

## CONSIDERATION OF DOMAIN GROUP SEPARATION

**SYDNEY, 22 February 2017:** Fairfax Media Limited [ASX:FXJ] (“**Fairfax**”) today announced a strategic review of the Domain Group (“**Domain**”) in preparation for Domain’s potential separation into a new Fairfax controlled Australian Securities Exchange-listed entity.

The separation would result in Fairfax continuing to own a controlling majority of Domain (between 60% and 70%), while issuing shares in Domain to Fairfax shareholders at the time the separation is implemented. The potential separation would be expected to complete this calendar year.

Fairfax Media Chairman Nick Falloon said: “This strategic initiative arises from the Board’s determination to maximise returns for Fairfax shareholders from Domain Group, which is positioned for strong long-term growth.”

Mr Falloon noted that a separation would result in:

- A separately ASX-listed entity establishing direct valuation for Domain;
- Boards and management teams that will be better able to develop distinct strategies, manage capital structures and conduct investment decisions for their respective businesses; and
- The opportunity for Domain to attract new shareholders with different investment criteria.

Fairfax Media Chief Executive Officer Greg Hywood said: “The separation of Domain would further reshape the Fairfax portfolio by adopting a more flexible corporate structure to maximise shareholder value. Importantly, Fairfax would continue to benefit from the strong long-term growth profile of Domain through its continuing shareholding of 60% to 70%. The current intention is that no new capital will be raised.”

Post separation, Domain will incur a number of costs and adjustments not currently reflected in its segment financials. Based on preliminary estimates, these are expected to be approximately \$8 million to \$10 million per annum, consisting of:

- Incremental \$4 million Board, listing and other costs associated with Domain becoming a standalone entity;
- \$4 million to \$6 million reflecting the transfer of corporate costs currently borne by Fairfax but attributable to Domain, and commercial agreements with Fairfax for certain services.

Mr Hywood said: “The time is right for Domain to consider taking this next step. It has achieved the scale in revenue, earnings and audience needed to operate as a standalone listed entity. Domain Group CEO Antony Catalano will continue to lead

the exceptionally talented management team which is driving the strong performance of the business.

“Domain is well placed as it continues to strengthen its platform and position itself at the centre of Australia’s real-estate ecosystem. By building on its core strength as a listings business, Domain is capturing new revenues from all aspects of people’s involvement with property.”

The decision to proceed with the Domain separation will be subject to a number of conditions including satisfactory outcome of engagement with the Australian Taxation Office and a Fairfax shareholder vote.

Fairfax will provide updates on timing and structure.

Macquarie Capital has been appointed to advise on the proposed transaction.

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