

FAIRFAX TO ACQUIRE TRADE ME, NEW ZEALAND'S LEADING INTERNET BUSINESS

WELLINGTON, NZ, March 6, 2006 – John Fairfax Holdings Limited [ASX:FXJ] has reached agreement to acquire Trade Me Limited, New Zealand's leading internet business. Trade Me accounts for over 60% of New Zealand's web traffic. The purchase price is NZ\$700 million cash (A\$625 million), or approximately 15.6 times expected 2007 EBITDA¹. Trade Me's owners will also receive up to an additional NZ\$50 million over the next two financial years subject to the attainment of additional earnings targets.

The privately-held Trade Me, the leading auctions and classified advertising site in New Zealand, has 1.2 million members who are expected to host 35 million auctions this year. Trade Me is the established leader in its key general merchandise auction business in New Zealand, with 30,000-50,000 people online at any time, 50,000 new members per month, and over 600,000 items for sale at any time. Trade Me also has the leading motors and property sites, as well as sites for dating (Find Someone), community (Old Friends), and rental accommodation. With more than 2 million domestic visitors per month, Trade Me is the most visited website in NZ, and has the largest average visit length among the top 10 most visited sites. Trade Me, based in Wellington, has 48 employees.

The business was founded by Sam Morgan in 1999. Mr Morgan and other key executives will remain with the company. The transaction, which is subject to final verification of due diligence and regulatory approval under the New Zealand Overseas Investment Act, is expected to close in April.

David Kirk, CEO of Fairfax, said:

"Trade Me is an outstanding internet success story, and holds the leading position online in New Zealand in just about every category. The business has a phenomenally strong position with its huge audience, and will continue to grow its auction and classified businesses because of this.

¹ Trade Me operates on a 31 March close to the financial year.

“The acquisition of Trade Me reshapes Fairfax’s earnings and business mix as part of our more aggressive push into the internet in all the markets in which we operate. As a result of our successful online investments, we are now a significantly more diversified media company.

“The strong revenue and earnings performance of Fairfax Digital in Australia, together with today’s acquisition of Trade Me in New Zealand, and other online opportunities that we are pursuing, are coming together to give Fairfax a higher growth profile.

“We intend to operate Trade Me just as it is – as a standalone, highly dynamic business on its own high growth trajectory. Trade Me has well established plans for future expansion, and we will support the management to see them successfully implemented. The business will have the benefit of a joint advisory board drawn from current Trade Me directors and Fairfax executives.

“I am delighted Sam Morgan will remain with Trade Me for a good period of time. We also welcome as new colleagues the entire Trade Me staff.”

Sam Morgan said:

“Thousands of Kiwis make their primary or secondary income on Trade Me. That’s a responsibility we take very seriously and so keeping the marketplace running smoothly and sticking to our existing plans remains our focus.

“I’ve been very impressed with David and the other Fairfax executives I have met and look forward very much to working with them more in future.”

Ronald Walker, Chairman of Fairfax, said, “By strengthening our position in the overall media landscape, this is a breakthrough transaction for Fairfax. The terms of the acquisition fit our investment criteria for strategic fit and shareholder returns, with excellent prospects for future earnings growth.

“Fairfax is on a sound course to further strategic growth on both sides of the Tasman.”

The purchase will be funded through a combination of hybrid equity (40%) and senior debt (60%). The company will shortly launch a Step Up Preference Security ("Fairfax SPS") for approximately A\$250 million through an offer to institutional and sophisticated investors. The senior debt of approximately A\$375 million will be provided through a 364 day committed bridge facility which will be refinanced during 2006.

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About Trade Me

www.trademe.co.nz

- Trade Me is a private NZ internet company with NZ's largest online audience (~2.6m unique browsers visit Trade Me each month) and an active community of ~1.2 million registered members.
- Trade Me was founded in 1999 and has grown rapidly under the leadership of CEO, Sam Morgan. In 2005, the business was rated the fastest growing Technology company in NZ's Deloitte/Unlimited Fast 50.
- Trade Me is based in Wellington, NZ and has over 40 full time employees.
- Trade Me's core business is general merchandise auctions (for both new and second hand goods). At any one time, Trade Me has up to 30,000 to 50,000 people online looking at 600,000 items listed for sale across more than 200 categories. The site saw over 20m listings last year.
- Unlike eBay, Trade Me does not charge users to list an item for auction but does charge a small fee for each successful sale.
- Trade Me has leveraged its audience into leading classified advertising positions in the automotive and real estate categories with over 34,000 cars and over 15,000 properties for sale or rental listed on the site. Despite only launching in 2003 (cars) and 2005 (real estate), both sites have already obtained the leading audience position in their respective categories.
- Unlike items for auction, classified advertisers (e.g. cars and jobs) are charged an upfront listing fee.
- Trade Me also owns and operates two successful community websites in the NZ market, Find Someone dating (450,000 users) and Old Friends (500,000 users) in addition to the active community that exists on the Trade Me discussion forums.
- The Trade Me audience is relatively young (45% of the audience are between 19 & 34), active (visitors spend an average of 19 minutes on the site) and loyal (the average user visits 3.9 times per week).

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