be). Interest will not be paid on any Application Monies refunded.

Application Monies and refunds

Interest earned on Application Monies will be retained by the Company. Until the issue of Shares, Application Monies received will be held in a separate account for the benefit of the Applicants and the Company according to their respective entitlements.

Applicants should ensure that sufficient funds are held in their account(s) to cover the amount of the cheque(s) or bank draft(s) or direct debit payment(s). If the amount of an Applicant's cheque(s) or bank draft(s) or direct debit payment(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, the Applicant may be taken to have applied for such lower dollar amount of Shares as for which their cleared Application Monies will pay (and to have specified that amount on their Application Form) or their Application may be rejected.

If an Application is rejected, all of the relevant Application Monies will be refunded to the relevant Applicant without interest. If Applications are scaled, the Applicant will receive the number of Shares in respect of which the Application is accepted at the Offer Price and a refund of the balance of the relevant Application Monies. Refunds will not be paid for any difference arising solely due to rounding or where the aggregate amount of the refund payable to an Applicant is less than \$5.00. All refunds will be made without interest.

Cheques will be made payable to the relevant Applicant in their name(s), and will be posted to the address set out in the Application Form.

Refunds will be issued within 5 business days following the Allotment Date.

How to apply under the Priority Offer

Offer	Application Form	Or...	To request a paper Application Form
Trade Me Employee Gift Offer	Complete and sign the purple Trade Me Employee Gift Offer Application Form provided by Trade Me, accompanying an Offer Document	N/A	Personalised paper Application Forms provided by Trade Me
Trade Me Employee Offer	Complete the yellow Trade Me Employee Offer Application Form provided by Trade Me, accompanying an Offer Document	Apply on-line at the Share Offer website: https://events.miraqle.com/Trade-Me/IPO/	Personalised paper Application Forms provided by Trade Me
Fairfax New Zealand Employee Offer	Complete the grey Fairfax New Zealand Employee Offer Application Form, accompanying an Offer Document		Request a Share Offer Document and accompanying personalised paper Application Form from the Offer information line on 0800 990057 (in New Zealand), 1800 868 464 (toll free within Australia), or +61 2 8280 7778 (outside New Zealand and Australia) from 9.00am until 7.00pm (NZDT) Monday to Friday
Trade Me Eligible Member Offer	Complete the green Trade Me Eligible Member Offer Application Form, accompanying an Offer Document		
New Zealand participants in the Fairfax Shareholder Offer	Complete the red Fairfax Shareholder Offer Application Form, accompanying an Offer Document		
Australian participants in the Fairfax Shareholder Offer	Complete the white Fairfax Shareholder Offer Application Form, accompanying an Offer Document		

Note: Investors applying for Shares using a paper Application Form are encouraged to submit an Application Form and payment as early as possible in advance of the Priority Offer Closing Date and to allow a sufficient period for mail processing time.

	Minimum Application Size	How to Complete the Application Form	Payment Details	Closing date and delivery
	Gift of 370 Shares	Forms must be signed and returned to Trade Me in accordance with their instructions.	Eligible Trade Me Employees are receiving Shares for no monetary payment.	Application Forms must be submitted to Trade Me by 5 December 2011.
	750 Shares (\$2,025) and in whole multiples of 200 Shares (\$540) thereafter	Follow the detailed instructions on the 'Offer Application Form Instructions' provided with the Application Form.	Payment is via direct debit, bank draft or cheque	<p>Application Forms and payment must be submitted by 5.00pm on the Priority Offer Close Date being 5 December 2011.</p> <p>If applying with a paper Application Form, send the completed Application Form and Application Monies to the Share Registrar in order to be received by 5.00pm on 5 December 2011, (being the Priority Offer Closing Date).</p> <p>Alternatively, Applications made in New Zealand can be lodged with any NZX Firm, the Lead Manager, or any other channel approved by NZX so as to be received in time to enable them to be forwarded to and received by the Share Registrar by 5.00pm on 5 December 2011.</p>
	A\$2000 and in whole multiples of A\$500 thereafter		Payment is via BPAY (online only), bank draft or cheque	

Fairfax Media, the Company and the Lead Manager reserve the right to extend the Broker Firm Offer Closing Date and Priority Offer Closing Date, in which case the dates referred to above may change correspondingly.

Trade Me Executive Share Offer

Who may apply?

The Trade Me Executive Share Offer is made to selected employees of Trade Me. The Company is offering up to 25 of Trade Me's senior management and senior employees the opportunity to purchase Restricted Shares under the Executive Share Plan.

On the basis that all offers of Restricted Shares are accepted, the Company will have approximately 254,490 Restricted Shares on issue, which may be reclassified into 254,490 Shares, subject to the qualification criteria being satisfied.

Further details of the Executive Share Plan, including eligibility, qualification criteria and how to apply are set out on pages 56 to 59.

Institutional Offer

Invitations to bid

The Institutional Offer consisted of an invitation prior to the date of this Offer Document to certain Institutional Investors in New Zealand, Australia and a number of other eligible jurisdictions (excluding the United States) to apply for Shares. The Lead Manager has separately advised Institutional Investors of the Application procedures for the Institutional Offer.

Allocation policy under Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer and the allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Lead Manager and Fairfax Media in consultation with the Company. There is no assurance that any Institutional Investor, NZX Firm, Broker, or other participant in the bookbuild will be allocated any Shares, or the number of Shares for which it has bid. The allocation policy was influenced by the following factors:

- Number of Shares bid for by particular bidders.
- The timeliness of the bid by particular bidders.
- The Company's desire for an informed and active trading market following listing on NZSX and ASX.
- The Company's desire to establish a wide spread of institutional shareholders.
- Overall level of demand under the Broker Firm Offer and Institutional Offer.
- The size and type of funds under management of particular bidders.
- The likelihood that particular bidders will be long-term shareholders.
- Any other factors that the Company, Fairfax Media and the Lead Manager considered appropriate.

Underwriting arrangements

The Underwriter has agreed, subject to certain terms and conditions, to underwrite Applications for approximately 134.6 million Shares under the Offer. The Underwriter, FNZHL and the Company have entered into an Underwriting Agreement under which the Underwriter has been appointed as underwriter of the Offer.

The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and the underwriting obligations. A summary of certain terms of the Underwriting Agreement is provided in the *Statutory information* section under the heading "Material contracts".

Firm Allocations

As at the date of this Offer Document, 118.8 million of the Shares (being all of the Shares under the Institutional Offer and the Broker Firm Offer) have been reserved for subscription by Institutional Investors, clients of the Lead Manager, the Co-Lead Managers, the Co-Managers, NZX Firms and Brokers, and other participants in the bookbuild. Investors wishing to apply under the Broker Firm Offer should apply to an NZX Firm (or if in Australia, to a Broker) to arrange an allocation of Shares.

Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on subscribing for Shares under the Offer. See the information under the heading "What are the charges?" on page 7 for details of the brokerage payable to NZX Firms or Brokers.

Allocations and allotments

New Zealand residents with a Common Shareholder Number (CSN) and Faster Identification Number (FIN) will have their Shares allotted under their CSN, if the CSN was provided on the Application Form.

Shares allocated under the Offer are expected to be issued on 12 December 2011.

Notifications to successful Applicants of their allocations (allotment notices) under the Offer are expected to be issued within five business days of allotment. Shareholders on the New Zealand Share register will be sent a statement confirming their allotment and, if a new investor, advised of their CSN and FIN.

Shareholders on the Australian Share register will be sent an initial statement of holding that provides details of a shareholder's Holder Identification Number (HIN) for CHESS holders or Shareholder Reference Number (SRN) for issuer sponsored holders.

Shareholders on the Australian Share register will subsequently receive statements showing any changes to their shareholding in the Company. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker, in the case of a holding on the CHESS subregister, or through the Share Registrar in the case of a holding on the issuer sponsored subregister. The Company or Share Registrar may charge a fee for these additional issuer sponsored statements.

Applicants may call the Share Registrar, their NZX Firm or their Broker after 9.00am on the Allotment Date to ascertain their allocation before trading in the Shares. To assist this process, investors that have an existing shareholder number should quote it when calling.

None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers, or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with the Shares before the statements confirming allotments are received by the Applicants for the Shares.

Listing and quotation of Shares

NZX

Application has been made to NZX for permission to quote the Shares on the NZSX, and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document. NZX has authorised NZX Firms to act on the Offer. The NZSX is a registered market operated by NZX, which is a registered exchange regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZSX is expected to occur under the code "TME" on 13 December 2011.

ASX

An application has been made to ASX for the Company to be admitted to the official list of ASX and for quotation of the Shares on ASX. The Company's ASX code is "TME".

ASX takes no responsibility for this Offer Document or for investment to which this Offer Document relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

It is expected that trading of the Shares on the ASX (on a deferred settlement basis) will commence on or about 13 December 2011. Shares are expected to commence trading on the ASX on a normal settlement basis on or about 15 December 2011.

In the event that admission to list on either the NZSX or the ASX is denied, or for any other reason the issue of Shares under the Offer does not proceed, all Application Monies will be refunded in full without interest.

Applicants should not attempt to sell their Shares until they know whether, and how many, Shares have been allocated to them. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager nor any of their respective directors, officers or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before statements confirming allotments are received by the Applicants for the Shares.

CHESSE

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (CHESSE), in accordance with the ASX Settlement Operating Rules. CHESSE is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

When the Shares become CHESSE Approved Securities, holdings will be registered in one of two subregisters, an electronic CHESSE subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESSE or a person sponsored by a participant in CHESSE will be registered on the CHESSE subregister. All other Shares will be registered on the issuer sponsored subregister.

Following the issue of Shares, any Shareholder who has elected to have their Shares registered in CHESSE will be sent an initial statement of holding that sets out the number of Shares that have been allocated. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) or, where applicable, the Shareholder Reference Number (SRN) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding in the Company.

Selling restrictions

The Offer is only being made to members of the public in New Zealand and Australia and to Institutional Investors in New Zealand, Australia and selected other jurisdictions (excluding the United States or any US Persons).

No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Offer Document) in relation to the Shares to any person outside New Zealand or Australia except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Company, any person or entity subscribing for Shares in the Offer shall by virtue of such subscription be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Offer Document, and is not acting for the account or benefit of a person within such jurisdiction. None of Fairfax Media, the Company, their respective subsidiaries, the Lead Manager, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Discretion regarding the Offer

Fairfax Media and the Company reserve the right to withdraw the Offer at any time prior to the allotment of Shares to Applicants. If the Offer or any part of it is cancelled then all Application Monies, or the relevant Application Monies, will be refunded (without interest).

Fairfax Media and the Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than applied for.

If the Company amends the Broker Firm Offer Closing Date or the Priority Offer Closing Date, any such amendment will be announced through NZX.

Enquiries

All enquiries in relation to this Offer Document should be directed to the Offer information line on 0800 990057 (toll free within New Zealand), 1800 868 464 (toll free within Australia), or +61 2 8280 7778 (outside New Zealand and Australia) from 9.00am until 7.00pm (NZDT) Monday to Friday.

Investors who are unclear in relation to any matter, or are uncertain as to whether an investment in the Company is a suitable investment, should consult an NZX Firm or their Broker, solicitor, accountant or other appropriately qualified professional adviser before deciding whether to invest.

New Zealand taxation

General

The following taxation summary is based on New Zealand tax legislation and interpretations thereof current at the date of this Offer Document and is not intended to be an authoritative or complete statement of the laws applicable. Prospective investors must seek their own taxation advice in relation to their personal taxation position.

Acquisition of Shares

No stamp duty is payable in New Zealand on share transfers and no notice of such transfers is required to be given by the holders of Shares to the IRD.

Dividends

The Company will assume that holders of Shares are New Zealand tax residents unless it is satisfied to the contrary, and will act accordingly. Any liability for taxation is the responsibility of the holder of the Shares.

In general, any distribution, including a cash dividend, by the Company in respect of Shares, other than a non-taxable bonus issue of Shares or a return of capital in certain circumstances, will be considered a dividend for New Zealand tax purposes.

Dividends distributed to residents

New Zealand operates a full imputation system of company taxation. Under the dividend imputation system, corporate tax paid by a New Zealand tax resident company gives rise to credits (known as imputation credits) which can be attached to dividends paid by the Company and used by its New Zealand resident Shareholders to offset their own personal income tax liability on those dividends. Dividends paid to New Zealand tax resident Shareholders will ordinarily be subject to resident withholding tax at the current rate of 33% less the amount of any imputation credits attached to those dividends. Accordingly, where imputation credits are attached to the dividend to the fullest extent possible (fully imputed), resident withholding tax will currently be deducted at the rate of 5%.

A deduction for resident withholding tax on dividends will not be made where the recipient of the payment holds and produces a current certificate of exemption and the certificate continues to be current at the time the dividend is paid or where one of the other exemptions specified in section RE2(5) of the Income Tax Act 2007 is shown to apply. The Company will make a resident withholding tax deduction unless it is satisfied by the holder of the Shares that the deduction is not required by law. Any resident withholding tax accounted for in respect of a dividend paid to a New Zealand resident holder of Shares is able to be credited against the income tax liability of that holder of Shares.

Dividends distributed to non-residents

Subject to the application of certain double taxation agreements to which New Zealand is a party, any non-residents of New Zealand will be subject to New Zealand non-resident withholding tax of 30% on the gross amount of all distributions which are dividends for New Zealand tax purposes unless the dividend is fully imputed. If a dividend is fully imputed, the applicable withholding tax rate is reduced to 15% or to 0% if the non-resident directly holds:

- a voting interest of 10% or more in the Company (a person's voting interest being the percentage that the non-resident holds of the total rights in the Company attaching to the Shares to vote or participate in Shareholder decision-making rights); or
- a voting interest of less than 10% in the Company and has a post-treaty tax rate (being the otherwise applicable rate of tax after taking into account the overriding effect of any relevant double tax agreement) for the dividend of less than 15%.

Further, if the post-treaty tax rate for the dividend is 15% or more and the non-resident has less than a 10% direct voting interest in the Company, the Company may elect to pay a supplementary dividend in addition to the dividend, funded by an equivalent credit against payment of the Company's income tax payable. The credit is calculated by reference to the imputation credits attached to the dividend. When the dividend is fully imputed, a supplementary dividend equal to the withholding tax imposed on the first dividend and supplementary dividend can be paid which is funded by a tax credit to the Company, negating any adverse effect to the investor in respect of the deduction of withholding tax.

Disposal of Shares

The New Zealand tax system does not currently include a capital gains tax. Consequently, where the disposal of Shares does not form part of a person's business, amounts derived from the disposal of Shares will generally not be subject to New Zealand income tax. However, there are exceptions to this where the Shares were acquired for the purpose of sale or if the Shares were acquired as part of a profit making undertaking or scheme, or if the Shares are disposed of in the ordinary course of business. Where one of these exceptions applies, the gain (or loss) for the holder of the Shares will generally be the difference between the cost of acquiring the Shares and the market value of the consideration received for their disposal.

Gift duty does not apply to disposals from 1 October 2011.

Financial information

Introduction

This section contains historical financial information for Trade Me Limited and prospective financial information for Trade Me Group Limited (together, the **Financial Information**).

The Offer is for shares in the Company (Trade Me Group Limited), which immediately prior to completion of the Offer will acquire a 100% ownership interest in Trade Me under the Restructure.

Upon completion of the Offer, the Group will comprise the Company, Trade Me and its investment in AutoBase.

Included within this section is:

- An overview of pro forma financial information that summarises key historical and prospective financial metrics, and includes pro forma adjustments;
- A description of the major factors that affected Trade Me's profitability between the period ended 30 June 2007 (FY2007) and the year ended 30 June 2011 (FY2011) (**Historical Period**), including a specific focus on FY2011;
- Prospective financial information for the year ending 30 June 2012 (FY2012) and the six month period ending 31 December 2012 (1H2013) comprising:
 - statements of comprehensive income, statements of changes in equity, statements of financial position and statements of cash flows;
 - significant accounting policies applied in the preparation of the prospective financial information;
 - a description of the Directors' best estimate general and specific assumptions underlying the prospective financial information; and
 - analysis of the sensitivity of the prospective financial information to changes in a number of key assumptions;
- A reconciliation of pro forma profitability and cash flow to statutory financial statements and prospective financial information; and
- A five-year summary of historical financial information for Trade Me for the Historical Period.

The Financial Information should be read in conjunction with the risk factors set out in the section entitled *Answers to important questions* under the heading "What are my risks?" on page 8 and other information contained in this Offer Document.

The Financial Information is rounded, which may result in some discrepancies between the sum of components and totals within tables and also in certain percentage calculations.

Overview of Pro Forma Financial Information

The following pro forma financial information represents historical and prospective financial information that has been adjusted for specific items to assist potential investors with comparing the profitability and cash flow of the Group on a consistent basis. It is provided in addition to the prospective financial information set out on pages 79 to 86 and the historical financial information set out on pages 94 to 97.

Pro forma profitability

Historical pro forma profitability is presented before interest and income tax due to the different capital structure that will be in place following the Offer. It has also been adjusted to include estimated public company costs that are assumed to be incurred by the Group following the Offer.

Forecast pro forma profitability for FY2012 has been adjusted to exclude the costs related to a one-off Trade Me Employee Gift Offer (described under the heading "Trade Me Employee Gift Offer" on page 63). It has also been adjusted to include a full year of estimated public company and financing costs as though the Group had been publicly listed with borrowings for the full year, and the resulting tax impact of these adjustments.

No adjustments have been made to forecast pro forma profitability for 1H2013. Forecast pro forma profitability for the 12 month period ending 31 December 2012 (CY2012) is provided as additional information.

A reconciliation of pro forma profitability to statutory financial statements and prospective financial information is set out on page 87.

\$M	FY2009	FY2010	FY2011	FY2012	1H2013	CY2012
	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDING 30 JUNE 2012	6 MONTHS ENDING 31 DEC 2012	12 MONTHS ENDING 31 DEC 2012
	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA FORECAST	PRO FORMA FORECAST	PRO FORMA FORECAST
Total revenue	96.1	114.4	128.8	144.8	78.9	154.1
<i>Growth (pcp)</i>	13.6%	19.0%	12.6%	12.4%	13.4%	12.9%
Pro forma EBITDA	76.0	88.5	97.0	104.8	56.3	110.9
<i>Growth (pcp)</i>	12.1%	16.4%	9.6%	8.0%	11.9%	10.1%
<i>Pro forma EBITDA Margin</i>	79.1%	77.4%	75.4%	72.4%	71.4%	72.0%
Pro forma EBIT	72.7	85.6	93.5	99.6	52.8	104.4
<i>Growth (pcp)</i>	12.0%	17.7%	9.2%	6.4%	10.1%	8.4%
<i>Pro forma EBIT Margin</i>	75.7%	74.8%	72.6%	68.7%	66.9%	67.7%
Interest income				0.9	0.6	0.9
Interest expense				(10.2)	(5.1)	(10.2)
Pro forma profit before income tax				90.3	48.3	95.1
Income tax expense				(25.3)	(13.5)	(26.6)
Pro forma profit for the period				65.0	34.8	68.5

1. The pro forma financial information should be read in conjunction with the notes and discussion accompanying this section and the historical financial information set out on pages 94 to 97 and the prospective financial information set out on pages 79 to 86.
2. Pcp denotes "previous corresponding period" and is calculated as the percentage change between two comparable periods.
3. CY2012 pcp growth is relative to the 12 month period ending 31 December 2011.

Pro forma cash flow

Historical pro forma cash flow has been adjusted to include the cash impact of estimated public company costs that are assumed to be incurred by the Group following the Offer.

Forecast pro forma cash flow for FY2012 has been adjusted to exclude a one-off transfer of member prepaid commissions to a trust assumed to take place prior to the Offer,¹ and the cash flow related to the Trade Me Employee Gift Offer. It has also been adjusted to include the cash flow impact of a full year of estimated public company costs as though the Group had been publicly listed for the full year.

A forecast pro forma cash flow for CY2012 is provided as additional information.

A reconciliation of pro forma cash flow to statutory financial statements and prospective financial information is set out on page 88.

\$M	FY2009	FY2010	FY2011	FY2012	1H2013	CY2012
	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDING 30 JUNE 2012	6 MONTHS ENDING 31 DEC 2012	12 MONTHS ENDING 31 DEC 2012
	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA FORECAST	PRO FORMA FORECAST	PRO FORMA FORECAST
Pro forma EBITDA	76.0	88.5	97.0	104.8	56.3	110.9
Profit from associates	(0.5)	(0.6)	(0.5)	(0.6)	(0.3)	(0.6)
Change in working capital	2.1	0.8	0.5	(0.6)	0.5	0.1
Capital expenditure	(4.0)	(3.7)	(7.0)	(6.9)	(3.7)	(7.6)
Adjustments for non-cash items	0.2	0.1	(0.4)	–	–	–
Pro forma cash flow	73.8	85.1	89.6	96.7	52.8	102.8

1. Refer to a description of this change in the treatment of prepaid commissions set out on page 86.

Major Factors Affecting Historical Pro Forma Financial Performance

Trade Me has delivered strong and consistent earnings growth over an extended period. This reflects its position as a trusted business at the forefront of New Zealanders' migration online, and commitment to meeting the needs of its members.

Trade Me has benefited from increased usage as overall online activity in New Zealand has increased, and has been well positioned to innovate and seize new opportunities. As a pure online business and beneficiary of the 'network effect', it has low working capital and capital expenditure requirements. This has resulted in high conversion of earnings growth to cash flow.

\$M	FY2007	FY2008	FY2009	FY2010	1H2011	2H2011	FY2011
	12 MONTHS ENDED 30 JUNE 2007	12 MONTHS ENDED 30 JUNE 2008	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	6 MONTHS ENDED 30 DEC 2010	6 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDED 30 JUNE 2011
	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL	PRO FORMA HISTORICAL
General Items	33.2	40.5	49.6	57.9	30.4	31.1	61.5
Classifieds	16.2	29.9	33.0	38.7	21.1	23.6	44.7
Other	11.1	14.2	13.5	17.8	10.3	12.3	22.6
Total revenue	60.5	84.6	96.1	114.4	61.8	67.0	128.8
Employee benefits	(4.2)	(6.6)	(9.3)	(10.7)	(6.4)	(6.5)	(12.9)
Promotion	(1.0)	(0.8)	(2.5)	(3.4)	(2.0)	(3.1)	(5.1)
Web infrastructure	(0.8)	(1.0)	(1.3)	(1.5)	(0.9)	(0.8)	(1.7)
Other	(6.5)	(8.6)	(7.4)	(10.9)	(6.3)	(6.3)	(12.6)
Pro forma total expenses	(12.5)	(17.0)	(20.5)	(26.5)	(15.6)	(16.7)	(32.3)
Share of profit from associates	0.2	0.3	0.5	0.6	0.4	0.1	0.5
Pro forma EBITDA	48.2	67.9	76.0	88.5	46.6	50.4	97.0
<i>Growth (pcp)</i>	na	40.9%	11.9%	16.4%	na	na	9.6%
<i>Pro forma EBITDA margin</i>	79.7%	80.3%	79.1%	77.4%	75.4%	75.2%	75.3%
Pro forma EBIT	46.7	64.9	72.7	85.6	45.1	48.4	93.5
<i>Growth (pcp)</i>	na	39.0%	12.0%	17.7%	na	na	9.2%
<i>Pro forma EBIT margin</i>	77.2%	76.7%	75.7%	74.8%	73.0%	72.2%	72.6%

1. FY2007 has been pro forma adjusted to reflect a 12 month period based on unaudited management accounts as statutory financial statements were for a 15 month period to 30 June 2007. Refer to the reconciliation of pro forma profitability on page 87.
2. Other expenses has been pro forma adjusted to include estimated public company costs that are assumed to be incurred by the Group following completion of the Offer.
3. Other expenses in FY2011 (2H2011) includes a \$0.6 million gain on sale. 1H2011 and 2H2011 includes a pro forma adjustment for a half year (\$1.1 million) of estimated public company costs as though the Group had been publicly listed for the full year.
4. Pcp denotes "previous corresponding period" and is calculated as the percentage change between two comparable periods.
5. Na denotes "not applicable".

Factors described below that affected historical financial performance are a summary only, and are not intended to be exhaustive.

Macroeconomic environment

As a consumer-facing business, Trade Me is exposed to changes in economic activity and broader consumer sentiment. The impact of these macroeconomic factors differs across each of Trade Me's businesses, resulting in a degree of portfolio diversity.

The global financial crisis and subsequent period of relatively low economic growth in New Zealand has been an important influence on the financial performance of Trade Me. Notwithstanding the continued structural migration from traditional to online channels, the macroeconomic environment has negatively impacted market activity across many of Trade Me's key businesses, including all three classified businesses which experienced listing declines in FY2009.

General Items

General Items provided \$61.5 million or 48% of total revenue in FY2011. Success fees are the largest proportion of General Items revenue, and are driven by both the number of completed transactions (listings sold) and the total sales value of completed transactions (gross merchandise sales or GMS).

Trade Me realised consistent growth in the number of listings sold and GMS over the Historical Period with a compound annual growth rate (CAGR)¹ of 9.9% and 10.4% respectively, reflecting the increasing popularity of Trade Me as a channel to buy and sell.

Specific initiatives that supported this growth include Trade Me's credit card payment system Pay Now that was launched in FY2008 to simplify buyer-to-seller payments, the establishment of a 'high volume seller' account management team in FY2010, and the development of tools to make it easier for businesses to add large numbers of new goods listings.

Yield is calculated by dividing revenue (earned primarily from success fees and premium listing fees) by GMS. It has increased consistently over the Historical Period as a result of increased take-up of premium features offered to sellers, and incremental changes to product pricing.

YEAR ENDED 30 JUNE	FY2007	FY2008	FY2009	FY2010	FY2011	CAGR
Listings sold (m)	9.2	10.4	11.5	12.9	13.4	9.9%
GMS (\$m)	502	582	630	725	749	10.4%
Yield (%)	6.6	7.0	7.9	8.0	8.2	

Classifieds

Classifieds revenue provided \$44.7 million or 35% of total revenue in FY2011. This is primarily from basic and premium listing fees across three classifieds businesses: Motors,² Property and Jobs.

Motors is the largest classifieds business, contributing approximately \$21 million of revenue in FY2011. Average concurrent listings³ onsite of approximately 90,000 in FY2011 increased by a CAGR of approximately 16% over the Historical Period, reflecting an increase in market penetration partially offset by cyclical effects on market activity. Revenue growth of approximately 22% CAGR over the Historical Period reflects both listings growth and higher average yield, and was primarily driven by volume plans for dealers.

Property contributed approximately \$15 million of revenue in FY2011. Average concurrent listings onsite of approximately 115,000 in FY2011 increased by a CAGR of approximately 39% over the Historical Period, reflecting strong growth as the major New Zealand real estate agent franchises moved listings onto the Trade Me platform. Revenue growth of approximately 37% CAGR over the Historical Period reflects this listing growth, changes to the structure of agent pricing plans, and an increased uptake of premium listing options including enhanced feature upgrades.

Jobs contributed approximately \$9 million of revenue in FY2011. Average concurrent listings onsite of approximately 8,500 in FY2011 increased by a CAGR of 12% over the Historical Period, albeit with some volatility. This reflects a combination of market share gains off a low base (given the relatively late entry of Trade Me into the employment category), and the negative impact of cyclical effects on market activity. Revenue growth of approximately 40% CAGR over the Historical Period reflects this listing growth and the benefit of a materially enhanced competitive position on average yield.

Other businesses

Trade Me sells advertising across its portfolio of sites, and with its high online traffic is established as one of the industry leaders in display advertising. Advertising contributed approximately \$15 million of revenue in FY2011, and increased by a CAGR of approximately 20% over the Historical Period. Initiatives that have supported this growth include the establishment of a focused advertising sales team in FY2008, a move to more standard industry-wide advertising formats in FY2010, and the adoption of enhanced ad-serving technology in FY2011.

The revenue contribution from other businesses, primarily the travel businesses, FindSomeone and Pay Now, increased by approximately \$3.6 million over the Historical Period, from approximately \$3.8 million to \$7.4 million.

Group buying site Treat Me was launched in March 2011.

1. Compound annual growth rate is a measure of annualised percentage change over a period.
2. Note that sellers can also elect to sell their vehicle by auction.
3. Average concurrent listings is calculated as the average of daily concurrent listings for the full financial year.

Expenses

Trade Me maintained strong discipline in relation to total expenses during the Historical Period. The rate of growth in employee benefits and web infrastructure expense exceeded the rate of revenue growth, reflecting a proactive strategy to invest in design, innovation and technology capabilities and infrastructure to support a significant increase in business scale.

Increased promotion expense during the Historical Period reflected focused support for new businesses, consistent with Trade Me's growth strategy.

Other expenses include direct selling expenses such as merchant fees, as well as general corporate overheads and increased broadly in line with revenue growth during the Historical Period. Other expenses have been pro forma adjusted for estimated public company costs of \$2.2 million per annum.

Management discussion of performance in FY2011

Macroeconomic conditions were challenging in FY2011, particularly in contrast to the rebound in consumer sentiment that was experienced in FY2010 following the global financial crisis. The major disruption caused by the Canterbury earthquakes in September 2010 and February 2011 added to this challenging environment.

Despite this, Trade Me maintained positive revenue growth across each of its key businesses, and realised year-on-year pro forma EBITDA growth of \$8.5 million or 9.6%.

Key activity metrics

In General Items, listings sold growth of 3.9% was materially below the 12.2% achieved in FY2010 and a FY2007-11 CAGR of 9.9%. This reflected a combination of the subdued economic environment and relative business maturity. GMS growth of 3.3% was also materially below 15.1% in FY2010 and a FY2007-11 CAGR of 10.4%.

In classifieds, growth in average concurrent listings was achieved across all three businesses. Strong growth in Jobs reflected continued gains in market share. Growth in Motors primarily reflected increased activity in AutoBase despite some motor industry supply issues due in part to the Japan earthquake. Growth in Property reflected increased agency uptake despite continued softness in the broader real estate market.

Revenue

General Items revenue growth of 6.2% reflected growth in GMS, and an increase in yield primarily driven by changes to the pricing structure of success fees implemented during the year.

Classifieds revenue growth of 15.5% included positive revenue growth from each classifieds business. Strong Jobs revenue growth was driven by a combination of listings growth and a price increase for direct listings implemented in July 2010. Motors revenue growth related mainly to increased activity in AutoBase. Property revenue increased (despite a decline in private listings) due to increased agency uptake, changes to the agent fee revenue model, and take-up of additional premium options.

Other revenue growth of \$4.8 million included a 22.3% increase in advertising revenue, and growth in the travel businesses and FindSomeone. Treat Me was launched in March 2011 and had only a nominal impact on revenue.

Pro forma EBITDA

Pro forma EBITDA growth of 9.6% reflected revenue growth of 12.6%, partially offset by a higher growth rate in expenses from increased employee numbers and promotion to support the development of new businesses.

An increase in pro forma total expenses of 21.9% included a 20.6% increase in employee benefits with the addition of 39 new full time equivalent employees across the business. This investment in people was focused on technology development, customer support and the establishment of Treat Me.

Promotion expenses increased by \$1.7 million or 50.0%, and included marketing campaigns for Jobs and promotional costs associated with the launch of Treat Me.

Capital expenditure

Capital expenditure on a cash basis in FY2011 of approximately \$7.0 million primarily related to \$4.4 million for computer hardware, and \$1.9 million for capitalised development costs. Computer hardware spend included an enterprise storage upgrade for two identical storage arrays (one for each data centre) and a core network upgrade to accommodate continued traffic growth. Capitalised development included a range of projects such as a new iPhone application, a proprietary Application Programming Interface, and building the Treat Me site.

Prospective financial information

This section contains prospective financial information for the Group, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations which includes:

- Prospective consolidated statements of comprehensive income;
- Prospective consolidated statements of changes in equity;
- Prospective consolidated statements of financial position;
- Prospective consolidated statements of cash flows;
- Significant accounting policies applied in the preparation of prospective financial information;
- A description of the Directors' best estimate general and specific assumptions that underpin prospective financial information; and
- Analysis of the sensitivity of prospective financial information to changes in a number of key assumptions.

Prospective financial statements have been prepared in accordance with Financial Reporting Standard No. 42 "Prospective Financial Statements", subject to the Securities Regulations, whereby prospective financial statements may be prepared for an interim six month period.

Prospective financial information has been prepared for the purpose of the Offer and may not be suitable for any other purpose.

Prospective financial information for FY2012 comprises two months of actual results based on unaudited management accounts and three months of forecasts for Trade Me, and seven months of forecasts for the Group that reflects changes in structure and financing following the Offer. Prospective financial information for the Group for 1H2013 is a forecast.

Prospective financial information is prepared consistent with the Restructure as explained on page 61. The effect of the Restructure is that Trade Me will continue to be part of the FNZHL consolidated group, whilst from an accounting perspective it will be reported as part of the Group in recognition of the legal acquisition of Trade Me by the Company. Accordingly, the prospective financial information of the Group reflects the values of goodwill (\$717.0 million) and intangible assets (\$32.7 million) which the FNZHL consolidated group has recognised in respect of its investment in Trade Me, together with the existing book values of Trade Me's assets and liabilities.

Prospective financial information is based on events and conditions existing at the date of this Offer Document and the assumptions and accounting policies set out on pages 82 to 86 and pages 98 to 102. The Directors believe they have prepared prospective financial information with due care and attention, and consider the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Offer Document. However, actual results are likely to vary from the information presented as anticipated results may not occur as expected, and the variations may be material.

Prospective financial information by its nature involves risks and uncertainties, many of which are beyond the control of the Group. These risks and uncertainties include but are not limited to, those discussed under the heading "What are my risks?" set out in the section entitled *Answers to important questions*.

There is no present intention to update prospective financial information or to publish prospective financial information in the future, other than as required by accounting standards. That is, the Group will present a comparison of certain prospective financial information with actual financial results when reported.

The Directors are responsible for and have authorised for issue the prospective financial information on 9 November 2011.

Prospective statements of comprehensive income

\$M	1H2012	2H2012	FY2012	1H2013
	6 MONTHS ENDING 31 DEC 2011 FORECAST	6 MONTHS ENDING 30 JUNE 2012 FORECAST	12 MONTHS ENDING 30 JUNE 2012 FORECAST	6 MONTHS ENDING 31 DEC 2012 FORECAST
General Items	32.2	32.6	64.8	34.1
Classifieds	24.0	27.1	51.1	27.7
Other	13.4	15.5	28.9	17.1
Total revenue	69.6	75.2	144.8	78.9
Employee benefits expense	(8.3)	(9.2)	(17.5)	(10.2)
Promotion expense	(3.3)	(3.2)	(6.5)	(3.5)
Web infrastructure expense	(1.4)	(1.7)	(3.1)	(1.9)
Other expenses	(5.9)	(6.9)	(12.8)	(7.3)
Total expenses	(18.9)	(21.0)	(39.9)	(22.9)
Share of profit from associates	0.3	0.3	0.6	0.3
EBITDA	51.0	54.5	105.5	56.3
Depreciation and amortisation	(2.4)	(2.9)	(5.3)	(3.5)
EBIT	48.6	51.6	100.2	52.8
Interest income			0.9	0.6
Interest expense			(5.5)	(5.1)
Profit before income tax			95.6	48.3
Income tax expense			(26.9)	(13.5)
Profit for the period			68.7	34.8
Total comprehensive income for the period			68.7	34.8

1. Prospective financial information should be read in conjunction with the underlying assumptions and the accounting policies on pages 82 to 86 and pages 98 to 102.

Prospective statements of changes in equity

\$M	FY2012	1H2013
	12 MONTHS ENDING 30 JUNE 2012 FORECAST	6 MONTHS ENDING 31 DEC 2012 FORECAST
Opening equity – Trade Me	19.9	
Reserves from FNZHL	749.7	
Total consolidated opening equity	769.6	631.4
Profit and total comprehensive income for the period	68.7	34.8
Pre-Offer dividends on ordinary shares	(41.0)	–
Post-Offer dividends on ordinary shares	–	(27.0)
<i>Shares issued:</i>		
Shares issued to prospective investors	363.5	–
Shares issued to Fairfax Media Subsidiary Shareholder	705.7	–
Cash payment to Fairfax Media related entities for transfer of Trade Me	(529.5)	–
Re-issue of shares for transfer of Trade Me	(705.7)	–
Total equity	631.4	639.2
Represented by:		
Share capital	1,069.2	1,069.2
Reserves	(485.3)	(485.3)
Retained earnings	47.5	55.3
	631.4	639.2

Prospective statements of financial position

\$M	AS AT COMPLETION OF THE OFFER	AS AT 30 JUNE 2012	AS AT 31 DEC 2012
	FORECAST	FORECAST	FORECAST
Current assets			
Cash and cash equivalents	2.0	43.0	43.8
Trade and other receivables	4.1	4.5	4.3
Total current assets	6.1	47.5	48.1
Non-current assets			
Property, plant & equipment	4.0	5.1	5.1
Deferred tax asset	0.2	0.2	0.2
Investment in associate	0.6	0.6	0.6
Goodwill	721.6	721.6	721.6
Intangible assets	36.2	36.5	36.7
Total non-current assets	762.6	764.0	764.2
Total assets	768.7	811.5	812.3
Current liabilities			
Trade and other payables	4.1	5.4	5.6
Income tax payable	2.9	8.4	1.2
Total current liabilities	7.0	13.8	6.8
Non-current liabilities			
Long term interest bearing loans and borrowings	166.0	166.0	166.0
Trade and other payables	0.3	0.3	0.3
Total non-current liabilities	166.3	166.3	166.3
Total liabilities	173.3	180.1	173.1
Net assets	595.4	631.4	639.2
Equity			
Contributed equity	1,069.2	1,069.2	1,069.2
Reserves	(485.3)	(485.3)	(485.3)
Retained earnings	11.5	47.5	55.3
Total equity	595.4	631.4	639.2

1. Prospective statement of financial position as at completion of the Offer represents an estimated opening statement of financial position immediately following completion of the Offer, and may differ depending on the actual timing of completion of the Offer.
2. Goodwill and intangible assets includes goodwill of \$717.0 million and intangible assets of \$32.7 million as reported in FNZHL's consolidated financial statements, as the Company continues to be part of the FNZHL consolidated group.
3. The income tax payable as at completion of the Offer, and as at 30 June 2012, is recorded net of income tax settled by a Fairfax Media related entity.
4. Long term interest bearing loans and borrowings relates to a revolving cash advance loan facility that is assumed to be drawn to \$166.0 million immediately following the Offer and which will be used to part fund the acquisition of Trade Me by the Company. Refer to page 86 for assumptions relating to borrowings.
5. There are no balances owing from/owing to Fairfax Media related entities at completion of the Offer, 30 June 2012 or 31 December 2012.

Prospective statements of cash flows

\$M	FY2012	1H2013
	12 MONTHS ENDING 30 JUNE 2012 FORECAST	6 MONTHS ENDING 31 DEC 2012 FORECAST
Receipts from customers (inclusive of GST)	165.0	90.3
Payment to suppliers and employees (inclusive of GST)	(60.8)	(33.8)
Cash transferred to trust	(12.0)	–
Income tax paid	(25.4)	(20.8)
Interest received	0.9	0.6
Dividends received	0.6	0.3
Net cash flows from operating activities	68.3	36.6
Payment for purchase of property, plant and equipment	(4.1)	(2.1)
Payment for purchase of intangibles	(2.8)	(1.6)
Proceeds from settlement of related party loans	22.1	–
Net cash flows from / (used in) investing activities	15.2	(3.7)
Payment to owners	(529.5)	–
Interest paid on borrowings (including facility fees)	(5.5)	(5.1)
Proceeds from issue of share capital	363.5	–
Proceeds from borrowings	166.0	–
Dividends paid	(41.0)	(27.0)
Net cash flows used in financing activities	(46.5)	(32.1)
Net increase in cash and cash equivalents	37.0	0.8
Cash and cash equivalents at beginning of period	6.0	43.0
Cash and cash equivalents at end of period	43.0	43.8

1. Cash transferred to trust relates to Trade Me member prepaid commissions (historically included in Cash and Cash Equivalents and Trade and Other Payables) that will be transferred to a separate trust prior to the Offer.
2. Payment to owners relates to the transfer of Trade Me under the Restructure.
3. Dividends paid relates to a \$41.0 million dividend payment to Fairfax Media related entities prior to the Offer in FY2012, and dividends of approximately 80% of profit for the period (for the 6 months ending 30 June 2012) paid to Shareholders of the Company in the 6 months ending 31 December 2012.

Basis of preparation

Because of the nature of the Restructure and Offer the consolidated prospective financial information has been prepared reflecting the continuing business of Trade Me and the continuing book value of Trade Me's assets and liabilities, including goodwill and other intangible assets as currently reported in the consolidated financial statements of FNZHL. In other words, despite the legal acquisition of Trade Me by the Company, the accounting reflects the continuation of the existing business adjusted for the impacts of the Offer.

Accounting policies

The accounting policies applied to the preparation of prospective financial information are those which are expected to be used in future reporting periods. They are consistent with the audited financial statements of Trade Me for FY2011, other than for member income and new policies as outlined below regarding consolidation, interest bearing liabilities, financing

costs and share based payments. Existing Trade Me significant accounting policies are set out on pages 98 to 102. It is also assumed that there will be no material change in New Zealand Generally Accepted Accounting Practice during this period.

- **Member income** – Trade Me operates prepaid member accounts, where members deposit funds on account for future use of Trade Me services. Up until 1 November 2011 the sum of all positive prepay accounts was recognised as a liability until Trade Me either recognised revenue in the circumstances below, or refunded the member's account balance. Trade Me's terms and conditions will be amended prior to the Offer to reflect member account balances being held on trust and not by Trade Me, until such point that services are provided to the member and Trade Me is entitled to recognise the corresponding revenue, or the member's account balance is refunded. Consequently, the statement of financial position

as at completion of the Offer, 30 June 2012 and going forward, will no longer report either a liability for prepaid commissions or the related cash balances. Income from members is recognised when:

- i) Members have their prepay accounts charged for using Trade Me services;
 - ii) Members forfeit prepaid balances on the closing of accounts;
 - iii) Manual processing fees are charged to members obtaining refunds of prepay accounts;
 - iv) Other fees are charged to members in accordance with Trade Me terms and conditions.
- **Consolidation** – The Company and its controlled entities are collectively referred to as the Group. The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company and Group as at reporting date. The effect of all transactions between entities in the Group are eliminated in full. Control exists when one entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed not to exist over trusts that hold money on behalf of members and relevant service providers. The Company (and hence Trade Me) will continue to be part of the FNZHL consolidated group. Accordingly, the Company's prospective consolidated statement of financial position reflects the existing book values of Trade Me's assets and liabilities, including goodwill and intangible assets as reported in FNZHL's consolidated financial statements, together with the new share capital and debt. The book values of goodwill and intangible assets reported in FNZHL's consolidated financial statements arose from FNZHL's original acquisition of Trade Me in 2006. The use of these existing book values in the Company's prospective statement of financial position, together with the new share capital and debt, resulted in a debit adjustment on consolidation of \$485.3 million which is recorded in reserves.
 - **Interest bearing liabilities** – Interest bearing loans and borrowings are initially measured at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
 - **Financing costs** – Financing costs include interest on external debt (borrowing costs) and amortisation of associated transaction costs. All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

- **Share based payments** – The cost of equity-settled employee share plans is measured based on the fair value of the shares or options granted at the date on which they are granted. The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of shares/options expected to vest. If there are no vesting conditions, the total cost is recognised at grant date.

Best estimate assumptions

Prospective financial information is based on various best estimate assumptions, including those set out below. These assumptions have regard to the historical performance of the business and are consistent with the intentions of management and the Directors over the prospective period, and should be read in conjunction with the sensitivity analysis set out on page 86 and the risk factors set out in the section entitled *Answers to important questions*.

General assumptions

The following general assumptions are relevant to the prospective financial information:

- No material change in the consensus outlook for the New Zealand economy of a gradual recovery into 2012 with some return in consumer confidence but a preference to pay down debt.
- Continuation of the structural shift of businesses and consumers from traditional to online channels.
- No material change in Trade Me's competitive, legislative and regulatory environment.
- No material change to existing contractual, business and operational relationships with key Trade Me customers and suppliers.
- Trade Me senior management and other key employees remain in their current roles.
- No material business acquisitions or disposals.
- No change in accounting standards that would have a material effect on the Group.
- No material change in the New Zealand tax regime.

Specific assumptions

Set out below are specific best estimate assumptions that have been adopted in preparing the prospective financial information.

Revenue

Revenue is forecast to grow by 12.4% in FY2012 and 13.4% in 1H2013. This step-up in growth over the forecast period primarily reflects an expected gradual increase in market activity across most key categories, as well as the successful establishment of several new business initiatives.

Prospective Financial Information (continued)

GROWTH (PCP)	1H2012	2H2012	FY2012	1H2013	CY2012
	6 MONTHS ENDING 31 DEC 2011	6 MONTHS ENDING 30 JUNE 2012	12 MONTHS ENDING 30 JUNE 2012	6 MONTHS ENDING 31 DEC 2012	12 MONTHS ENDING 31 DEC 2012
	FORECAST	FORECAST	FORECAST	FORECAST	PRO FORMA
General Items listings sold	1.8%	3.5%	2.7%	3.6%	3.5%
General Items GMS	2.5%	3.9%	3.2%	4.6%	4.3%
General Items	5.9%	4.8%	5.4%	5.9%	5.3%
Classifieds	13.8%	14.8%	14.3%	15.4%	15.1%
Other	29.3%	26.7%	27.9%	27.6%	27.5%
Total revenue	12.5%	12.3%	12.4%	13.4%	12.9%

Key assumptions underpinning this revenue forecast include:

General Items – revenue growth of 5.4% in FY2012 assumes 2.7% growth in listings sold and 3.2% growth in GMS. This reflects the benefit of a series of initiatives focused on stimulating buyer demand including enhanced listing display and search functionality, and better use of analytics to target promotional offers. It also assumes continued growth in new goods supply, and a gradual recovery in broader consumer sentiment. Revenue growth of 5.9% in 1H2013 assumes 3.6% growth in listings sold and 4.6% growth in GMS, and is driven by similar factors.

Classifieds – revenue growth of 14.3% in FY2012 and 15.4% in 1H2013 reflects continued strong growth in Property and Jobs, moderated by relatively limited short-term growth in market activity for Motors.

- Property revenue growth of approximately 18% in FY2012 and approximately 16% in 1H2013 is primarily driven by a recent change to the agent pricing model and increased uptake of premium products driving an overall increase in average yield. Listings growth reflects a combination of already high listings penetration and an expected gradual recovery in market activity.
- Jobs revenue growth of approximately 34% in FY2012 and approximately 15% in 1H2013 is primarily driven by continued gains in listings market share, as well as the benefit of a recent price increase for direct listings.
- Motors revenue growth of approximately 3% in FY2012 increasing to approximately 15% in 1H2013 is expected to be driven by an increase in the uptake of premium listings options, refinements to Trade Me's pricing model and a gradual recovery in market activity.

Other – revenue growth of 27.9% in FY2012 and 27.6% in 1H2013 reflects:

- Continued growth in display advertising, including higher yielding products from behavioural targeted advertising and new revenue from Google AdWords;
- Strong growth in the recently launched group buying site Treat Me driven by a dedicated sales force and focused promotional support; and
- Growth in the travel businesses and the FindSomeone dating site.

Expenses

Key assumptions underpinning forecast expenses include:

- Employee benefits expense is forecast to increase by 35.7% in FY2012 and 22.9% in 1H2013. This primarily reflects an increase in capacity within key areas of technology and customer support, and investment in new capability to deliver on a range of growth initiatives including Treat Me, Jobs, and new goods ecommerce. A one-off Trade Me Employee Gift Offer of \$0.3 million is assumed in FY2012 as part of the Offer;
- Promotion expense is forecast to increase by 27.5% in FY2012 and 6.1% in 1H2013. This will be used for highly targeted initiatives, and is consistent with the relatively early stage of development of several businesses including Jobs, Treat Me and the travel businesses;
- Web infrastructure expense is forecast to increase by 82.4% in FY2012 and 35.7% in 1H2013. This is primarily a result of adopting Google Ad Manager, as well as a general increase in systems capacity to accommodate ongoing growth; and
- Increased other expenses includes estimated public company costs of \$2.2 million per annum following the Offer, and costs that are attributable to revenue growth including merchant service fees and seller rebates.

EBITDA is forecast to grow by 6.4% in FY2012 and 10.4% in 1H2013. EBITDA growth is a result of the revenue growth described above, with an increase in total expenses as a percentage of total revenue resulting in a modest decline in EBITDA margin.

Share of profit from associates

Share of profit from associates is assumed to remain consistent with levels observed during the Historical Period.

Depreciation and amortisation

Depreciation and amortisation expense is forecast based on existing rates of depreciation and amortisation applied to relevant assets which are adjusted for planned capital expenditure. Depreciation and amortisation rates are based on estimated useful lives which are assumed to remain consistent with levels observed during the Historical Period.

Refer to page 99 for a description of the Group's accounting policies relating to useful lives for property, plant and equipment.

Interest expense and income

An assumed interest rate of 6.0% on interest bearing liabilities is an "all-in" rate taking into account the amortisation of associated transaction costs. Facility fees and charges relating to the undrawn portion of the facility are also assumed to be incurred. Interest income is assumed based on 2.5% of the cash balance.

Income tax expense

A tax rate of 28% is assumed, being the corporate tax rate in New Zealand. For cash flow purposes it is assumed that tax is paid consistent with provisional tax payment dates.

Dividends and distributions to Shareholders

Pre-Offer

It is assumed that a dividend of \$41.0 million is paid to Fairfax Media related entities.

Restructure

It is assumed that a payment of \$529.5 million is made by the Company in partial payment for the transfer of Trade Me under the Restructure that is to occur on completion of the Offer, funded by the cash raised under the Offer and the \$166.0 million of bank borrowings.

Post-Offer

The Company intends to pay dividends based on approximately 80% of profit for the period, subject to the Company's outlook and its capital and liquidity requirements. The Company intends to pay dividends semi-annually, typically in March and September of each year and to impute dividends to the greatest extent possible.

Subject to the Company's forecast being achieved and other relevant factors, the Board expects to declare a final dividend of 6.8 cents per share in

respect of the FY2012 financial year to be paid in September 2012 and an interim dividend of 7.0 cents per share in respect of the FY2013 financial year to be paid in March 2013. The final dividend for FY2012 combined with the interim dividend for FY2013 equates to 13.8 cents per share which represents a cash dividend yield of 5.1%. Both of the dividends are expected to be fully imputed for New Zealand tax purposes.

All dividend payments post-Offer will initially be declared by Trade Me and paid to the Company. Subsequent to this the Company will then declare and pay dividends to its Shareholders.

Share capital and reserves

The Restructure is assumed to occur as described on page 61, resulting in the issuance of \$1,069.2 million of Shares by the Company on completion of the Offer, representing 396.0 million shares on issue.

The effect of the Restructure is that Trade Me will continue to be part of the FNZHL consolidated group. Accordingly, the prospective financial information of the Group reflects the existing book values of Trade Me's assets and liabilities, including goodwill and intangible assets as reported in FNZHL's consolidated financial statements, together with the new share capital and debt. This resulted in a debit adjustment on consolidation of \$485.3 million which is recorded in reserves.

Prospective statement of financial position as at completion of the Offer

Prospective statement of financial position of the Group as at completion of the Offer assumes:

- Bank borrowings of approximately \$166.0 million will be drawn on incorporation by the Company from a committed three-year facility of \$200 million;
- The Group will receive proceeds from the Offer and use them to acquire Trade Me under the Restructure;
- The Company completes the acquisition of 100% of Trade Me for a cash payment of \$529.5 million. The acquisition is settled by way of a share purchase (as documented in the Reorganisation Agreement) on the Allotment Date which is funded by debt and equity, resulting in the recognition of an investment in subsidiary of \$1,235.2 million in the Company statement of financial position; and
- The Company (and hence Trade Me) will continue to be part of the FNZHL consolidated group. Accordingly, the Company's prospective consolidated statement of financial position reflects the existing book values of Trade Me's assets and liabilities, including goodwill and intangible assets as reported in FNZHL's consolidated financial statements, together with the new share capital and debt. This resulted in a debit adjustment on consolidation of \$485.3 million which is recorded in reserves.

Goodwill and intangible assets

It is assumed that there will be no impairment of goodwill or any other intangible asset as at the date of this Offer Document or during the forecast period.

Share Based Payments

It is assumed that the participation of certain Trade Me employees in Fairfax Media's equity based incentive scheme will cease as at date of this Offer Document.

It is assumed that certain senior Trade Me employees will be allocated shares subject to certain performance conditions being achieved and remaining an employee of Trade Me for a specified period. The estimated cost of this arrangement to Trade Me is included in the prospective financial information.

For a full description of this arrangement refer to the section entitled *Trade Me Executive Share Offer*.

The costs associated with a one-off Trade Me Employee Gift Offer have been assumed in full in 1H2012.

Borrowings

The Company will obtain debt financing by way of a revolving cash advance loan facility, which will be used to fund part of the acquisition price of Trade Me. The facility is assumed to be drawn to \$166.0 million immediately following the Offer and no principal repayments have been assumed in the forecast period. Further information on the debt financing arrangements of the Company is set out on page 110.

Related party lending

It is assumed that all related party loans are settled prior to completion of the Offer, and that related party loans are nil throughout the remainder of FY2012 and 1H2013.

Working capital

The working capital profile of Trade Me is assumed to remain consistent with levels observed during the Historical Period, other than in relation to a one-off change in the treatment of prepaid commissions.

Prepaid commissions represent amounts held on behalf of members pending their future use of

Trade Me services. For prospective statements of financial position prepaid commissions and the related cash balances will be held on trust and not by Trade Me. These balances were included in Trade Me in the historical financial information.

This change results in a one-off \$12.0 million transfer of cash and related liability (prepaid commissions).

Capital expenditure

Capital expenditure on a cash basis for computer equipment of \$4.1 million and capitalised development and software of \$2.8 million is assumed for FY2012. Capital expenditure on a cash basis for computer equipment of \$2.1 million and capitalised development and software of \$1.6 million is assumed for 1H2013.

Offer costs

The costs of the Offer will be borne in full by Fairfax Media or its related entities, excluding the Group.

Sensitivity Analysis

Prospective financial information is inherently subject to business, economic and competitive uncertainty, and accordingly actual results are likely to vary from prospective financial information and this variation could be material. A summary of the likely effect of variation in certain of these assumptions on forecast EBITDA is detailed below. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes.

Care should be taken in interpreting the information set out below. Each movement in an assumption is treated in isolation from possible movements in other assumptions, which is not likely to be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the effects of which are not reflected. In addition, it is possible that more than one assumption may move at any point in time giving rise to cumulative effects, which is also not reflected. The sensitivity analysis does not take into account any potential mitigating actions that management may take.

The sensitivity analysis is based on movements in assumptions for forecast months only, with sensitivity in respect of actual months' results assumed to be \$nil.

ASSUMPTION	INCREASE / (DECREASE)	FY2012 EBITDA IMPACT (\$M)	1H2013 EBITDA IMPACT (\$M)
Change in General Items listings sold	5% / (5%)	2.4 / (2.4)	1.5 / (1.5)
Change in average sales price on General Items listings	2% / (2%)	1.0 / (1.0)	0.6 / (0.6)
Change in classifieds direct listings volume	10% / (10%)	2.7 / (2.7)	1.7 / (1.7)
Change in Other revenue	10% / (10%)	2.4 / (2.4)	1.4 / (1.4)
Change in employee benefits expense	10% / (10%)	(1.6) / 1.6	(1.1) / 1.1
Change in promotion expense	10% / (10%)	(0.3) / 0.3	(0.2) / 0.2

Reconciliation of Pro Forma Financial Information to Statutory Financial Statements and Prospective Financial Information

The Directors believe that the following pro forma adjustments assist potential investors to compare historical and prospective financial information.

Set out below is a reconciliation of pro forma profitability set out on page 74 to historical financial information and prospective financial information.

\$M	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	1H2013
	12 MONTHS ENDED 30 JUNE 2007	12 MONTHS ENDED 30 JUNE 2008	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDING 30 JUNE 2012	6 MONTHS ENDING 31 DEC 2012
Pro forma EBIT	46.7	64.9	72.7	85.6	93.5	99.6	52.8
Public company costs	2.2	2.2	2.2	2.2	2.2	0.9	–
Trade Me Employee Gift Offer expense	–	–	–	–	–	(0.3)	–
15 month statutory period	8.9	–	–	–	–	–	–
Historical / Prospective EBIT	57.8	67.1	74.9	87.8	95.7	100.2	52.8
Pro forma profit for the period						65.0	34.8
Public company costs						0.9	–
Trade Me Employee Gift Offer expense						(0.3)	–
Interest expense						4.7	–
Income tax expense						(1.6)	–
Prospective profit for the period						68.7	34.8

Specific pro forma adjustments are:

- Historical financial information has been adjusted to include estimated public company costs of \$2.2 million per annum that are assumed to be incurred by Trade Me following the Offer.
- In FY2012 estimated public company costs have been increased from \$1.3 million to \$2.2 million to reflect a full year impact.
- FY2012 has been adjusted to exclude a one-off Trade Me Employee Gift Offer (described under the heading “Trade Me Employee Gift Offer” on page 63).
- FY2007 financial statements were prepared for a 15 month period to align Trade Me with the reporting period of Fairfax Media. Pro forma financial information for a 12 month period has been extracted from unaudited management accounts.
- Interest expense in FY2012 has been increased from \$5.5 million to \$10.2 million to reflect the impact of borrowings of \$166.0 million for the full year.
- Income tax expense in FY2012 has been adjusted to reflect the income tax effect of the above pro forma adjustments.
- No adjustments have been made to 1H2013.

Reconciliation of Pro Forma Financial Information to Statutory Financial Statements and Prospective Financial Information (continued)

Set out below is a reconciliation of pro forma cash flow as set out on page 75 to historical financial information and prospective financial information.

\$M	FY2009	FY2010	FY2011	FY2012	1H2013
	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011	12 MONTHS ENDING 30 JUNE 2012	6 MONTHS ENDING 31 DEC 2012
Pro forma cash flow	73.8	85.1	89.6	96.7	52.8
<i>Pro forma adjustments included in pro forma cash flow:</i>					
Public company costs*	2.2	2.2	2.2	0.9	–
Transfer of prepaid commissions to trust	–	–	–	(12.0)	–
Trade Me Employee Gift Offer*	–	–	–	(0.3)	–
<i>Items included in net cash flow from operating and investing activities:</i>					
Income tax paid	(7.9)	2.6	(16.7)	(25.4)	(20.8)
Interest received	3.8	3.3	5.2	0.9	0.6
Related party loans	(71.3)	(97.3)	(78.1)	22.1	–
Related party loans*	–	4.3	–	–	–
Dividend received	0.4	0.4	0.5	0.6	0.3
Payment for purchase of business	(2.0)	(0.8)	(0.8)	–	–
Proceeds from the sale of property, plant and equipment	–	–	0.6	–	–
Net cash flow from operating and investing activities	(1.0)	(0.2)	2.5	83.5	32.9
Represented by:					
Net cash flow from operations	76.3	101.4	87.7	68.3	36.6
Net cash flow from investing activities	(77.3)	(101.6)	(85.2)	15.2	(3.7)
Net cash flow from operating and investing activities	(1.0)	(0.2)	2.5	83.5	32.9

* Denotes balances included within payment to suppliers and employees (inclusive of GST) in the prospective statements of cash flows on page 82 and the historical financial information on page 97.

In reconciling pro forma cash flow to net cash flow from operating and investing activities the following adjustments have been made:

- Pro forma cash flow has been pro forma adjusted to include the cash impact of estimated public company costs of \$2.2 million per annum that are assumed to be incurred by Trade Me following the Offer. In FY2012 estimated public company costs have been increased from \$1.3 million to \$2.2 million to reflect a full year impact. The pro forma adjustment does not adjust the public company costs for the time value of money.
- Pro forma cash flow has been pro forma adjusted to exclude the impact of the one-off transfer of cash (relating to member prepaid commissions) to a trust assumed to take place prior to the Offer and to exclude the cash flow related to the Trade Me Employee Gift Offer.
- Pro forma cash flow information has been further adjusted to exclude the impact on cash flows relating to income tax paid, interest received and related party loans as the historical reported financial information is not readily comparable with prospective financial information due to the different funding structure that will be in place after the Offer. Similarly, the pro forma cash flow information excludes the impact on cash flows relating to financing activities (including payments to owners, interest paid, proceeds from borrowing, dividends paid to Fairfax Media or its related entities prior to completion of the Offer and proceeds from issue of share capital related to the Offer).
- Pro forma cash flow information has been further adjusted to exclude the impact on cash flows relating to dividends received, payments for the purchase of businesses and proceeds from the sale of property, plant and equipment.

Auditor's report



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The Directors
Trade Me Group Limited
PO Box 11042
Manners Street
Wellington 6142

9 November 2011

Dear Directors

This report is issued in respect of the public offer by Trade Me Group Limited ("the Company") of up to 396 million ordinary shares in the Company, in terms of the prospectus dated 9 November 2011.

This report is made solely to the directors of the Company ("the directors"), in accordance with clause 28 of Schedule 1 to the Securities Regulations 2009 ("Schedule 1"). Our work has been undertaken so that we might state to the directors those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the directors for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation and presentation of:

- (a) amounts relating to Trade Me Limited, which is to be acquired by the Company, for the years ended 30 June 2011, 2010, 2009 and 2008 and the 15 month period ended 30 June 2007 as required by clause 12(2) and 12(3) of Schedule 1; and
- (b) the prospective financial information of the Company and its intended subsidiaries ("the Group") for the year ending 30 June 2012 and the six month period ending 31 December 2012, including the assumptions on which the prospective financial information is based, as required by clause 11 of Schedule 1.

Auditor's Responsibilities

We are responsible for reporting:

- (a) in accordance with clause 28(1)(h) of Schedule 1, on the amounts relating to the acquisition of Trade Me Limited; and
- (b) in accordance with clause 28(2) of Schedule 1, on the prospective financial information for the year ending 30 June 2012, and the six month period ending 31 December 2012.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 28 of Schedule 1. We disclaim any assumption of responsibility for reliance on this report or the amounts relating to the acquisition, or the prospective financial information for any purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not mentioned in this report.

Ernst & Young and its related entities provide transaction advisory services to the Group. We have no other relationship with, or interest in, the Company and Group.

Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Basis of Opinion

We have undertaken procedures to provide reasonable assurance that the amounts relating to the acquisition of Trade Me Limited, pursuant to clauses 12(2) and 12(3) of Schedule 1, have been correctly taken from audited financial statements or, in the case of the summary statements of cash flows for the years ended 30 June 2009 and 2008 and the 15 month period ended 30 June 2007, have been correctly taken from unaudited management accounts.

In addition we have examined the prospective financial information to confirm that, so far as the accounting policies and calculations are concerned, they have been properly compiled on the footing of the assumptions made or adopted by the directors of the Group and are presented on a basis consistent with the accounting policies to be adopted by the Group. The assumptions relate to future events. However, we are not in a position to, and do not express an opinion on, these assumptions on a stand-alone basis.

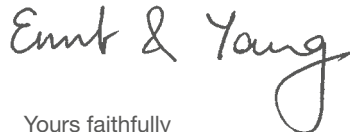
Unqualified Opinion

We have obtained all the information and explanations we have required. In our opinion:

- (a) the amounts relating to the acquisition of Trade Me Limited, on pages 95 and 97, pursuant to clauses 12(2) and 12(3) of Schedule 1, have been correctly taken from audited financial statements for the years ended 30 June 2011, 2010, 2009 and 2008 and the 15 month period ended 30 June 2007, apart from the summary statements of cash flows for the years ended 30 June 2009 and 2008 and the 15 month period ended 30 June 2007, which have been correctly taken from unaudited management accounts; and
- (b) the prospective financial information on pages 80 to 82, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the directors of the Group set out on pages 83 to 86 and is presented on a basis consistent with the accounting policies to be adopted by the Group.

Actual results are likely to be different from the prospective financial information since anticipated events frequently do not occur as expected and the variation could be material. Accordingly we express no opinion as to whether results consistent with the prospective financial information will be achieved.

We completed our work for the purposes of this report on 9 November 2011 and our unqualified opinion is expressed as at that date.



Yours faithfully
Ernst & Young

Investigating Accountant's Report



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The Directors
Trade Me Group Limited
And
The Directors
Fairfax Media Limited

9 November 2011

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON PROSPECTIVE FINANCIAL INFORMATION

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on the prospective financial information of Trade Me Group Limited (the "Company") and its subsidiaries (together, the "Group") for inclusion in the combined prospectus and investment statement ("Offer Document") to be dated on or about 9 November 2011 and to be issued by the Company, in respect of the Initial Public Offering of ordinary shares in Trade Me Group Limited.

Expressions defined in the Offer Document have the same meaning in this Report.

2. Scope

Ernst & Young Transaction Advisory Services has been requested to prepare this Report to cover the prospective financial information:

The prospective financial information as set out in pages 79 to 86 of the Offer Document comprises:

- Prospective consolidated statements of comprehensive income of the Group for the year ending 30 June 2012 and the 6 months ending 31 December 2012;
- Prospective consolidated statements of changes in equity of the Group for the year ending 30 June 2012 and the 6 months ending 31 December 2012;
- Prospective consolidated statements of financial position of the Group as at 30 June 2012 and 31 December 2012;
- Prospective consolidated statements of cash flows of the Group for the year ending 30 June 2012 and the 6 months ending 31 December 2012; and
- Notes and assumptions to these consolidated prospective statements of comprehensive income, changes in equity, financial position and cash flows, (hereafter, the "Prospective Financial Information").

The Prospective Financial Information is based on the assumptions as outlined on pages 83 to 86 of the Offer Document.

We disclaim any assumption of responsibility for any reliance on this Report or on the Prospective Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Offer Document.

3. Directors' Responsibility for the Prospective Financial information

The Directors of the Group have prepared and are responsible for the preparation and presentation of the Prospective Financial Information. The Directors are also responsible for the determination of the best-estimate assumptions as set out on pages 83 to 86 of the Offer Document.

4. Our Responsibility

Our responsibility is to express a conclusion on the Prospective Financial Information based on our review.

We have conducted an independent review of the Prospective Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Prospective Financial Information;
- b. The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;
- c. The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Accounting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Group disclosed in the annual financial statements of Trade Me Limited as at and for the year ended 30 June 2011 on pages 82 to 83 and pages 98 to 102 of the Offer Document; and
- d. The Prospective Financial Information is unreasonable.

The Prospective Financial Information has been prepared by the Directors to provide investors with a guide to the Group's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Prospective Financial Information. Actual results may vary materially from this Prospective Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out under the heading "What are my risks?" in the Answers to Important Questions section of the Offer Document.

Our review of the best estimate assumptions underlying the Prospective Financial Information was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000, issued by the Council of the New Zealand Institute of Chartered Accountants, applicable to assurance engagements other than audits or reviews of historical financial information.

Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to form the opinion set out above.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Prospective Financial Information.

5. Review conclusion on Prospective Financial Information

Based on our review of the Prospective Financial Information, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the Prospective Financial Information, nothing has come to our attention which causes us to believe that:


- The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Prospective Financial Information;
- The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;
- The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Accounting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Group disclosed on pages 82 to 83 and pages 98 to 102 of the Offer Document; and
- The Prospective Financial Information is unreasonable.

The best-estimate assumptions, set out in pages 83 to 86 of the Offer Document, are subject to significant uncertainties and contingencies often outside the control of the Group and the Directors. If events do not occur as assumed, actual results achieved and distributions provided by the Group may vary significantly from the Prospective Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Prospective Financial Information, as future events, by their very nature, are not capable of independent substantiation.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to the Group, and Ernst & Young Transaction Advisory Services will receive a professional fee for the preparation of this Report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

A handwritten signature in black ink that reads "Andrew Taylor". The signature is written in a cursive, flowing style.

Andrew Taylor
Director

Five Year Summary of Historical Financial Information

Summary financial statements for Trade Me, as required by clause 12(3) of Schedule 1 of the Securities Regulations, are set out below.

The summary financial statements are presented in New Zealand dollars and are rounded to the nearest million dollars, \$m.

The summary financial statements comply with FRS-43 Summary Financial Statements, subject to the Securities Regulations, whereby the summary financial statements are not required to include:

- A comparison of, and explanations for major variances between, prospective and historical financial statements;
- Information about events occurring after the balance date of a period;
- Comparative information for any period before the earliest period presented in the summary financial statements.

In addition, FRS-43 requires the information presented to be drawn only from information contained in the full financial statements, whereas the summary financial statements include Summary Statements of Cash Flows for the periods ended 30 June 2007 to 2009, which were not included in the full financial statements as discussed below. In all other respects, the summary financial statements comply with FRS-43.

The summary financial statements have been authorised for issue by a resolution of directors of Trade Me dated 9 November 2011. The board of Trade Me has authorised the issue of the full financial statements on the following dates:

- Year ended 30 June 2011 – 6 September 2011
- Year ended 30 June 2010 – 25 October 2010
- Year ended 30 June 2009 – 26 October 2009
- Year ended 30 June 2008 – 14 January 2009
- 15 month period ended 30 June 2007 – 28 July 2008

With the exception of the summary statements of cash flows for the periods ended 30 June 2007, 2008 and 2009, the financial information has been extracted from audited financial statements and unqualified audit opinions were received for each of the financial statements.

Trade Me was a qualifying entity within the framework for differential reporting for the periods prior to 30 June 2011 and took advantage of all available differential reporting exemptions except for NZIAS12 Income Taxes and therefore did not include statements of cash flows. Statements of cash flows have been prepared on the same basis as for the year ended 30 June 2011 for the preceding four periods but only the cash flows for FY2011 and the comparative year ended 30 June 2010 have been audited.

Summary financial statements cannot be expected to provide as complete an understanding as that provided by full financial statements. Trade Me's financial statements and related audit report for FY2011 can be obtained from www.business.govt.nz/companies.

The full financial statements for Trade Me for each period shown in the summary financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (as appropriate for a profit-oriented entity), which includes New Zealand equivalents to International Financial Reporting Standards (**NZIFRS**). Trade Me has made an explicit and unreserved statement of compliance with IFRS in the full financial statements for the year ended 30 June 2011. Because Trade Me took advantage of differential reporting exemptions in the preceding periods, statements of compliance with IFRS were not made in the full financial statements.

The year ended 30 June 2007 financial statements were not prepared under NZIFRS but the transition to NZIFRS only impacted in the separate classification of intangibles separate to property, plant and equipment.

Summary Statements of Comprehensive Income for the periods ended 30 June

\$M	FY2007	FY2008	FY2009	FY2010	FY2011
	15 MONTHS ENDED 30 JUNE 2007	12 MONTHS ENDED 30 JUNE 2008	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011
	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED
Total revenue	71.7	84.6	96.1	114.4	128.8
Total expenses	(12.2)	(14.8)	(18.4)	(24.3)	(30.7)
Share of profit from associates	0.2	0.3	0.5	0.6	0.5
Gain from sale of assets	–	–	–	–	0.6
EBITDA	59.7	70.1	78.2	90.7	99.2
Depreciation and amortisation	(1.9)	(3.0)	(3.3)	(2.9)	(3.5)
EBIT	57.8	67.1	74.9	87.8	95.7
Interest revenue	1.9	3.3	3.8	3.6	5.6
Interest expense	–	–	–	–	–
Profit before income tax	59.7	70.4	78.7	91.4	101.3
Income tax expense	(19.6)	(23.0)	(23.5)	(27.8)	(31.5)
Profit for the period	40.1	47.4	55.2	63.6	69.8
Amalgamation adjustment	–	–	–	0.1	–
Total comprehensive income for the period attributable to equity holders of the Company	40.1	47.4	55.2	63.7	69.8

1. FY2007 is based on an audited 15 month period.

Summary Statements of Changes in Equity for the periods ended 30 June

\$M	FY2007	FY2008	FY2009	FY2010	FY2011
	15 MONTHS ENDED 30 JUNE 2007	12 MONTHS ENDED 30 JUNE 2008	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011
	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED
Opening equity	(1.3)	38.8	51.2	106.4	170.1
Profit for the period	40.1	47.4	55.2	63.6	69.8
Other comprehensive income	–	–	–	0.1	–
Dividends on ordinary shares	–	(35.0)	–	–	(220.0)
Total equity	38.8	51.2	106.4	170.1	19.9
Represented by:					
Share capital	0.2	0.2	0.2	0.2	0.2
Retained earnings	38.6	51.0	106.2	169.9	19.7
	38.8	51.2	106.4	170.1	19.9

1. FY2007 is based on an audited 15 month period.

2. A \$220 million dividend was paid in FY2011 but it was non-cash and settled via inter-company account movements.

Summary Statements of Financial Position as at 30 June

\$M	AS AT	AS AT	AS AT	AS AT	AS AT
	30 JUNE 2007	30 JUNE 2008	30 JUNE 2009	30 JUNE 2010	30 JUNE 2011
	AUDITED	AUDITED	AUDITED	AUDITED	AUDITED
Current assets					
Cash and cash equivalents	3.3	4.7	3.7	3.5	6.0
Fairfax related party receivables	38.8	49.0	121.6	193.3	39.5
Trade and other receivables	1.2	2.3	2.1	2.7	3.8
Tax receivable	0.9	1.9	-	-	-
Total current assets	44.2	57.9	127.4	199.5	49.3
Non-current assets					
Property, plant & equipment	2.4	2.4	2.5	4.2	4.2
Deferred tax asset	0.1	0.1	0.3	0.8	0.2
Investment in associate	0.2	0.2	0.4	0.5	0.5
Investment in subsidiaries	-	-	2.7	-	-
Intangible assets	1.1	1.3	1.7	6.9	7.8
Total non-current assets	3.8	4.0	7.6	12.4	12.7
Total assets	48.0	61.9	135.0	211.9	62.0
Current liabilities					
Trade and other payables	2.2	2.4	3.3	6.8	6.1
Prepaid commissions	7.0	8.3	9.2	10.2	10.2
Fairfax related party payables	-	-	1.3	5.5	9.3
Provisions	-	-	0.8	0.8	-
Income Tax Payable	-	-	13.8	18.3	16.3
Total current liabilities	9.2	10.7	28.4	41.6	41.9
Non-current liabilities					
Trade and other payables	-	-	0.2	0.2	0.2
Total non-current liabilities	-	-	0.2	0.2	0.2
Total liabilities	9.2	10.7	28.6	41.8	42.1
Net assets	38.8	51.2	106.4	170.1	19.9
Equity					
Contributed equity	0.2	0.2	0.2	0.2	0.2
Retained earnings	38.6	51.0	106.2	169.9	19.7
Total equity	38.8	51.2	106.4	170.1	19.9

1. Net tangible assets (NTA) of Trade Me at 30 June 2011 (calculated as net assets less intangible assets) total \$12.1 million. NTA of the Group, calculated in accordance with the Regulations, requires an assumption that all the Shares have been allotted and subscriptions received by the Company, the borrowings had been drawn and the legal acquisition of Trade Me by the Company had occurred, as at 30 June 2011. Therefore the calculation of the 30 June 2011 NTA of the Group, based on this assumption, includes the cash received for the issue of shares to new investors (\$363.5 million) and the borrowings drawn of \$166.0 million (which together form the cash payment to Fairfax Media related entities for the transfer of Trade Me of \$529.5 million). This results in the inclusion of an additional \$166.0 million non-current liability and therefore an NTA of the Group of negative \$153.9m. NTA backing (calculated as NTA of the Group divided by the total number of Shares on issue following the Offer of 396.0 million) amounts to negative \$0.39. For the avoidance of doubt, NTA and pro forma NTA exclude all intangible assets.

2. A \$220 million dividend was paid in FY2011 which was non-cash and settled via inter-company account movements.

Summary Statements of Cash Flows for the periods ended 30 June

\$M	FY2007	FY2008	FY2009	FY2010	FY2011
	15 MONTHS ENDED 30 JUNE 2007	12 MONTHS ENDED 30 JUNE 2008	12 MONTHS ENDED 30 JUNE 2009	12 MONTHS ENDED 30 JUNE 2010	12 MONTHS ENDED 30 JUNE 2011
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED
Receipts from customers (inclusive of GST)	82.5	95.4	109.2	128.9	146.6
Payment to suppliers and employees (inclusive of GST)	(20.5)	(25.3)	(29.2)	(33.8)	(47.9)
Income tax (paid) / received	(20.0)	(24.0)	(7.9)	2.6	(16.7)
Interest received	1.9	3.3	3.8	3.3	5.2
Dividend received from associate	0.3	0.3	0.4	0.4	0.5
Net cash flows from operating activities	44.2	49.7	76.3	101.4	87.7
Payment for purchase of property, plant and equipment	(3.7)	(1.8)	(2.4)	(0.4)	(4.5)
Proceeds from sale of property, plant and equipment	-	-	-	-	0.6
Payment for purchase of intangibles	-	(1.4)	(1.6)	(3.2)	(2.4)
Loans provided to related parties	(38.7)	(10.1)	(71.3)	(97.3)	(78.1)
Cash from amalgamation of Red Rock Limited	-	-	-	0.1	-
Payment for purchase of business	-	-	(2.0)	(0.8)	(0.8)
Net cash flows used in investing activities	(42.4)	(13.3)	(77.3)	(101.6)	(85.2)
Repayment of borrowings	(3.0)	-	-	-	-
Dividends paid	-	(35.0)	-	-	-
Net cash flows used in financing activities	(3.0)	(35.0)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(1.2)	1.4	(1.0)	(0.2)	2.5
Cash and cash equivalents at beginning of period	4.5	3.3	4.7	3.7	3.5
Cash and cash equivalents at end of period	3.3	4.7	3.7	3.5	6.0

1. A \$220 million dividend was paid in FY2011 but it was non-cash and settled via inter-company account movements.

2. The financial statements published for the periods ended 30 June 2007 to 30 June 2010 took advantage of differential reporting exemptions and did not include statements of cash flows. Statements of cash flow have been prepared on the same basis as for FY2011 for the preceding four periods. Only the cash flows for FY2011 and the comparative year ended 30 June 2010 have been audited.

Significant accounting policies for Trade Me for the year ended 30 June 2011

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

Entities reporting

The financial statements are for Trade Me as a separate legal entity. Consolidated financial statements have not been prepared in accordance with section 13(2) of the Financial Reporting Act 1993.

b) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements comply with International Financial Reporting Standards.

c) Changes in accounting policies

There have been no changes in accounting policies during the financial year. In the prior year, Trade Me qualified for, and applied, all differential reporting exemptions, except for the exemptions under NZ IAS 12 Income Taxes. Trade Me has not applied differential reporting exemptions in the current year. The non-application of differential reporting exemptions has not resulted in any changes to recognition or measurement of any items in the financial statements, however there has been an increase in the disclosures required as well as the addition of a statement of cash flows.

d) Foreign currency translation

Both the functional and presentation currency of Trade Me is New Zealand Dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis and a provision for doubtful debts is made when there is objective evidence that Trade Me will not be able to collect the receivable.

g) Goods & Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST, except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item as applicable
- Trade receivables and payables, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. GST paid to the taxation authority is included within payments to suppliers and employees in the statement of cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

h) Revenue recognition and prepaid commissions

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to Trade Me and the amount of the revenue can be reliably measured.

Member income

Trade Me operates member prepay accounts, where members deposit funds on account for future use of Trade Me services. The sum of all positive prepay accounts is recognised as a liability until Trade Me either recognises revenue under the circumstances below, or refunds the member's account balance.

Income from members is recognised when:

- Members have their prepay accounts charged for using Trade Me services.
- Members forfeit prepaid balances on the closing of accounts.
- Manual processing fees are charged to members obtaining refunds of prepay accounts.
- Other fees are charged to members in accordance with Trade Me terms and conditions.

Other service income

Trade Me recognises income relating to online services provided to commercial clients in motors, property, jobs, advertising, travel and group buying at the point at which the service is delivered.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method.

i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are recognised for temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

j) Plant & equipment

Plant and equipment is initially recorded at cost, including costs directly attributable to bring the asset to its working condition, less accumulated depreciation and any accumulated impairment losses. Any expenditure that increases the economic benefits derived from the asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Major depreciation categories are as follows:

Plant & equipment	8% - 21%
Computer equipment	40%
Motor vehicles	21%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. When an item of plant and equipment is disposed of, the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of comprehensive income.

k) Investments in subsidiaries and associates

Investments in subsidiaries are recorded at cost.

Investments in associates are accounted for using the equity method of accounting. Associates are entities over which Trade Me has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried at cost plus post acquisition changes in Trade Me's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

Trade Me's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are not recognised in the statement of comprehensive income, but instead are recorded as a reduction in the carrying amount of the investment.

After application of the equity method, Trade Me determines whether it is necessary to recognise any impairment loss with respect to Trade Me's net investment in associates. Trade Me determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, Trade Me calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of associate" in the statement of comprehensive income.

l) Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's value in use and fair value less costs to sell. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). If the recoverable amount of an asset or cash generating unit is less than its carrying amount, the asset is written down to its recoverable amount with the write down being recognised as an expense in profit or loss.

Non-financial assets other than goodwill that have previously been impaired are reviewed for possible reversal of impairment at each reporting date. Reversals of impairments are recognised as income in profit or loss.

m) Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Trade Me's cash-generating units, or groups of cash-generating

units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Other intangible assets

Other intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets include software, website development costs and customer relationships. Acquired software licenses and costs directly incurred in purchasing or developing computer software are capitalised as intangible assets when it is probable that they will generate future economic benefits for Trade Me. Website development costs include external costs, and wages and overheads that are directly attributable to the website development.

Intangible assets are amortised over their expected useful lives and are tested for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortised on a straight line basis over the estimated useful life of the specific assets as follows:

Website development costs	40%
Software	40%
Customer relationships	20%

n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to Trade Me prior to the end of the financial year that are unpaid and arise when Trade Me becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Employee entitlements

Wages, salaries and annual leave

Liabilities for wages and salaries, holiday pay and annual leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled. The employee benefit liability expected to be settled within twelve months from balance date is recognised in current liabilities.

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Trade Me recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p) Provisions

Provisions are recognised when Trade Me has a legal or constructive obligation as a result of a past event, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance date using a discounted cash flow methodology. The increase in the liability as a result of the passage of time is recognised in finance costs.

q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating Leases – Trade Me as lessee

Where Trade Me is the lessee, leases where the lessor retains substantially all the risks and benefits of ownership of assets are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in profit or loss on a straight-line basis over the period of the lease. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

r) Financial assets – loans and receivables

Loans and receivables are financial assets with fixed and determinable payments that are not quoted on an active market and are included in receivables in the statement of financial position and measured at amortised cost using the effective interest method. Impairment losses are recognised in profit or loss.

s) Earnings per share

Earnings per share is calculated as Trade Me's net profit divided by the weighted average number of ordinary shares outstanding during the financial year.

t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Share based payment transactions

New Zealand senior executives are incentivised by way of a cash bonus based on an equity-based incentive scheme. Under this plan, the cash value of a percentage of an eligible employee's annual total fixed remuneration will be in the form of nominally allocated Fairfax Media Limited shares. The nominally allocated shares will vest if the eligible employee remains in employment three calendar years from the date the rights are allocated and certain performance hurdles are satisfied. If the allocation does not vest at the end of year three, a re-test of the performance hurdles occurs in the fourth year. Cash payments equivalent to dividends on the allocated shares during the vesting period are paid directly to the eligible employee and Trade Me does not have any recourse to dividends paid.

The cost of cash-settled transactions is measured at fair value and is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

v) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments¹ have been identified based on the information provided to the chief operating decision makers – being the Fairfax Media Limited Board of Directors, Chief Executive Officer and Chief Financial Officer at 30 June 2011.

1. Operating segments are reassessed at each reporting date.

Trade Me aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services.

w) Accounting standards issued but not yet effective

Trade Me has not elected to early adopt any of the following new standards or interpretations that are issued but not yet effective, including the Improvements to NZ IFRSs. None of these new standards and interpretations are expected to have a significant impact on Trade Me. Trade Me intends to adopt these new standards and interpretations in the financial year commencing on or after the effective dates shown below.

- Improvements to NZ IFRS
- NZ IAS 12 Income Taxes (amended), effective 1 January 2012
- NZ IAS 24 Related Party Disclosures (amended), effective 1 January 2011
- NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans (amended), effective 1 April 2011
- NZ IAS 27 Separate financial statements (amended), effective 1 January 2013

- NZ IAS 28 Investments in Associates and Joint Ventures (amended), effective 1 January 2013
- NZ IFRS 1 First Time Adoption of NZ IFRS (amended), effective 1 July 2011
- NZ IFRS 7 Financial Instruments Disclosures (amended), effective 1 July 2011
- NZ IFRS 8 Operating Segments (amended), effective 1 January 2011
- NZ IFRS 9 Financial Instruments, effective 1 January 2013
- NZ IFRS 10 Consolidated Financial Statements, effective 1 January 2013
- NZ IFRS 11 Joint Arrangements, effective 1 January 2013
- NZ IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2011
- NZ IFRS 13 Fair Value measurement, effective 1 January 2011
- FRS 44 New Zealand Additional Disclosures, effective 1 July 2011
- NZ IFRIC 14 Prepayments of a Minimum Funding Requirement, effective 1 January 2011

Trade Me has chosen to disclose full IFRS reporting requirements in the presented financial statements for the first time (differential reporting exemptions were applied in prior years when Trade Me qualified as an entity under the Framework for Differential Reporting).

Statutory information

This section includes, but is not limited to, the information required by Schedule 1 to the Securities Regulations.

1. Main terms of Offer

The issuer of the Shares and the Restricted Shares is Trade Me Group Limited (the Company), which has its registered office at Level 3, NZX Centre, 11 Cable Street, Wellington.

Shares

The securities being offered under this Offer are fully paid ordinary shares in the Company. The Shares are described in more detail on page 4.

The maximum number of Shares being offered is 396.0 million. This includes Shares that are offered to the Fairfax Media Subsidiary Shareholder under the Restructure.

The Offer Price for Shares under the Institutional Offer, Broker Firm Offer, and Priority Offer is \$2.70 per Share, payable in full upon Application.

No monies are payable by the Fairfax Media Subsidiary Shareholder. The consideration to be provided for Shares issued to the Fairfax Media Subsidiary Shareholder is the transfer of the Fairfax Media Subsidiary Shareholder's shareholding in Trade Me to the Company under the Restructure.

Restricted Shares

Restricted Shares are also being offered to Eligible Senior Employees.

The Restricted Shares are redeemable shares that may be reclassified into ordinary shares in the Company if the Company achieves an EBITDA of \$110.9 million in the period commencing 1 January 2012 and ending 31 December 2012 and the holder remains in continuous employment with the Group until 31 December 2013. On reclassification of any Restricted Shares into Shares, those Shares will be identical to the Shares that will be on issue and are expected to be tradable on NZX and ASX. The Restricted Shares are described in greater detail on page 4.

The maximum number of Restricted Shares to be issued under the Trade Me Executive Share Offer is 254,490 Restricted Shares. The price payable for the Restricted Shares is \$2.70 per Share. The

Company will provide participants in the Executive Share Plan with an interest free loan of the aggregate subscription price to fund the subscription for the Restricted Shares. The loan will be repayable upon sale or redemption of the Restricted Shares. Where the Restricted Shares are redeemed, the proceeds from the redemption will be applied in repayment of the loan, which will discharge any obligation on the holder to repay the loan.

The loan will be limited in recourse against the participant to the lesser of:

- the amount payable to the Company under the loan; and
- the amount realised in respect of the Restricted Shares and any bonus paid by Trade Me on the qualification criteria being met.

2. Name and address of the offeror

Other than as stated below, the Company is both the issuer and the offeror of Shares under the Offer and of Restricted Shares under the Trade Me Executive Share Offer. As the issuer is the offeror of these Shares and the Restricted Shares, the disclosure requirements in clause 2 of Schedule 1 to the Securities Regulations are not applicable.

The Fairfax Media Subsidiary Shareholder is the offeror of Shares under the Trade Me Employee Gift Offer. Its registered office is at Level 3, 40 Boulcott Street, Wellington.

The net amount of consideration to be received by the Company (as issuer) in respect of the original allotment of Shares which are to be granted under the Trade Me Employee Gift Offer is \$2.70 per Share.

3. Details of incorporation of issuer

The Company was incorporated in New Zealand on 13 October 2011 under the Companies Act. The Company's registration number is 3590412.

The public register relating to the Company is available for inspection on the Companies Office website at www.business.govt.nz/companies.

4. Principal subsidiaries of issuer

As at the date of this Offer Document, the Company does not have any subsidiaries.

After the Restructure, Trade Me will be the only subsidiary of the Company with total tangible assets which exceed 5% of the amount of the total tangible assets of the Company. Trade Me will be wholly owned by the Company.

Further information relating to the Restructure is set out below under the heading "Acquisition of business or subsidiary".

5. Names, addresses, and other information

Directorate

The names and principal residences of the Directors of the Company are as follows:

David Edward Kirk	Sydney
Gail Iris Hambly	Sydney
Gregory Colin Hywood	Sydney
Samuel Gareth Morgan	Nelson
Joanna Mary Gordon Perry	Auckland

The Directors can be contacted at the registered office of the Company at Level 3, NZX Centre, 11 Cable Street, Wellington.

Gail Iris Hambly is General Counsel and Company Secretary of Fairfax Media. Gregory Colin Hywood is the Chief Executive Officer of Fairfax Media. None of the other Directors are employees of the Company nor of any associated person of the Company.

Promoters

Fairfax Media is a promoter of the Offer. The registered office of Fairfax Media is at Level 5, 1 Darling Island Road, Pyrmont, NSW 2009, Australia.

All of the directors of Fairfax Media are also promoters of the Offer. The names and principal residences of those directors are as follows:

Gregory Colin Hywood	Sydney
Roger Campbell Corbett	Sydney
Nicholas John Fairfax	Sydney
Sandra Veronica McPhee	Sydney
Samuel Gareth Morgan	Nelson
Linda Bardo Nicholls	Melbourne
Robert Murray Savage	Sydney
Peter Francis Young	Sydney
Michael Edward Anderson	Bowral

The directors of Fairfax Media can be contacted at the registered office of Fairfax Media at Level 5, 1 Darling Island Road, Pyrmont NSW 2009, Australia or C/- Fairfax NZ Holdings Limited at Level 3, 40 Boulcott Street, Wellington.

No bankruptcy or insolvency

None of the Company, the Directors of the Company, nor the Promoters have been adjudged bankrupt or insolvent, convicted of a crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation, or receivership during the five years preceding the date of this Offer Document.

Auditor

The Auditor of the Company is Ernst & Young. The contact address of the Auditor is set out in the *Directory*.

Share Registrar

The Share Registrar of the Company is Link Market Services Limited. The contact address of the Share Registrar is set out in the *Directory*.

Advisers

The names and addresses of the Company's financial advisers, solicitors and other professional advisers who have been involved in the preparation of this Offer Document (being UBS New Zealand Limited, Russell McVeagh, Freehills, and Ernst & Young Transaction Advisory Services Limited) are set out in the *Directory*.

Expert

The Investigating Accountant's Report is set out in the section entitled *Financial information* on pages 91 to 93.

Ernst & Young Transaction Advisory Services Limited, Chartered Accountants, have given their consent and have not withdrawn their consent before delivery of this Offer Document for registration under section 41 of the Securities Act to the distribution of this Offer Document with the inclusion of the Investigating Accountant's Report in this Offer Document in the form and context in which it is included.

The registered office of Ernst & Young Transaction Advisory Services Limited is set out in the *Directory*.

Neither Ernst & Young Transaction Advisory Services Limited, nor any director, officer or employee of Ernst & Young Transaction Advisory Services Limited, is or is intended to be a director, officer or employee of the Group. Ernst & Young Transaction Advisory Services Limited have provided, and may in the future provide, professional advisory services to the Group.

Underwriter

The Offer of Shares is underwritten by UBS New Zealand Limited. The contact address of the Underwriter is set out in the *Directory*.

6. Restrictions on Directors' powers

The Constitution incorporates by reference the requirements of the NZSX Listing Rules and the ASX Listing Rules and the Constitution requires the Company to comply with the NZSX Listing Rules and the ASX Listing Rules once it is listed on each of those exchanges. The principal restrictions on the powers of the Board imposed by the Constitution (including the requirements of the NZSX Listing Rules and the ASX Listing Rules incorporated into the Constitution) and the NZSX Listing Rules (which will apply once the Company is listed on the NZSX) and the ASX Listing Rules (which will apply once the Company is listed on the ASX) are as follows:

- the Company may not issue or acquire any of its equity securities except in accordance with the provisions of the Companies Act, Constitution, the NZSX Listing Rules and the ASX Listing Rules;
- the Company may not give financial assistance for the purpose of, or in connection with, the acquisition of equity securities issued or to be issued by the Company, except in accordance with the provisions of the Companies Act, Constitution, the NZSX Listing Rules and the ASX Listing Rules;
- the Board may not cause the Company to enter into any transactions or series or linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (otherwise than by way of charge) assets of the Company which would change the essential nature of the business of the Company, or in respect of which the gross value is in excess of 50% of the average market capitalisation of the Company, without the prior approval of an ordinary resolution of Shareholders; and
- the Board may not allow the Company to enter into certain material transactions with related parties if that related party is, or is likely to become, a direct or indirect party to the material transaction without the prior approval of an ordinary resolution of Shareholders.

In addition, a Director may not vote on any matter in which he or she is interested unless permitted by the Companies Act and the NZSX Listing Rules where he or she has complied with the relevant provisions and signed a certificate in respect of the matter.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, Directors cannot allow the Company to:

- enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of Shareholders; and
- take any action which affects the rights attaching to the Shares without the prior approval of a special resolution of each interest group (being a group of Shareholders with similar or identical rights).

These provisions apply to any company registered under the Companies Act.

7. Substantial equity security holders of the issuer

As at the date of this Offer Document, FNZHL is the registered holder of the one issued Share in the Company.

The Fairfax Media Subsidiary Shareholder intends to become the registered holder of 66% of Shares in the Company on completion of the Offer and the Restructure. The remaining Shares and Restricted Shares will be publicly held.

None of Fairfax Media, FNZHL nor the Fairfax Media Subsidiary Shareholder guarantee, or undertake any liability in respect of, the Shares or the Restricted Shares.

As required by NZSX Listing Rule 7.1.15, on 30 October 2011, the Company required all registered holders of 5% or more of the voting securities of the Company to disclose any relevant interest and the nature of that relevant interest held by them and the consideration and other terms and conditions of any transaction under which they acquired their Shares.

The following disclosure was provided:

Relevant interest holder	Number of Shares	Nature of relevant interest	Consideration and other terms
FNZHL	1	Legal and beneficial ownership	Nil

8. Description of activities of the issuing group

Activities

The Company was incorporated on 13 October 2011 to undertake the Offer and, as at the date of this Offer Document, has not carried on any business other than in preparation for the Offer.

The Company and FNZHL have entered into the Reorganisation Agreement to acquire all of the shares in Trade Me Limited, which operates the Trade Me website and associated businesses. The Reorganisation Agreement is described in more detail on page 109.

The Company has also entered into the agreed term sheet in respect of the Facility Agreement as described in more detail on page 110.

Principal assets

The only asset of the Company at the date of this Offer Document is its contingent contractual right to acquire all of the shares in Trade Me as set out in the Reorganisation Agreement. This asset is owned by the Company and is subject to the terms set out in the Reorganisation Agreement.

In the past, Trade Me has provided guarantees to certain persons who have provided debt finance to the Fairfax Media group of companies, some of which continue to apply. The Reorganisation Agreement requires that those guarantees be released in connection with the transfer of the shares in Trade Me to the Company. Further details in respect of these guarantees and the Reorganisation Agreement are set out under the heading “Interested persons” on page 108.

Further information about the business of Trade Me is set out in the section entitled *Trade Me business description* on page 38.

9. Summary financial statements

The Company was incorporated on 13 October 2011 and, as at the date of this Offer Document, has not carried on any business other than in preparation for the Offer. Accordingly, no financial statements have been prepared in respect of past periods.

10. Prospects and forecasts

A statement as to the trading prospects of the Company, together with any material information that may be relevant to those prospects, is described generally on page 3 and more particularly under the heading “Prospective financial information” set out on pages 79 to 86. Supporting information material to these prospects and forecast is set out in the general assumptions and specific assumptions in that section.

Any special trade factors and risks which could materially affect the prospects of the Company and which are not likely to be known or anticipated by the general public are set out under the heading “What are my risks?” in the section entitled *Answers to important questions*.

11. Provisions relating to initial flotations and minimum subscription

Directors’ plans

The plans of the Directors in respect of the Company during the 12 month period commencing on the date of this Offer Document are to acquire Trade Me under the terms of the Restructure and thereafter to carry on the business operated by Trade Me, as described in the section entitled *Trade Me business description* on page 38.

The sources of finance required for these plans will be, in relation to the Restructure, the funds received from the issue of new Shares pursuant to the Offer and a draw down of \$166.0 million under the Facility Agreement. The funds for general business operations will be the operating cash flows, working capital and, if required, any borrowings or other financial accommodation considered appropriate by the Company during that year.

Use of proceeds

The proceeds of the Offer will be paid to Fairfax Digital Assets in partial payment for the acquisition of Trade Me by the Company.

Notwithstanding the plans of the Directors, the proceeds from the Offer may be applied towards any other purpose.

Prospective statement of financial position, financial performance and cash flows

A prospective statement of financial position, a prospective statement of financial performance, and a prospective statement of cash flows for the accounting period ending 30 June 2012 and the interim accounting period ending 31 December 2012 are set out under the heading “*Prospective Financial Information*” on page 79 to 86.

Minimum amount

For the purposes of section 37(2) of the Securities Act, the minimum amount that, in the opinion of the Directors, must be raised in order to provide the sums required to be provided in respect of:

- the purchase price of any property that is to be met in whole or in part out of the proceeds of the Offer;
- any preliminary expenses or commissions payable by the Company;
- working capital; and
- the repayment of any money borrowed in respect of the above,

is \$363.5 million, which is the amount that is being underwritten under the Underwriting Agreement.

12. Acquisition of business or subsidiary

No business or subsidiary has been acquired by the Company in the two years preceding the date of this Offer Document.

The Company has entered into the Reorganisation Agreement which relates to the acquisition of Trade Me. FNZHL is currently the holder of all of the shares in Trade Me. Under the Reorganisation Agreement, prior to the sale of those shares to the Company, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder (both of which are wholly owned subsidiaries of FNZHL) will acquire the shares in Trade Me from FNZHL. The Company will then acquire all of the shares in Trade Me from Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder.

The total consideration of \$1,235.2 million payable to Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder for the acquisition of the shares in Trade Me will be paid as follows:

- the gross proceeds of the Offer of \$363.5 million will be paid to Fairfax Digital Assets in consideration for the sale of its shares in Trade Me to the Company;

- cash of \$166.0 million drawn down under the Company's debt facilities will be paid to each of Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder in proportion to the number of shares in Trade Me that they have sold to the Company; and
- 261.4 million Shares will be issued to the Fairfax Media Subsidiary Shareholder in consideration for the sale of its shares in Trade Me to the Company.

Accordingly, the Fairfax Media Subsidiary Shareholder will hold 66% of the total number of Shares on issue on completion of the Offer and Restructure. Further information relating to the Reorganisation Agreement is set out under the heading "Material contracts" on page 109.

In the five years preceding the date of this Offer Document, Trade Me has carried on the online auction and classifieds business through its website www.trademe.co.nz and other associated websites. This primarily includes auctions and fixed price sales for new and used goods, with motors, real estate and employment businesses. It has also developed web businesses specialising in accommodation, dating and group buying. Additionally, Trade Me sells advertising across its portfolio of websites. Further details in relation to the business carried on by Trade Me Limited is included in the section entitled *Trade Me business description* on page 38.

As required by clause 12(3)(d) of Schedule 1 to the Securities Regulations, summary financial statements for Trade Me in respect of the five accounting periods preceding the date of this Offer Document that comply with clause 9(2) to (4) of Schedule 1 (with any necessary modifications) are included on pages 94 to 97 of the section entitled *Financial information*.

The most recent financial statements for Trade Me dated 6 September 2011 that comply with, and have been registered under, the Financial Reporting Act 1993 for the accounting period ended 30 June 2011 were registered with the Registrar of Companies on 7 November 2011 and may be viewed on the Companies Office website at www.business.govt.nz/companies.

The net tangible asset backing per Share as at 30 June 2011, calculated in accordance with the assumption that Trade Me had been acquired and all of the Shares under the Offer (including Shares to be allotted to the Fairfax Media Subsidiary Shareholder under the Restructure and any Restricted Shares) had been allotted and the subscriptions received before that date, is negative \$0.39 per Share. The reason why this amount is negative is described on page 96.

13. Securities paid up otherwise than in cash

The Company has not allotted to any person any securities paid up otherwise than in cash within the five years preceding the date of this Offer Document.

As described under the heading "Acquisition of business or subsidiary" above, the Fairfax Media Subsidiary Shareholder will subscribe for Shares that will be allotted to it in partial payment for the acquisition of Trade Me under the Restructure.

14. Options to subscribe for securities of issuing group

The Company will offer up to 25 members of its senior management and senior employees the opportunity to subscribe for Restricted Shares under the Trade Me Executive Share Offer.

The Restricted Shares will be issued at a subscription price of \$2.70 per Restricted Share (being the same price as the Offer Price). The Company will provide participants in the Executive Share Plan with an interest free loan of the aggregate subscription price to fund the subscription for the Restricted Shares.

It is proposed that a maximum aggregate number of 254,490 Restricted Shares be issued under the Executive Share Plan. However, the Company may also offer participation in further share plans on equivalent or different terms as determined by the Board from time to time.

The Restricted Shares will have all of the rights attaching to ordinary shares in the Company (including the right to receive dividends), but may be redeemed if the qualifying criteria (described below) are not met.

Eligible Senior Employees will only be entitled to require reclassification of their Restricted Shares into Shares if both of the following qualification criteria are met:

- the Company achieves an EBITDA of \$110.9 million during the period commencing 1 January 2012 and ending 31 December 2012; and
- the Eligible Senior Employee remains in continuous employment with the Group until 31 December 2013 (or, until such earlier time as the Board may determine).

Provided that the qualification criteria are met, the Company will procure that Trade Me pays a bonus to the participant which, after making the relevant deductions, will equal the aggregate issue price of the Restricted Shares issued to the participant. The participant will use this bonus to repay the loan obligation. The Restricted Shares will then be reclassified as Shares in the Company.

If the qualification criteria are not met, the terms of the Executive Share Plan provide that the Restricted Shares may be redeemed by the Company. The proceeds from the redemption of the Restricted Shares will be applied in repayment of the loan, which will discharge any obligation on the participant to repay the loan. Following redemption, the participant will not receive any entitlements, such as distributions or dividends, issued in respect of the Restricted Shares. The effect of redeeming the Restricted Shares is that the Eligible Senior Employee receives no shares or cash (other than dividends paid on the Restricted Shares) and the loan is repaid. This redemption mechanism is designed to return both parties to the position they were in prior to entry into the Executive Share Plan (other than in respect of the aforementioned dividends).

Of the Restricted Shares issued under the Executive Share Plan, up to 166,110 Restricted Shares are intended to be issued to the principal officers of Trade Me and up to 88,380 Restricted Shares are intended to be issued to employees of Trade Me.

Further details relating to the Restricted Shares, including the full terms of the Restricted Shares are set out in the section entitled *Trade Me Executive Share Offer*.

15. Appointment and removal of Directors

The Company is a party to a listing agreement with NZX (a registered exchange) and the ASX (also a registered exchange), and except as set out below, the method by which Directors of the Company may be appointed to, or be removed from, or otherwise vacate, office is the same as that set out in the NZSX Listing Rules and the ASX Listing Rules. No person (other than the Shareholders of the Company in a general meeting or the Directors acting as a Board to fill a casual vacancy) has the right to appoint any Director.

Each Director has the power to appoint any person as an alternate Director, provided that person has not been disqualified under the Companies Act from holding the position of a director of a company, and provided that person is approved by a majority of the other Directors.

It is the Company's intention to appoint an additional independent director following the completion of the Offer. Any Director appointed following the Offer would be required to seek re-election at the first annual general meeting of Shareholders following their appointment.

16. Interested persons

Except as set out below, no director or proposed director of the Company or Fairfax Media (nor any associated person of such a director) will be entitled to any remuneration from the Company other than by way of directors' fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director. There is no dollar limit on the expenses that the Directors are entitled to recover from the Company.

Fairfax Media has also agreed to pay David Kirk A\$50,000 and Joanna Perry A\$25,000 for work undertaken in preparation for the offer.

Interests of Fairfax Media

As at the date of this Offer Document, FNZHL is the sole Shareholder of the Company. Fairfax Media is the ultimate shareholder of FNZHL and the Fairfax Media Subsidiary Shareholder. Accordingly, Fairfax Media is interested in the shares in Trade Me held by FNZHL and the Shares to be acquired by the Fairfax Media Subsidiary Shareholder.

Co-operation with Fairfax Media

Since the acquisition of Trade Me by FNZHL in 2006, Trade Me has largely operated as a standalone business and has entered into relatively few transactions with Fairfax Media and its subsidiaries. Transactions that have been entered into include hosting by Trade Me of FNZHL's online publishing platform, discounted advertising on each others' websites, certain tax loss offset arrangements and the guarantee of certain debt finance obligations of other subsidiaries of Fairfax Media (as described below).

A subsidiary of Fairfax Media, Fairfax Digital Australia and New Zealand Pty Limited (FDANZ), is party to an agreement with Google Ireland Limited (Google) which records revenue sharing arrangements in relation to the use of Google AdSense on Fairfax Media group websites (including three Trade Me websites). Trade Me has entered into a corresponding agreement with FDANZ under which the revenue derived from the use of Google AdSense on the Trade Me websites is paid on to Trade Me. In addition to this arrangement, Trade Me has entered into a direct agreement with Google in relation to advertising management systems in its capacity as an "affiliate" of FDANZ.

Trade Me has also entered into loan arrangements with other members of the Fairfax Media group of companies and has paid dividends to FNZHL. On completion of the Restructure, no loans will remain due or payable to any other member of the Fairfax Media group of companies.

On completion of the Offer and the Restructure, the Company will be an indirect subsidiary of Fairfax Media. The Company and Trade Me are likely to continue to co-operate with the Fairfax Media group of companies going forward, including in relation to ongoing hosting arrangements, reciprocal online advertising and arrangements with Google. It is expected that any such arrangements will be on an arm's length basis. It is not currently anticipated that these transactions will be of a value that would require the Company to obtain approval of Shareholders under NZSX Listing Rule 9.2.1 or ASX Listing Rule 10.1, each of which requires an issuer to obtain the approval of shareholders to authorise a Material Transaction with a Related Party. However, there are no restrictions on the Company seeking approval for any such transactions in the future.

Fairfax Media is a publicly listed company in Australia. The Company and Trade Me will co-operate with Fairfax Media in the satisfaction of Fairfax Media's public company and related responsibilities, including by the timely provision of certain financial information and reports together with information required to audit such reports. Information furnished by the Company and/or Trade Me to Fairfax Media, or included in any public filings made by the Company, may be incorporated by reference by Fairfax Media in its own public filings or those of its related entities.

Reorganisation Agreement

FNZHL entered into the Reorganisation Agreement with the Company on 9 November 2011. Fairfax Media has an indirect interest in the Reorganisation Agreement by way of its shareholding in FNZHL, Fairfax Digital Assets, the Fairfax Media Subsidiary Shareholder, Trade Me and the Company. The Reorganisation Agreement is material to each of those entities.

Tax loss off-set arrangements

Certain companies within the FNZHL group have offset New Zealand tax losses against Trade Me's net income, or transferred tax payments or other tax credits to Trade Me to satisfy an income tax liability of Trade Me. In consideration, Trade Me has paid the relevant Fairfax Media entity the full tax value of those losses, tax payments or tax credits.

Guarantees

While a subsidiary of the Fairfax Media group of companies, Trade Me (together with other subsidiaries of Fairfax Media) has guaranteed the obligations of Fairfax Media and other subsidiaries of Fairfax Media to parties who have provided financial accommodation to the Fairfax Media group of companies. As at the date of this Offer Document, certain of those guarantees remain in place, including in relation to financial accommodation provided by Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited, National Australia Bank Limited, Westpac Banking Corporation, ANZ National Bank Limited, Bank of New Zealand Limited, TD Bank Europe Limited, The Royal Bank of Scotland plc (Australia), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Bank of America N.A. (Australia), Chullora Equity Investment (No 1) Pty Limited, holders of notes issued under Fairfax Media's 2003 and 2007 United States private placements, holders of Fairfax Media's eurobonds issued in 2007 and counterparties to swap arrangements.

The Reorganisation Agreement requires that each of those guarantees are released upon completion of the Restructure.

The release of the guarantees involves the delivery of notices and other related documentation to the beneficiaries of the guarantees which:

- release Trade Me as a guarantor; and
- add a number of other subsidiaries of Fairfax Media as guarantors (including the Fairfax Media Subsidiary Shareholder).

The releases are to take effect upon the allotment of Shares to the Fairfax Media Subsidiary Shareholder, which is to occur at the same time as the transfer of shares in Trade Me to the Company. The allotment of Shares and the implementation of the Restructure will not proceed unless those notices have been delivered prior to the Allotment Date.

Except as set out above, no specified person has, or has had at any time during the five years preceding the date of this Offer Document, any direct or indirect material interest in the Company, or in any contract or arrangement entered into on behalf or in respect of the Company, that is material to either or both of the person who has the interest and the Company.

17. Material contracts

The Company has entered into the following material contracts in the previous two years:

The Reorganisation Agreement

On 9 November 2011, the Company, FNZHL, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder entered into the Reorganisation Agreement. That agreement sets out the terms of the Restructure under which the Company will acquire a 100% ownership interest in Trade Me upon completion of the Offer and immediately prior to listing.

As at the date of this Offer Document, FNZHL owns all of the shares in Trade Me. Under the Reorganisation Agreement, on or about the Allotment Date FNZHL will transfer its holding of shares in Trade Me so that they are held by Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder.

Following the issue of Shares under the Institutional Offer, the Broker Firm Offer and the Priority Offer, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder will each then sell their shares in Trade Me to the Company.

The total consideration of \$1,235.2 million payable to Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder for the acquisition of the shares in Trade Me will be paid as follows:

- the gross proceeds of the Offer of \$363.5 million will be paid to Fairfax Digital Assets in consideration for the sale of its shares in Trade Me to the Company;
- cash of \$166.0 million drawn down under the Company's debt facilities will be paid to each of Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder in proportion to the number of shares in Trade Me that they have sold to the Company; and
- 261.4 million Shares will be issued to the Fairfax Media Subsidiary Shareholder in consideration for the sale of its shares in Trade Me to the Company.

Under the Reorganisation Agreement, FNZHL, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder represent and warrant that when they transfer the shares that they hold in Trade Me, they are the legal and beneficial owners of those shares. FNZHL, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder will also represent and warrant that they have been duly authorised to enter into and carry out the transactions contemplated by the Reorganisation Agreement.

The Reorganisation Agreement also requires that Trade Me be released from any guarantees that it has given in relation to any obligations of the Fairfax Media group of companies (other than the Company) upon acquisition of the shares in Trade Me by the Company and that the shares in Trade Me must be transferred to the Company, free of all encumbrances. Thereafter, various other subsidiaries of Fairfax Media (including the Fairfax Media Subsidiary Shareholder) will provide guarantees in respect of certain of the obligations that will have been guaranteed by Trade Me until the time of completion of the Offer and the acquisition of Trade Me under the Restructure.

Further details in respect of the guarantees given by Trade Me under the heading "Interested persons" above.

Underwriting Agreement

The Company, FNZHL and the Underwriter have entered into the Underwriting Agreement dated 8 November 2011 pursuant to which the Underwriter has agreed, subject to certain terms and conditions, to underwrite the Offer. The Company has agreed to give certain warranties and undertakings to the Underwriter, usual in a transaction of this nature.

The Underwriter may terminate the Underwriting Agreement in certain circumstances, including where on or before allotment of the Shares:

- there is a breach of any warranty (except where such breach, in the reasonable opinion of the Underwriter, is not and is not likely to constitute a material adverse event in relation to the Company or Trade Me);
- any material adverse event takes place in relation to the Company or Trade Me;
- there is a change in the New Zealand or international economic or political conditions, or the occurrence of any hostility, which constitutes a material adverse event in relation to the Company or Trade Me;
- there is decline in the NZSX50 of 15% or more which is maintained for a period of at least three days; or
- an insolvency event occurs in relation to the Company, Trade Me or FNZHL.

Pursuant to the terms of the Underwriting Agreement, FNZHL guarantees certain obligations of the Company to the Underwriter.

Agreed Term Sheet dated 13 September 2011 between the Commonwealth Bank of Australia and the Company in respect of the Facility Agreement

The Company has entered into a term sheet under which the Commonwealth Bank of Australia agrees to provide a NZ\$200 million revolving cash advance loan facility to the Company, subject only to finance documentation being agreed between the Company and the Commonwealth Bank of Australia. The facility will have a term of three years and may only be used to fund the transactions required to complete the Offer and Restructure and for such other general corporate purposes of the Company and its subsidiaries as the Company determines. Subject to the satisfaction or waiver of certain conditions, the facility will be available for drawing on the Allotment Date. If the Facility Agreement has not been fully documented by the Allotment Date or cannot be drawn down, the Offer will be withdrawn and the Application Monies refunded.

The facility is to be guaranteed by Trade Me, the Company and certain other subsidiaries of the Company. The Company and the guarantors' aggregate EBITDA must not be less than 90% of the aggregate EBITDA of the Company and all its subsidiaries. The facility is unsecured.

The representations and warranties and undertakings to be provided by the Company and Trade Me Limited are customary for facilities of this type. There are no specific restrictions on disposals. The provisions of the facility that restrict the Company and its subsidiaries include the following:

- the Company, Trade Me and any other guarantor are prevented from creating, permitting, suffering to exist or agreeing to security interests or other encumbrances over any of its assets except in certain limited circumstances or with the consent of the Commonwealth Bank of Australia;
- the Company and its subsidiaries must ensure that their financial indebtedness less cash and cash equivalents do not exceed 2.5 times their EBITDA;
- the Company and its subsidiaries must ensure that their EBITDA for each financial year and for the first half of each financial year is not less than 3.25 times their total interest payable less interest income during the same period determined on a consolidated basis by reference to their consolidated profit and loss statement for that period; and
- the Company, Trade Me and any other guarantor may not provide any financial accommodation to any related company other than the Company or a guarantor unless the aggregate fair market value of such financial accommodation outstanding at the relevant time is less than the higher of NZ\$20,000,000 and 10% of the total tangible assets of the Company and its subsidiaries.

The facility may be cancelled and any outstanding money required to be repaid immediately if an event of default occurs. The events of default include (but are not limited to) a failure to pay; a non-remediable failure that is likely to have a material adverse effect; a remediable failure that is not remedied; a misrepresentation; a cross-default, encumbrance, judgment or governmental agency process in excess of NZ\$20,000,000; the appointment of a receiver, statutory manager or similar official; the violation of a funding document; the breach of a financial covenant; and the delisting or deregistration of the Company.

Tax indemnity

FNZHL has entered into a deed of tax indemnity dated 9 November 2011 with Trade Me, its obligations being guaranteed by Fairfax Media. Pursuant to the deed of tax indemnity, FNZHL has agreed to indemnify Trade Me for any tax liability (including related interest and penalties) arising as a consequence of any tax transfer (being the offset of New Zealand tax losses, or the transfer of tax payments or other credits outlined on page 108) being denied or successfully challenged by the Commissioner of Inland Revenue or otherwise being invalid.

18. Pending proceedings

Mr Joseph Karam commenced legal proceedings against Trade Me in May 2010. The proceedings allege that certain statements published on Trade Me forums by Trade Me members are defamatory. It is alleged that Trade Me is the publisher of those statements and may be held liable accordingly. Trade Me is defending this claim. Unless settled or withdrawn, the matter is likely to proceed to court in 2012. If the claim is successful, any damages would be at the discretion of the court.

There are no other legal proceedings or arbitrations pending as at the date of the Offer Document that may have a material adverse effect on the Company.

19. Preliminary and issue expenses

Issue expenses (including underwriting, brokerage and commission fees, management fees, share registry expenses, legal fees, accounting fees, advertising costs, printing costs and postage and courier costs) relating to this Offer are estimated to amount to an aggregate of \$11.8 million.

Fairfax Media will pay all costs associated with the Offer.

The Underwriter will be paid an underwriting fee of 2.5% of the aggregate proceeds of the Offer. In addition, Fairfax Media may agree to pay the Lead Manager an offer incentive fee of 0.5% of the aggregate proceeds of the Offer. UBS New Zealand Limited will pay the following fees in connection with the Offer:

- The Co-Lead Managers, the Co-Managers, NZX Firms and Brokers will be paid a brokerage fee of 1.0% of the proceeds in respect of Shares allotted pursuant to valid Applications for the Offer submitted by Applicants bearing their stamp.
- The Co-Lead Managers, the Co-Managers, NZX Firms and Brokers in the bookbuild will be paid a Firm Allocation fee of 0.5% of the proceeds in respect of Shares allotted pursuant to valid Applications submitted under Firm Allocations.

None of Fairfax Media, the Company nor their respective subsidiaries will be liable for any fees payable to the Co-Lead Managers, the Co-Managers, NZX Firms, Brokers or any participants in the bookbuild.

20. Restrictions on issuing group

There are no restrictions on the ability of the Company to make a distribution, or to borrow, being restrictions that result from any undertaking given, or contract or deed entered into, by the Company.

Under the agreed term sheet in respect of the Facility Agreement, the Company, Trade Me and any other guarantor are prevented from creating, permitting, suffering to exist or agreeing to security interests or other encumbrances over any of its assets except in certain limited circumstances or with the consent of Commonwealth Bank of Australia. The Company and

its subsidiaries must also ensure that their financial indebtedness less cash and cash equivalents do not exceed 2.5 times their earnings EBITDA, and that their EBITDA for each financial year and for the first half of each financial year must not be less than 3.25 times their total interest payable less interest income during the same period determined on a consolidated basis by reference to their consolidated profit and loss statement for that period. In addition, the Company, Trade Me and any other guarantor may not provide any financial accommodation to any related company other than the Company or a guarantor unless the aggregate fair market value of such financial accommodation outstanding at the relevant time is less than the higher of \$20,000,000 and 10% of the total tangible assets of the Company and its subsidiaries.

21. Other terms of Offer and securities

All the terms of the Offer, and all the terms of the Shares and the Restricted Shares, are set out in this Offer Document, other than any terms implied by law or any terms set out in a document that has been registered with a public official, is available for public inspection and is referred to in this Offer Document.

22. Financial statements

As at the date of this Offer Document, the Company has not commenced business and acquired an asset or incurred a debt. Accordingly, no financial statements of the Company have been prepared.

23. Places of inspection of documents

The Constitution of the Company and copies of the material contracts referred to above under the heading "Material contracts" may be inspected (without charge) at any time up until the Broker Firm Offer Closing Date during normal business hours at the registered office of the Company at Level 3, NZX Centre, 11 Cable Street, Wellington.

Copies of those documents are also available for public inspection on the Companies Office website at www.business.govt.nz/companies.

24. Other material matters

Vendor Securities / major holdings

Under the Reorganisation Agreement the Fairfax Media Subsidiary Shareholder, a wholly owned subsidiary of FNZHL, will, on completion of the Offer and subsequent Restructure, hold 261.4 million Shares (66%) in the Company (being both Vendor Securities, as that term is defined in the NZSX Listing Rules, and a major holding under NZSX Listing Rule 7.8).

FNZHL has no current intention to dispose of the securities allotted to the Fairfax Media Subsidiary Shareholder. However, there are no restrictions on the transfer of those securities and no assurance can be given in respect of that intention in the future.

Other

There are no other material matters relating to the Offer, other than those set out above or elsewhere in this Offer Document, or in contracts entered into in the ordinary course of business of the Company.

25. Directors' statement

The Directors of the Company, after due enquiry by them, are of the opinion that none of the following have materially and adversely changed during the period between the date of incorporation of the Company and the date of this Offer Document:

- the trading or profitability of the Company;
- the value of the Company's assets; or
- the ability of the Company to pay its liabilities due within the next 12 months.

26. Auditor's report

The Auditor's report required by clause 28 of Schedule 1 to the Securities Regulations is set out in the section entitled *Financial information* on pages 89 and 90.

Ernst & Young has given and has not withdrawn its consent to be named in this Offer Document as Auditor of the Group and to the issue of this Offer Document with its audit report included in the form and context in which it appears. Ernst & Young take no responsibility for, nor has it authorised the issue of, any part of this Offer Document, except for the Auditor's report.

While Ernst & Young is a professional adviser to the Group, neither Ernst & Young nor any director, officer or employee of Ernst & Young, is or is intended to be, a director, officer or employee of the Group.

Exemptions, consents and waivers

Takeovers Code exemption

The Takeovers Panel has approved the granting to the Fairfax Media Subsidiary Shareholder and its holding companies, the Fairfax Holding Companies (**exempted persons**), of an exemption from rule 6(1) of the Takeovers Code in respect of any increase in their voting rights in the Company as a result of the Restructure.

The exempted persons are to be exempted from compliance with the fundamental provision in the Takeovers Code which restricts a holder or controller of less than 20% of the voting rights in a code company from becoming the holder or controller of more than 20% of the voting rights in that company, without complying with certain requirements.

The Takeovers Panel has approved the granting of the exemption subject to certain conditions, including (among other conditions) a statement in this Offer Document of the potential maximum control percentages in the Company of the exempted persons on completion of the allotment of voting

securities to the public in accordance with the Offer, and on completion of the Restructure. This Offer Document is also required to state the potential maximum aggregate of the control percentages in the Company of the exempted persons and their "associates" (for the purposes of the Takeovers Code) at such times. This information is as follows:

	Potential maximum control percentages	
	On completion of allotments to the public	On completion of the Restructure
Fairfax Media Subsidiary Shareholder	Nil	66%
Each Fairfax Holding Company	Approximately 0.000001%	66%
Aggregate of the above persons (including "associates")	Approximately 0.000001%	66%

Once formally granted, a copy of the relevant exemption notice (expected to be the Takeovers Code (Trade Me Group Limited) Exemption Notice 2011) is expected to be available on the New Zealand Government's legislation and regulations website at www.legislation.govt.nz and on the Takeovers Panel website at www.takeovers.govt.nz.

Overseas Investment Office consent

The Overseas Investment Office has consented to the acquisition by FNZHL (or a 100% subsidiary) of rights or interests in 66 – 70% of the shares in the Company. It has also consented to the acquisition by the Company of rights or interests in 100% of the shares in Trade Me. Each of these acquisitions is an acquisition of "significant business assets" in terms of section 10(1)(b) of the Overseas Investment Act 2005.

Each of these consents has been granted subject to statutory conditions, reporting and notification obligations and the continued good character of persons with control of FNZHL or the Company (as applicable). Copies of the decision summaries in relation to these consents are expected to be available in early December 2011 on the Overseas Investment Office website, www.linz.govt.nz/overseas-investment/decisions.

ASX waivers

The Company will apply for waivers and confirmations from the ASX which are standard for a New Zealand company listed on the ASX (including confirmation that the Company may prepare and publish its financial information in accordance with New Zealand financial standards).

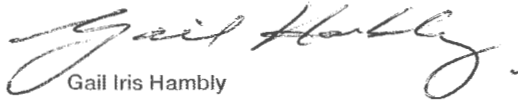
Signatures

Signed by each director of Trade Me Group Limited:

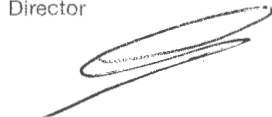
(or by their agent authorised in writing)



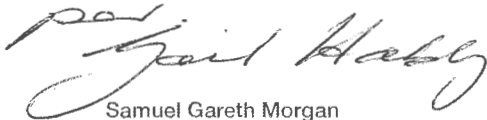
David Edward Kirk
Director



Gail Iris Hambly
Director



Gregory Colin Hywood
Director



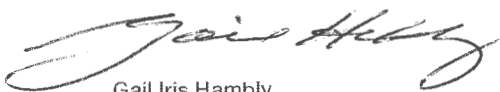
Samuel Gareth Morgan
Director



Joanna Mary Gordon Perry
Director

Signed by each director of Fairfax Digital Holdings NZ Limited (as offeror):

(or by their agent authorised in writing)



Gail Iris Hambly
Director



Gregory Colin Hywood
Director

Signed by Fairfax Media Limited by its attorney (as promoter):



Attorney

Signed by each director of Fairfax Media Limited (as promoters):

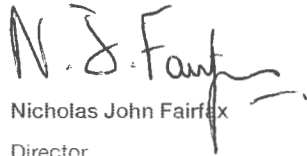
(or by their agent authorised in writing)



Gregory Colin Hywood
Director



Roger Campbell Corbett
Director



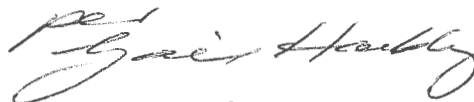
Nicholas John Fairfax
Director



Sandra Veronica McPhee
Director



Samuel Gareth Morgan
Director



Linda Bardo Nicholls
Director



Robert Murray Savage
Director



Peter Francis Young
Director

Glossary

“\$” or “NZ\$” means the lawful currency of New Zealand.

“A\$” means the lawful currency of Australia.

“Allotment Date” means Monday 12 December 2011.

“API” or “Application Programming Interface” means the language and message format that will let a programme or application interact with information sitting in a database.

“Applicant” means any person named as an applicant on an Application Form.

“Application” means an application for Shares made on the Application Form and accompanied by the Application Monies.

“Application Form” means an application form attached to this Offer Document or provided to Eligible Trade Me Employees, Eligible Fairfax New Zealand Employees, Eligible Fairfax Shareholders or Eligible Trade Me Members.

“Application Monies” means the monies required to pay for the Shares applied for and that accompany an investor’s Application Form.

“ASX” means ASX Limited (ABN 98 008 624 691), or the financial market operated by ASX Limited, as the context requires.

“ASX Listing Rules” means the listing rules of ASX and “ASX Listing Rule” means a rule contained in the ASX Listing Rules.

“Auditor” means Ernst & Young.

“AutoBase” means AutoBase Limited.

“Board” means the board of directors of the Company.

“BookIt” means the travel booking engine operated by Trade Me.

“Broker” means any company, firm, organisation or corporation designated as a market participant by ASX.

“Broker Firm Offer” means the offer to New Zealand resident Retail Investors to apply for an allocation of Shares from an NZX Firm that has received a Firm Allocation and to Australian resident Retail Investors to apply for an allocation of Shares from a Broker that has received a Firm Allocation.

“Broker Firm Offer Closing Date” means 5.00pm on Tuesday 6 December 2011.

“CAGR” means compound annual growth rate.

“CHESS” means ASX’s Clearing House Electronic Subregister System.

“Co-Lead Managers” means Craigs Investment Partners Limited, First NZ Capital Securities Limited, Forsyth Barr Limited, and Goldman Sachs New Zealand Limited.

“Co-Managers” means ASB Securities Limited and Direct Broking Limited.

“Companies Act” means the Companies Act 1993 (New Zealand).

“Company” means Trade Me Group Limited.

“Constitution” means the constitution of the Company which will be adopted by the Company upon listing.

“Daily Deals” means the daily deals hosted on the Trade Me homepage.

“Director” means a director of the Company.

“Disruptive Models” means new business models that interfere with how a traditional or existing market structure operates.

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

“Eligible Fairfax New Zealand Employee” means a full or part time employee of Fairfax New Zealand Limited or one of its related companies on 28 October 2011 who is a resident of New Zealand and who has not given or received notice of termination of employment on or before the Priority Offer Closing Date.

“Eligible Fairfax Shareholder” means a holder of ordinary shares in Fairfax Media at 5.00pm (AEST) on 28 October 2011 who is a resident of New Zealand or Australia.

“Eligible Senior Employee” means a senior employee of Trade Me or a member of Trade Me’s senior management team who is a resident of New Zealand and who is offered the opportunity to purchase Restricted Shares under the Executive Share Plan.

“Eligible Trade Me Employee” means a full or part time employee of Trade Me on 28 October 2011 who is a resident of New Zealand and who has not given or received notice of termination of employment on or before the Priority Offer Closing Date.

“Eligible Trade Me Member” means a person who is a resident of New Zealand and who is:

- an enabled member of Trade Me’s online business website with a feedback rating of at least 500 as at 28 October 2011;
- an enabled member of the Top Seller Programme as at 28 October 2011; or
- an enabled member who has qualified twice for the Top Seller Programme in the period between 28 June 2011 and 28 October 2011.

“Executive Share Plan” means the senior employee share plan that the company proposes to offer the senior management and certain senior employees the opportunity to participate in, as more fully described in the section entitled *Trade Me Executive Share Offer*.

“**Facility Agreement**” means the facility agreement to be entered into by the Company as more fully described under the heading “Material contracts” in the section entitled *Statutory information* on page 110.

“**Fairfax Digital Assets**” means Fairfax Digital Assets NZ Limited.

“**Fairfax Holding Companies**” means Fairfax Media, Fairfax Media Publications Pty Ltd (ABN 33 003 357 720), John Fairfax Limited (ABN 67 008 396 585), Fairfax Corporation Pty Ltd (ABN 12 000 115 104) and FNZHL.

“**Fairfax Media**” means Fairfax Media Limited (ABN 15 008 663 161).

“**Fairfax Media Subsidiary Shareholder**” means Fairfax Digital Holdings NZ Limited.

“**Fairfax New Zealand Employee Offer**” means the offer of Shares under this Offer Document to Eligible Fairfax New Zealand Employees.

“**Fairfax Shareholder Offer**” means the offer of Shares under this Offer Document to Eligible Fairfax Shareholders.

“**FindSomeone**” means the online dating website operated by Trade Me.

“**Firm Allocation**” means Shares reserved for subscription by clients of the Lead Manager, NZX Firms, Brokers, Institutional Investors and other participants in the bookbuild conducted prior to the date of this Offer Document as determined by Fairfax Media, the Company and the Lead Manager.

“**FNZHL**” means Fairfax New Zealand Holdings Limited.

“**General Items**” means all marketplace listings (new and used, sold via auction and fixed price) including items such as books, clothing, sports equipment and furniture, and some classifieds such as “flatmates wanted” and “pets and animals”.

“**GMS**” means gross merchandise sales.

“**Group**” means the Company and its intended subsidiary (Trade Me) upon completion of the Offer.

“**Historical Period**” means the financial periods covered by the last five sets of financial statements prepared for Trade Me, covering the accounting periods for the 15 months ended 30 June 2007, and the years ended 30 June 2008 to 30 June 2011.

“**Holiday Houses**” means the private accommodation website operated by Trade Me.

“**Institutional Investor**” means an entity whose principal business is the investment of money or who habitually invests money or whose Application is more than \$1 million.

“**Institutional Offer**” means the offer of Shares under this Offer Document to Institutional Investors described more fully under the heading “Institutional Offer” in the section entitled *Details of the Offer* on page 68.

“**Investigating Accountant’s Report**” means the investigating accountant’s report prepared by Ernst & Young Transaction Advisory Services Limited.

“**IRD**” means the Inland Revenue Department in New Zealand.

“**Jobs**” or “**Trade Me Jobs**” means the employment website operated by Trade Me.

“**Lead Manager**” means UBS New Zealand Limited.

“**Motors**” or “**Trade Me Motors**” means the automotive website operated by Trade Me.

“**NZSX**” means the main equities board of NZX.

“**NZSX Listing Rules**” means the listing rules of NZX and “**NZSX Listing Rule**” means a rule contained in the NZSX Listing Rules.

“**NZX**” means NZX Limited.

“**NZX Firm**” means an entity designated as an NZX Firm under the NZX Participant Rules.

“**Offer**” means the offer of Shares pursuant to this Offer Document.

“**Offer Document**” means this combined prospectus and investment statement.

“**Offer Price**” means \$2.70.

“**Old Friends**” means the website operated by Trade Me to help reunite friends and workmates.

“**Organising Participant**” means UBS New Zealand Limited.

“**Pay Now**” means Trade Me’s online payment option that enables sellers to accept payment by credit or debit card.

“**Priority Offer**” means the offer of Shares under this Offer Document comprising the Trade Me Employee Gift Offer, the Trade Me Employee Offer, the Fairfax New Zealand Employee Offer, the Fairfax Shareholder Offer and the Trade Me Eligible Member Offer.

“**Priority Offer Closing Date**” means 5.00pm on Monday 5 December 2011.

“**Promoter**” means Fairfax Media Limited and its directors.

“**Property**” or “**Trade Me Property**” means the real estate website operated by Trade Me.

“**Reorganisation Agreement**” means the agreement relating to the acquisition of Trade Me by the Company between the Company, Fairfax Media, Fairfax Digital Assets and the Fairfax Media Subsidiary Shareholder dated 9 November 2011 and as more fully described under the heading “Material contracts” in the section entitled *Statutory information* on page 109.

“**Restricted Share Application Form**” means an application form provided to Eligible Senior Employees in respect of the Executive Share Plan.

“**Restricted Shares**” means the redeemable shares offered under the Executive Share Plan, as more fully described in the section entitled *Trade Me Executive Share Offer* on page 56.

“**Restructure**” means the reorganisation of the holding of the shares in Trade Me by FNZHL and its related companies and the subsequent acquisition of the shares in Trade Me by the Company on the terms set forth in the Reorganisation Agreement.

“**Retail Investor**” means Applicants who are not Institutional Investors.

“**Securities Act**” means the Securities Act 1978 (New Zealand).

“**Securities Markets Act**” means the Securities Markets Act 1988 (New Zealand).

“**Securities Regulations**” means the Securities Regulations 2009 (New Zealand).

“**Share**” means an ordinary fully paid share in the Company.

“**Shareholder**” means a holder of Shares (or Restricted Shares) in the Company.

“**Share Registrar**” means Link Market Services Limited.

“**Takeovers Code**” means the code set out in the Takeovers Code Approval Order 2000 (New Zealand).

“**Top Seller Programme**” means Trade Me’s high volume seller programme.

“**Trade Me**” means Trade Me Limited.

“**Trade Me Eligible Member Offer**” means the offer of Shares under this Offer Document to Eligible Trade Me Members as more fully described under the heading “Trade Me Eligible Member Offer” on page 64.

“**Trade Me Employee Gift Offer**” means the offer of Shares that will be made by way of gift to Eligible Trade Me Employees as more fully described under the heading “Trade Me Employee Gift Offer” on page 63.

“**Trade Me Employee Offer**” means the offer of Shares under this Offer Document to Eligible Trade Me Employees as more fully described under the heading “Trade Me Employee Offer” on page 63.

“**Trade Me Executive Share Offer**” means the offer to selected senior management and senior employees to participate in the Executive Share Plan, as more fully described in the section entitled *Trade Me Executive Share Offer*.

“**Travelbug**” means the retail accommodation website operated by Trade Me.

“**Treat Me**” means the Treat Me group buying website operated by Trade Me.

“**Underwriter**” means UBS New Zealand Limited.

“**Underwriting Agreement**” means the underwriting agreement entered into between the Company, FNZHL and the Underwriter dated 8 November 2011 relating to the underwriting of the Offer.

“**UB**” or “**Unique Browser**” means the browser-based metric commonly used by the internet industry to measure visitor numbers to a website during a particular period.

“**United States**” means the United States of America.

“**US Person**” has the meaning given by Regulation S under the United States Securities Act of 1933, as amended.

“**visit**” means user session.

“**visitor**” means Unique Browser.

“**Web Application**” means computer software designed to help a user perform tasks over the internet.

Directory

Registered Office of the Company

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Wellington 6011

Board of Directors

David Edward Kirk
Gail Iris Hambly
Gregory Colin Hywood
Samuel Gareth Morgan
Joanna Mary Gordon Perry

Promoter

Fairfax Media Limited
Level 5, 1 Darling Island Road
Pyrmont NSW 2009
Australia

Underwriter

UBS New Zealand Limited
Level 17, 188 Quay Street
Auckland 1010
New Zealand

Lead Manager and Organising Participant

UBS New Zealand Limited
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Auckland 1010
New Zealand

Co-Lead Managers

Craigs Investment Partners Limited
Level 32, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

First NZ Capital Securities Limited
Level 39, ANZ Centre
23–29 Albert Street
Auckland 1141
New Zealand

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

Goldman Sachs New Zealand Limited
Level 38
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Co-Managers

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135 Albert Street
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Direct Broking Limited
Ground Floor
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Auditor

Ernst & Young
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Investigating Accountant

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