



FAIRFAX ACQUIRES 100% INTEREST IN METRO MEDIA PUBLISHING HOLDINGS (MMPH) AND CONSOLIDATES INTO DOMAIN

SYDNEY, 12 January 2015: Fairfax Media Limited [ASX:FXJ] (**Fairfax**) announced today that it has acquired 100% of the issued shares in Metro Media Publishing Holdings (**MMPH**). Prior to this transaction Fairfax held 50% of MMPH with the remaining 50% held by the foundation MMPH shareholders.

Consideration for the transaction is a combination of cash and Fairfax shares to be issued post release of the Fairfax half-year 2015 results in mid February. The value of the Fairfax shares to be issued is set at 78 cents per share which was the 45 day VWAP of Fairfax shares up to 31 December 2014. Based on that share price total consideration is \$72 million including \$18.5 million in cash.

MMPH holds the majority interests in 15 weekly premium real estate and lifestyle-focused magazines and newspapers in Victoria as well as the fast-growing digital property business reviewproperty.com.au. MMPH's co-shareholders in these businesses are the hundreds of real estate agents in Victoria who have financial interests via the MMP Group equity structure. This equity structure has proved very successful for both MMPH and agents and will continue under the new MMPH ownership.

The Fairfax shares to be issued to the foundation MMPH shareholders will be subject to performance linked escrow arrangements.

MMPH founder, Antony Catalano, will continue in his role as Chief Executive Officer of the Domain Group and the operations of MMPH will fall under his responsibility.

Mr Catalano has chosen to take all consideration due to him in Fairfax shares.

MMPH's founding real estate agent shareholders will each take 65 per cent of their consideration in Fairfax shares.

Fairfax will issue approximately 68.5 million new Fairfax shares as part of this transaction. Post this share issue the MMPH foundation shareholders will together hold approximately 2.8% of Fairfax's total shares on issue.

Fairfax Chief Executive Officer and Managing Director Greg Hywood said: "Domain is continuing its aggressive national expansion. The consolidation of the balance of the equity in MMPH simplifies the operations of our fast-growing property services businesses, which have more than \$300 million in real estate revenue.

"The consolidation enhances our rollout nationally of the agent equity model successfully pioneered by MMPH in Victoria.

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“MMPH reaches one million households in Melbourne and Geelong every week via The Weekly Review magazines and Star Weekly newspapers and operates Melbourne’s fastest growing property portal, reviewproperty.com.au.

“Since we formed the MMPH joint venture in December 2011 EBITDA has increased from \$4 million in FY12 to \$14 million in FY14 and is on target for strong growth in FY15. The local gloss magazine market continues to be a strong marketing vehicle for real estate vendors and agents because of its intensive local distribution.

“The consolidation of MMPH caps a series of significant developments for Domain in the past 12 months. In December 2013, we acquired property data and mapping provider, Property Data Solutions, and in July 2014 we acquired leading Canberra-based online property portal, Allhomes.

“The Domain Group is growing strongly, delivering revenue growth of 21% in the first four months of FY15 across its broad suite of digital, print, software and data products servicing the residential and commercial real estate markets,” Mr Hywood said.

Mr Catalano said: “In the past two years, the combined efforts of the MMP Group and Domain has seen them take enormous ground in Victoria.

“Our Domain print products are growing, domain.com.au’s depth products are the number one choice in a large number of key markets, and at the same time MMP is growing faster than anyone in the sector.

“The agent equity model works. It helps bring better products, more competition, more choice and more innovation to the market and property vendors and buyers are the big winners.

“The agent alignment to Domain through their holding of Fairfax shares clearly demonstrates who they support in the real estate media landscape. And this is also demonstrated through the equity holdings of Victorian agents in the many print and digital assets within the MMP Group.

“MMP has worked closely with its agent partners, and will continue to do so.

“We are starting to roll out the agent equity model nationally, and over the next 12 months we expect to gain significant traction as we deepen our relationships with agents around the country. The success of the Victoria model has been closely observed by agents around the country and many are now keen to embrace the model.”

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