

Fairfax

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Fairfax Stapled Preference Securities ("SPS") Investor Presentation



Papakura Courier, Northern News, North Harbour News, North Shore Times, Norwest Newsbrief, Western Leader, Whangarei

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Introduction



- We recently released our FY06 H1 results. Key highlights of trading performance include:
 - Revenue up 4.4% to A\$997.6m
 - EBIT up 4.5% to A\$223.5m
 - NPAT up 5.2% to A\$124.8m
 - Free cash flow (pre acquisition) up 8.3%
- At our results announcement, we also announced that we have reached agreement to acquire Trade Me Limited, New Zealand's leading internet business
 - Trade Me group of websites are the most visited NZ websites with over 2.5 million unique browser visits each month
 - The purchase price is NZ\$700m cash (A\$625m), with potential for an additional NZ\$50m paid to Trade Me's owners over the next two financial years subject to attainment of additional earnings targets
- The Trade Me acquisition will be funded through a combination of senior debt (~60%, or A\$375m) and this Fairfax SPS offer (~40%, or A\$250m)
- On the basis of that funding plan, Standard and Poor's have confirmed the maintenance of our BBB senior credit rating (negative outlook)

Key Terms of the Offer



The Fairfax SPS:	<ul style="list-style-type: none">• Fairfax Stapled Preference Securities "Fairfax SPS" are a stapled security comprising a fully paid SPS Preference Share and a fully paid unsecured note ("NZ Security")• The securities may not be traded separately prior to an Assignment Event
The Issuers:	<ul style="list-style-type: none">• John Fairfax Holdings Limited ("Fairfax") is issuing the SPS Preference Share• Fairfax Group Finance New Zealand Limited ("Fairfax (NZ)"), a wholly owned subsidiary of Fairfax, is issuing the NZ Security
Offer:	<ul style="list-style-type: none">• Offer to Professional and Sophisticated Investors<ul style="list-style-type: none">– Institutional offer to domestic and offshore institutions– Broker Firm offer to Sophisticated client lists
Offer Size:	<ul style="list-style-type: none">• 2.5 million Fairfax SPS to raise A\$250m plus up to A\$50m further in oversubscriptions
Face Value:	<ul style="list-style-type: none">• A\$100 per Fairfax SPS
Distributions:	<ul style="list-style-type: none">• Preferred, deferrable, non-cumulative, semi-annual floating rate Distribution• Initial Margin as determined by Bookbuild over 6 month BBSW• Following first Remarketing Date, Margin either<ul style="list-style-type: none">– Set by Fairfax through a Successful Remarketing Process– Increased by 2.25% to the "Step-Up Margin"
Credit Rating:	<ul style="list-style-type: none">• Standard & Poor's is expected to assign a credit rating of BB+ to the Fairfax SPS
Ranking:	<ul style="list-style-type: none">• Ahead of holders of Fairfax ordinary shares for the payment of Distributions on the Fairfax SPS and for payments in a winding up of Fairfax• Equally with existing Fairfax preference shares currently on issue for the payment of Distributions on the Fairfax SPS and for payments in a winding up of Fairfax and rank behind creditors in a winding up of Fairfax• On a winding up of Fairfax, the holders of existing Redeemable Preference Shares of Fairfax New Zealand Finance Limited would become creditors of Fairfax and therefore rank ahead of Holders of Fairfax SPS

Key Terms of the Offer



Term:	<ul style="list-style-type: none">• Perpetual
Remarketing Date:	<ul style="list-style-type: none">• First Remarketing Date 30 April 2011
Options for Fairfax as at Remarketing Date:	<ul style="list-style-type: none">• On a Remarketing Date Fairfax may:<ul style="list-style-type: none">–Conduct a Remarketing Process to establish a new Margin and change certain terms;–Repurchase the Fairfax SPS;–In certain circumstances Resell Fairfax SPS;–Convert the Fairfax SPS; or–Begin paying Distributions at the Step-Up Margin
Issuer Repurchase and Conversion Rights:	<ul style="list-style-type: none">• Fairfax may Repurchase or Convert (at its option) some or all of the Fairfax SPS at or upon the occurrence of any of the following:<ul style="list-style-type: none">–Any Remarketing Date;–if the Step-Up Margin applies, at any Distribution Payment Date;–an Acquisition Event;–an Accounting Event, Tax Event or Change in Law Event; or–while the aggregate Face Value of all Fairfax SPS on issue is less than \$100 million
Conversion:	<ul style="list-style-type: none">• In the event of Conversion, Holders will receive a variable number of Fairfax ordinary shares for each Fairfax SPS calculated in accordance with the following formula: <u>Face Value plus any unpaid Distributions in the year prior to conversion</u> $\text{VWAP} \times (100\% - 2.5\%)$

VWAP = volume weighted average price of Fairfax ordinary shares

Fairfax

Overview of Fairfax

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GOSSIP



Papakura Courier, Northern News, North Harbour News, North Shore Times, Norwest Newsbrief, Western Leader, Whangarei

Fairfax is One of Australia and New Zealand's Leading Publishing Groups



Fairfax Has a Strong Balance Sheet and Cashflows



- Fairfax is one of Australasia's leading publishing groups
- Market capitalisation of approximately ~A\$3.6bn
- Portfolio of media assets with strong market positions
- Exposure to different business cycles in Australia and New Zealand
- Strong cashflow generation
- Consistent dividend payout on ordinary shares

Overview of Fairfax



- The Fairfax group is comprised of four different business units. The structure of the Fairfax group, including key titles is illustrated in the following diagram

Fairfax

	Fairfax Metropolitan, Regional and Community Newspapers	Fairfax Business Media	Fairfax New Zealand	Fairfax Digital
Revenue	Combined 67.6%		28.0%	4.4%
EBITDA	Combined 60.8%		34.6%	4.6%
	<ul style="list-style-type: none"> The Sydney Morning Herald The Age The Sun-Herald The Sunday Age The Herald – Newcastle Illawarra Mercury The Warrnambool Standard Good Weekend Magazine Sunday Life Magazine Over 50 community newspapers in NSW and VIC 	<ul style="list-style-type: none"> The Australian Financial Review BRW CFO AFR Smart Investor 	<ul style="list-style-type: none"> The Dominion Post The Press Sunday Star-Times Sunday News Over 60 community newspapers 	<ul style="list-style-type: none"> fairfaxdigital.com.au smh.com.au theage.com.au afr.com.au mycareer.com.au drive.com.au domain.com.au rsvp.com.au stayz.com.au

*Percentages indicate revenue and EBITDA contribution for FY06 H1 ending 31 Dec 2005

Overview of Fairfax



Two key priorities

1. Defend and grow our newspapers

- Editorial quality and smart marketing to drive circulation and readership
- Innovative sales approach to drive advertising revenue growth
- Business process simplification and streamlining to drive cost reductions

2. Build an outstanding digital media business

Profit Growth Continues...



A\$m	Underlying Trading Performance			Adjustments		As reported		
	FY06 H1 \$'m	FY05 H1 \$'m	Var %	FY06 H1 \$'m	FY05 H1 \$'m	FY06 H1 \$'m	FY05 H1 \$'m	Var %
Revenue	977.6	936.6	4.4		-	977.6	936.6	4.4
Associate profits	0.4	1.2	(65.0)	(4.4)*	-	4.8	1.2	310.0
Costs	(715.1)	(683.5)	(4.6)	13.3**	4.0	(728.4)	(679.4)	(7.2)
EBITDA	262.9	254.3	3.4	8.9	(4.0)	254.0	258.4	(1.7)
Depreciation	(39.4)	(40.5)	2.7	-	-	(39.4)	(40.5)	2.7
EBIT	223.5	213.8	4.5	8.9	(4.0)	214.6	217.9	(1.5)

*Share of profits from AAP Ltd

**Australian restructuring costs

Profit Growth Continues...



	Underlying Trading Performance			Adjustments		As reported		
	FY06 H1 \$'m	FY05 H1 \$'m	Var %	FY06 H1 \$'m	FY05 H1 \$'m	FY06 H1 \$'m	FY05 H1 \$'m	Var %
EBIT	223.5	213.8	4.5	8.9	(4.0)	214.6	217.9	(1.5)
Interest	(48.8)	(47.7)	(2.4)	-	-	(48.8)	(47.8)	(2.1)
Tax	(49.6)	(47.2)	(5.1)	(4.0)	(3.0)	(45.6)	(44.1)	(3.3)
Outside equity interest	(0.3)	(0.3)	-	-	-	(0.3)	(0.3)	-
Net Profit after tax	124.8	118.7	5.2	4.9	(7.0)	119.9	125.7	(4.6)
WANOS	928.0	913.9	1.5			928.0	913.9	1.5
Earnings per share (cents)	13.45	12.98	3.6			12.92	13.76	(6.1)

Excellent Cash Flow...



	FY06 H1 \$'m	FY05 H1 \$'m
Cash flows from operating activities	147.7	133.4
Presses dividend	(9.3)	(9.4)
Capital expenditure	(16.6)	(11.5)
Operating cashflow post PRESSES and Capital Expenditure	121.8	112.5
Acquisitions	(55.0)	(11.7)
Proceeds from sale of PP&E	-	8.4
Dividends paid	(108.5)	(43.9)
Net debt (increase)/reduction	(41.7)	65.3

Strong Balance Sheet ...



A\$m	Dec '05 \$'m	Jun '05 \$'m
Intangibles	2,417.9	2,352.5
Property, plant and equipment	680.7	697.0
Investments & financial assets	23.6	23.8
Receivables	279.4	292.8
Inventories	33.3	30.2
Other assets	112.4	61.8
Net borrowings	(1,206.9)*	(916.0)
Other liabilities	(408.6)	(370.4)
Net assets	1,931.8	2,171.8

* Per AIFRS, PRESSES have been reclassified as Debt

Fairfax

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Overview of the Purchase of TradeMe.co.nz



FairfaxDigital



smh.com.au
The Sydney Morning Herald

THE AGE
theage.com.au



MyCareer
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Papakura Courier, Northern News, North Harbour News, North Shore Times, Norwest Newsbrief, Western Leader, Whangarei

Overview of Acquisition

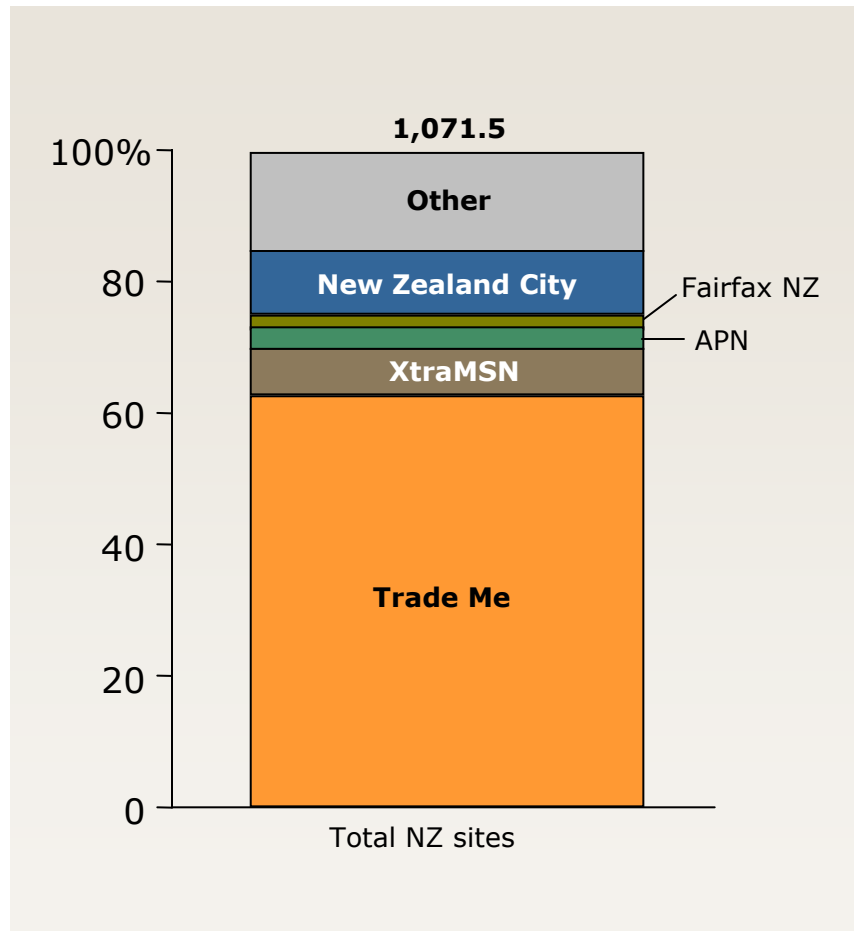


- Trade Me is the leading internet business in New Zealand
 - Trade Me group of websites are the most visited NZ websites with over 2.5 million unique browser visits each month
 - 1.2 million registered members (30% of New Zealand population) and gaining at 50,000 per month
 - Will execute ~20 million trades this year
 - Incredibly strong consumer brand
- Acquisition price - NZ\$700 million (A\$625 million)
 - Multiple of 15-16x on forecast FY07 EBITDA
 - EPS neutral YR1, accretive YR2
- Earn out based on 10x of excess EBITDA over NZ\$45 million FY07 or NZ\$60 million EBITDA in FY08. Capped at NZ\$50 million

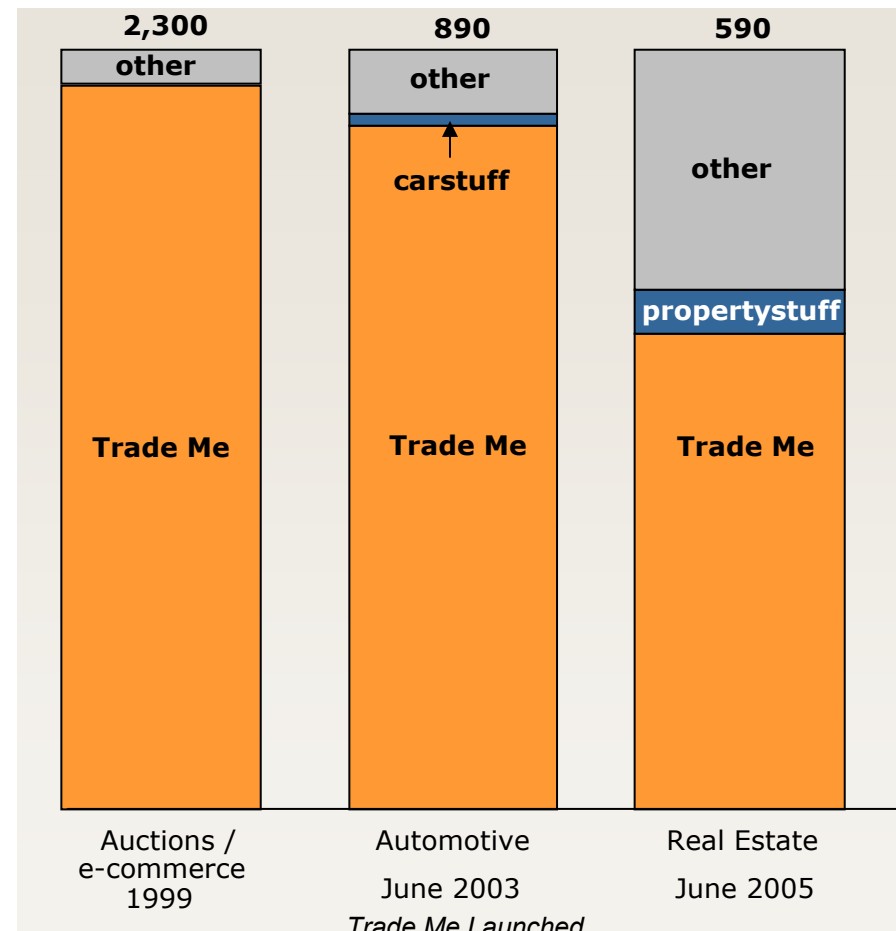
Trade Me Leads the New Zealand Internet space



Page impressions



Unique Browsers (000's)



Note: unique browsers includes duplicated users

Source: Nielsen Netratings Market Intelligence (Publisher - Domestic) for the month ended 31 January 2006

Demonstrated Ability to Leverage Auction Audience...



- Incredibly strong auction audience
 - Number 1 auction site
- Leveraged audience into cars and property
 - Trade Me Cars launched June 2003, quickly achieved audience and inventory leadership
 - Trade Me Property launched June 2005 and has achieved largest online audience
- Audience leadership drives the economics

Strategy



- Excellent fit both strategically and financially
- Enhances our New Zealand position
- Transforms us into the leading digital business in Australasia
- Continues to reshape our earnings mix towards higher growth digital businesses

Fairfax Balance Sheet – Pro Forma For Trade Me Acquisition



	Fairfax Actual Dec '05 A\$m	Trade Me Transaction A\$m	Pro Forma Dec '05 A\$m
Total current assets	335.6	5.2	340.8
Intangible assets	2,417.9	629.3	3,047.2
Other non-current assets	801.1	1.0	802.0
Total Assets	3,554.6	635.5	4,190.0
S/T interest bearing liabilities	544.6	-	544.6
Other current liabilities	262.7	5.4	268.1
Total current liabilities	807.3	5.4	812.7
Total non-current liabilities	815.6	380.0	1,195.6
Total liabilities	1,622.8	385.4	2,008.3
NET ASSETS	1,931.8	250.0	2,181.8
Total Equity	1,931.8	250.0	2,181.8

Pro Forma Credit Statistics



As at 31 December 2005**

Debt / Debt + Equity*	42%
Debt / EBITDA	3.03x
EBITDA / Interest Expense	4.5x

* Includes hybrid of A\$250m as at December 2005

** Pro forma credit statistics do not include the conversion of PRESSES into equity (due to occur July 2006)

Fairfax Debt Profile



	A\$ Million	Maturity (Calendar Year)
364-day committed bridge facility	A\$380m	2007
Bank Loan	A\$70m	2009
US\$ Private Placement I	A\$250m	2006
US\$ Private Placement II	A\$340m	2011-2019
Chullora Funding*	A\$120m	2015
NZ RPS	A\$173m	2010
PRESSES**	A\$256m	2006

* Amortises to 2015

** Company will exchange for ordinary shares in July 2006

Fairfax

Offer Timetable & Contacts

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Timetable



Key Dates

Lodgement of Prospectus with ASIC	13 March 2006
Bookbuild Opens	17 March 2006
Bookbuild Closes	20 March 2006
Offer period	21 March 2006
Expected listing and commencement of conditional and deferred settlement trading of Fairfax SPS on ASX	22 March 2006
Settlement and transfer of Fairfax SPS to successful applicants. (Settlement occurs under the Offer Management and Subscription Agreement and the condition of the conditional market is satisfied)	23 March 2006
Expected despatch of Holding Statements	27 March 2006
Expected commencement of normal trading of Fairfax SPS on ASX	28 March 2006
First Distribution Date	31 October 2006
First Remarketing Date	30 April 2011

Contacts



John Fairfax Holdings Limited

Sankar Narayan	Chief Financial Officer	(02) 9282 2970
Dale Bridle	Group Treasurer	(02) 9282 3632

Goldman Sachs JBWere

Michael Saba	Institutional Distribution	(03) 9679 1487
Robert Foale	Syndicate	(02) 9321 8742
Sean Hogan	Structured and Credit Capital Markets	(02) 9321 8950
Rob Penney	Equity Capital Markets	(02) 9320 1319

Summary Term Sheet



Security:	<ul style="list-style-type: none">• Fairfax Stapled Preference Securities ("Fairfax SPS")
Offer:	<ul style="list-style-type: none">• Offer to Professional and Sophisticated Investors of A\$250m with an ability to accept oversubscriptions for up to a further A\$50m
Ranking:	<ul style="list-style-type: none">• Ahead of holders of Fairfax ordinary shares for the payment of Distributions on the Fairfax SPS and for payments in a winding up of Fairfax• Equally with existing Fairfax preference shares currently on issue for the payment of Distributions on the Fairfax SPS and for payments in a winding up of Fairfax and rank behind creditors in a winding up of Fairfax• On a winding up of Fairfax, the holders of Redeemable Preference Shares of Fairfax New Zealand Finance Limited would become creditors of Fairfax and therefore rank ahead of Holders of Fairfax SPS
Face Value:	<ul style="list-style-type: none">• A\$100
Term:	<ul style="list-style-type: none">• Perpetual
Remarketing Date:	<ul style="list-style-type: none">• First Remarketing Date 30 April 2011
Distributions:	<ul style="list-style-type: none">• Floating, semi-annual, non-cumulative, payable at Fairfax Director's discretion• Prior to an Assignment Event, Distributions should not carry any franking credits
Distribution Rate:	<ul style="list-style-type: none">• Initially, 6 month BBSW + Margin as set by Bookbuild. Distribution Rate may change at a Remarketing Date via a Remarketing Process
Distribution Payment Dates:	<ul style="list-style-type: none">• 31 October and 30 April each year• The first Distribution will be payable on 31 October 2006
Step-Up Margin:	<ul style="list-style-type: none">• For the first Remarketing Date: the Margin as at the Remarketing Date plus 2.25%
Voting Rights:	<ul style="list-style-type: none">• Fairfax SPS Holders do not have any rights to vote in general meetings of the Issuers, except in certain limited circumstances

Summary Term Sheet



Enforcing Priority of Distributions:

- Where a Distribution on the Fairfax SPS is not paid Fairfax may not:
 - declare or pay dividends on its Ordinary Shares;
 - declare or pay any interest or distribution on any other security that ranks behind the Fairfax SPS; or
 - redeem, reduce, cancel or acquire for any consideration any of its share capital.
- until
 - Fairfax SPS Distribution Payments scheduled for the 12 months following the most recent missed Distribution have been paid;
 - an amount equivalent to the unpaid Distributions in the past 12 months has been paid. This is called an Optional Distribution;
 - all Fairfax SPS have been Repurchased or Converted; or
 - a special resolution of the holders of the Fairfax SPS has been passed approving such action

Options for Fairfax at Remarketing Date:

- On a Remarketing Date Fairfax may:
 - Conduct a Remarketing Process to establish a new Margin and adjust certain terms which then apply until the next Remarketing Date;
 - Repurchase the Fairfax SPS;
 - In certain circumstances, Resell the Fairfax SPS
 - Convert the Fairfax SPS into a variable number of ordinary shares; or
 - Begin paying Distributions at the Step-Up Margin

Remarketing Process:

- Fairfax, at its option, may conduct a Remarketing Process at the Remarketing Date to change certain terms including the Margin
- If a Remarketing process is not undertaken, or a Remarketing Margin is not set, the Step-Up Margin applies unless Fairfax chooses to Repurchase or Convert the Fairfax SPS

Holder Response:

- Holders may respond to a Remarketing Process Invitation by submitting:
 - A 'Step-Up Notice';
 - A 'Bid Notice'; or
 - A 'Hold Notice' (Holders that do not respond to the Remarketing Process Invitation are deemed to have given a Hold Notice)

Summary Term Sheet



Remarketing Threshold:

- At least 25% of Fairfax SPS Holders must send a Bid or Hold notice (excluding deemed Hold Notices) equal to or less than the new Margin in order to set a Remarketing Margin

Outcome for Holders:

- If a Remarketing Margin is set, Fairfax must:
 - Accept Bid Notices (at or below the Remarketing Margin) and Hold Notices; and
 - Repurchase, Resell or Convert Holders that submitted a Step-Up Notice or a Bid Notice with a margin higher than the Remarketing Margin

Summary Term Sheet



Issuer Repurchase and Conversion Rights:

- Fairfax may Repurchase or Convert (at its option) some or all of the Fairfax SPS at or upon the occurrence of any of the following:
 - Any Remarketing Date;
 - if the Step-Up Margin applies, at any Distribution Payment Date;
 - an Acquisition Event;
 - an Accounting Event, Tax Event or Change in Law Event; or
 - while the aggregate Face Value of all Fairfax SPS on issue is less than \$100 million

Repurchase Amount:

- In the event of Repurchase (other than following an Acquisition Event), Holders receive cash for each Fairfax SPS equal to the Face Value of \$100 plus any Distributions that have not been paid in the immediately preceding 12 months

Conversion:

- In the event of Conversion, Holders will receive a variable number of Fairfax ordinary shares for each Fairfax SPS calculated in accordance with the following formula:

Face Value plus any unpaid Distributions in the year prior to conversion

$$\text{VWAP} \times (100\% - 2.5\%)$$

VWAP = volume weighted average price of Fairfax ordinary shares

Acquisition Event:

- Following an Acquisition Event, Fairfax may, at its option, Repurchase or Convert Fairfax SPS, or maintain the Fairfax SPS on foot whereby the Additional Margin applies

Repurchase or Conversion Resulting from Acquisition Event

- Where Repurchase or Conversion results from an Acquisition Event, Holders receive a different amount of money or different number of Ordinary Shares that reflects some participation in the takeover price or value of the scheme consideration

Holder Repurchase and Conversion Rights:

- Holder may only request Repurchase or Conversion where Fairfax has breached the distribution priority

Summary Term Sheet



Repurchase Considerations:

- It is Fairfax's intention to retain the Fairfax SPS as a permanent component of Fairfax's capital structure unless:
 - Fairfax believes a Repurchase of the Fairfax SPS would not cause Fairfax's senior unsecured credit rating to fall from the rating applying one business day prior to the day on which Fairfax first announces the Repurchase; or
 - it replaces the Fairfax SPS with ordinary shares or other securities ranking equally with or subordinated to the Fairfax SPS in an amount sufficient for those securities to carry the same or better equity credit weighting assigned to the Fairfax SPS by Standard and Poor's at the date the Fairfax SPS are issued.
 - Fairfax has entered into a covenant in favour of certain of its senior creditors that it will fulfil the above intention regarding Repurchase while Fairfax SPS remain on issue
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For full terms please refer to the Terms of Issue in the Prospectus