A NOTE FROM THE CFO

DAVID HOUSEGO

Fairfax Media is a leading multi-platform media company in Australia and New Zealand. We engage audiences and communities via print media, digital media, radio stations, our events and other businesses.

Our quality independent journalism and deeply engaging content have long been part of the everyday for millions of people.

Our core value is to be a positive force in our communities and we maintain a strong focus on environmental and corporate social responsibility. This translates into every part of our business, including our support of the economy through our tax contributions.

We pursue an approach to tax that is principled, transparent and sustainable for the long term.

Our approach to tax management is to ensure full compliance with all statutory obligations , proactive and transparent engagement with revenue authorities, maintenance of documented policies and procedures in relation to tax risk management and completion of risk assessments including escalation and reporting to the Board in accordance with our Tax Corporate Governance framework.

In preparing this report, we have followed the recommendations of the Board of Taxation's Tax Transparency Code and welcome the opportunity to provide details of our tax contributions to the community.

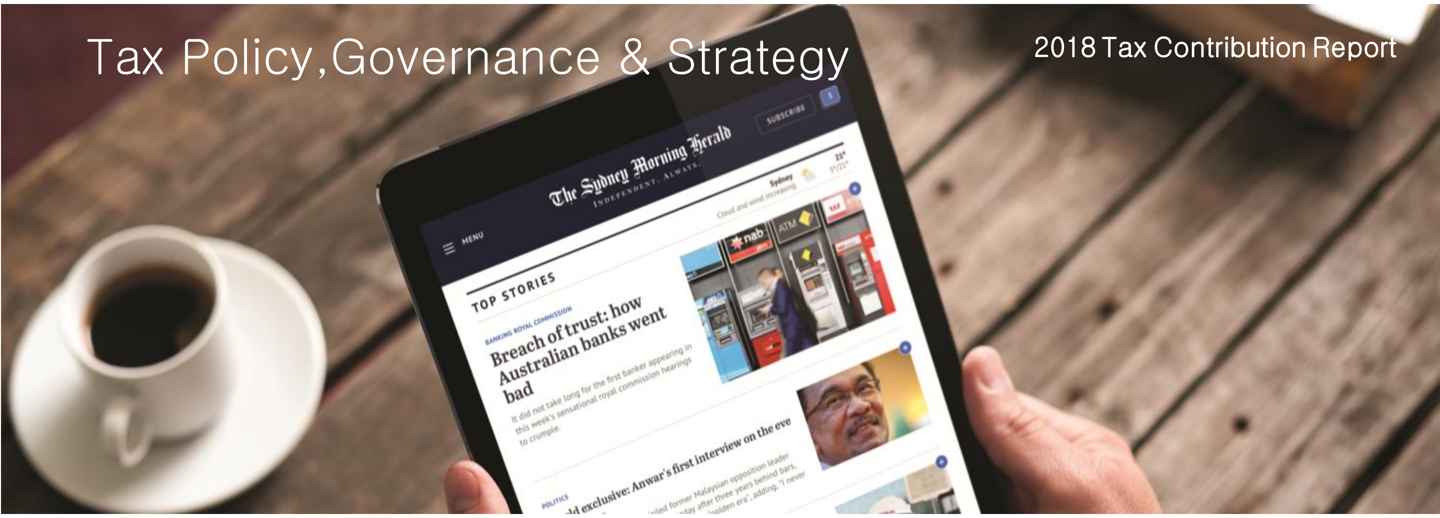
Across our business, we use our trusted voice and place in society to deliver a powerful public good. Our independent journalism makes communities stronger – more civil, open and transparent. We hold governments and the powerful to account and in this way our core values align with the principles of the Code.

David Housego

Chief Financial Officer

The information provided in this Report is published on a voluntary basis in accordance with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code. It should be read in conjunction with the Fairfax Media 2018 Annual Report.

Tax Policy,Governance & Strategy



Fairfax's Tax Risk Management and Governance

Fairfax Media understands the need for robust tax policy and governance measures within its organisation and as such, the Fairfax Board has approved a Tax Corporate Governance framework (the Tax Framework) to ensure Fairfax is compliant with applicable tax legislation in conducting its business.

The Tax Framework sets out the appropriate processes and procedures approved by the Fairfax Board to be followed in identifying and managing taxation risks. The Fairfax Board has a low tolerance for tax risk.

The Tax Framework outlines the specific roles and segregation of duties in relation to identifying tax risk and requires all tax risks to be ultimately escalated to the Head of Tax and the experienced professionals in the Group Tax team. Key tax risks are escalated to the CFO and, subject to the significance of the transaction, the Board.

Fairfax's Approach to Tax Planning

Fairfax Media is committed to complying with the relevant tax legislation applicable in the jurisdictions in which it operates.

The Fairfax Board does not support aggressive tax structuring or the shifting and accumulation of profits in low or zero-tax jurisdictions under any circumstances.

Our Tax Framework mandates that for all uncertain tax positions in relation to major transactions, or high risk tax matters that are ambiguous in nature or where the interpretation of the law is unclear, an opinion from an independent external advisor is to be sought to support our position.

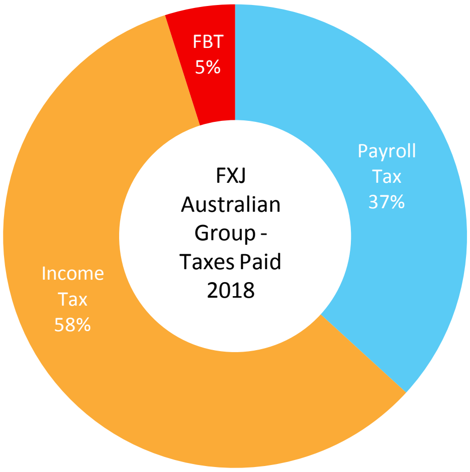
Fairfax also recognises that in keeping with our Tax Governance Framework, such uncertain positions arise from the complexity of tax law and multinational business models rather than the pursuit of tax advantages.

Engagement with Revenue Authorities

Fairfax Media focuses on maintaining a strong and open relationship with the Australian Tax Office (ATO) and other relevant revenue authorities including the New Zealand Inland Revenue Department (IRD) and seeks to engage proactively and transparently with the relevant tax authority on significant transactions.

Our aim is to continue to maintain a positive and transparent working relationship with all revenue authorities to enable an efficient and collaborative hearing of tax issues that apply to our business.

Our Tax Contribution



Australian Taxes Paid by Fairfax Group

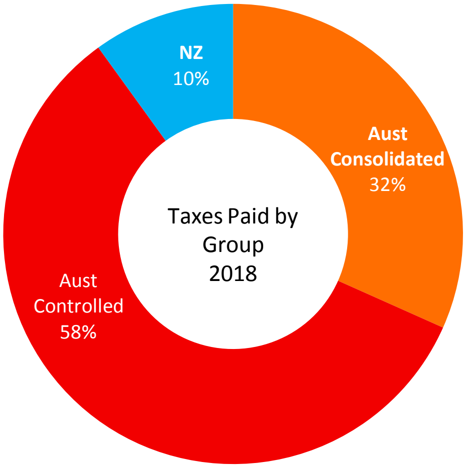
Within Australia, Fairfax Media Limited and its Australian controlled entities (the Fairfax Group) are subject to both federal and state government taxes. These taxes include income tax, fringe benefits tax (FBT) and payroll tax.

The Fairfax Group's largest tax contribution on a gross basis was income tax of $44.2m. This represents 58.3% of all taxes borne by the Fairfax Group in the 2018 income year.

Tax Type	**2018 $'m**
Income Tax ^	44.2
FBT	3.7
Payroll Tax	27.9
Total	**75.8**

^ gross of tax refunds

Our Tax Contribution



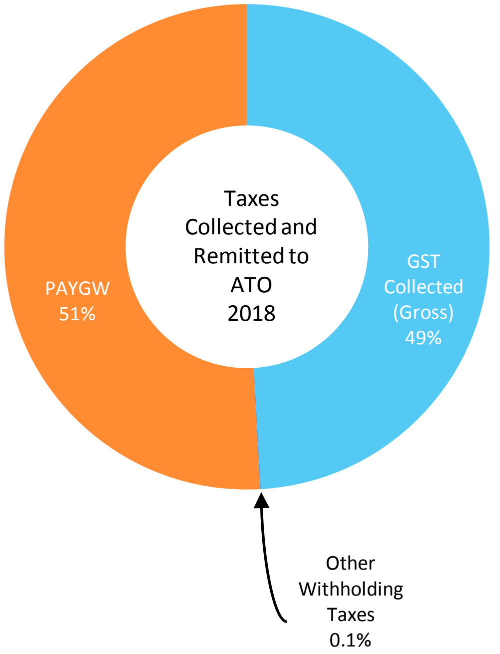
Income Taxes Paid

The following table shows Fairfax's income tax contribution in Australia and in New Zealand on a cash basis.

The table below shows the total corporate income tax paid by Fairfax Media Limited and its controlled entities. The total corporate income tax paid of $40.8m is net of any tax refunds received during the year and includes taxes paid by controlled entities in Australia and New Zealand. This reconciles to the net income taxes paid as disclosed in the Consolidated Statement of Cash Flows in the Fairfax 2018 Annual Report (refer page 66).

Group	**2018 $'m**
Australian Tax Consolidated Group^	12.9
Australian Controlled Entities	23.8
New Zealand	4.1
Total	40.8

^ net of tax refunds



Taxes Collected by Fairfax

In 2018, Fairfax and its 100% owned subsidiaries collected and paid $207m in taxes including Goods and Services Tax (GST), Pay As You Go Withholding (PAYGW) and Interest and Royalty Withholding Taxes.

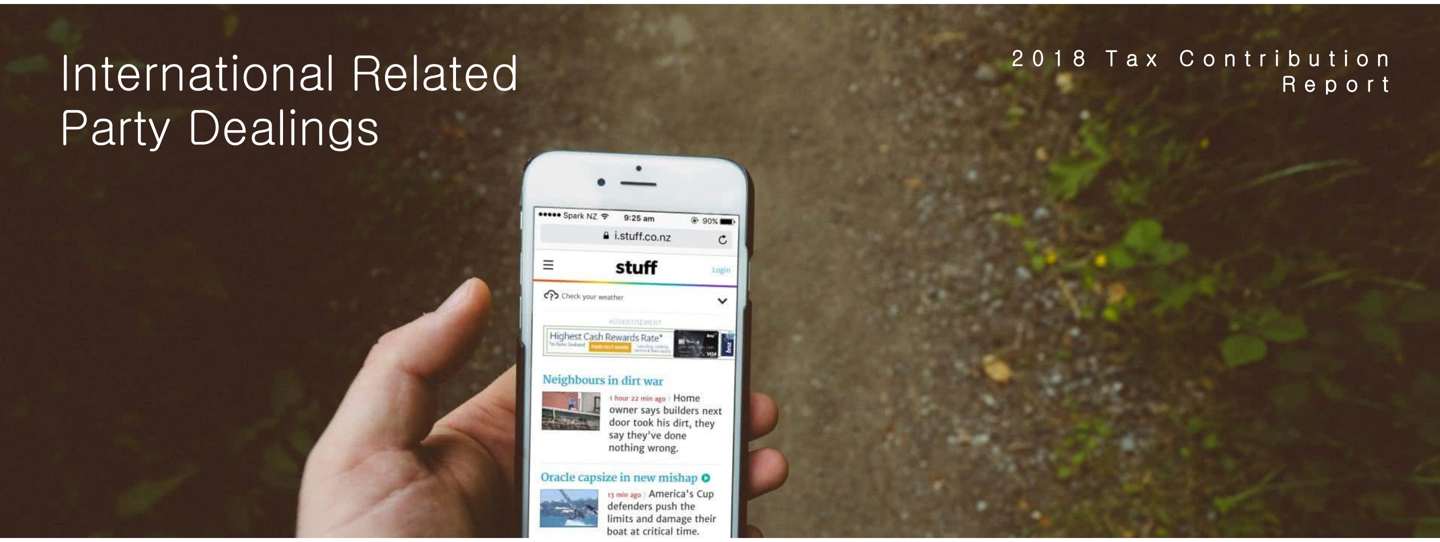
The table below sets out a breakdown of the taxes collected by Fairfax and remitted to the ATO.

GST shows the gross amount of GST collected and remitted to the ATO by the Fairfax Media GST Group. The amount for 2018 is lower than 2017 as a result of the separation of the Domain Group from Fairfax Media in November 2017. Domain formed a separate GST group following separation.

PAYG relates to the PAYG amounts Fairfax is required to withhold from employees' salaries.

Group	**2018 $'m**	**2017 $'m**
GST Collected (Gross)	102.2	122.8
Employee PAYGW	105.5	135.6
Other WHT	0.2	0.2
TOTAL	**207.9**	**258.6**

International Related Party Dealings



Transactions with our New Zealand subsidiaries

Fairfax Media carries out its operations through a number of controlled entities in Australia and New Zealand. These entities are listed in full in the 2018 Annual Report.

Under Australian tax law, Fairfax's Australian corporate entities are organised into a tax consolidated group, the Fairfax Media Limited tax consolidated group. A small number of partly owned Australian corporate entities fall outside this tax consolidated group and are taxed on a stand-alone basis.

Fairfax's New Zealand operations are conducted through separate legal entities incorporated in New Zealand that are subject to tax in New Zealand. Each of these entities is taxed on a stand-alone basis, and no election to form a tax consolidated group in New Zealand has been made.

For the 2018 income year, the aggregate value of FML's international related party dealings with its New Zealand subsidiaries amounted to 0.4% of the Group's total revenue.

Fairfax's international related party dealings reflect arms' length pricing in accordance with Australia's transfer pricing requirements, New Zealand transfer pricing requirements and OECD guidelines.

Related party dealings between Fairfax and its New Zealand subsidiaries in the 2018 financial year, are summarised in the table below:

International Related Party Services provided	International Related Party Transaction Provided
To New Zealand	Head office support including taxation, legal, HR management and strategic support
To New Zealand	IT infrastructure support and software application systems support
From New Zealand	Editorial production and sub-editing operations
To New Zealand	Content licence arrangements

Reconciliation of Accounting Profit to Income Tax Expense/Income Tax Paid

Reconciliation of Accounting Profit to Income Tax Expense and Income Tax Paid

The income tax expense (ITE) disclosed in the Fairfax Media Annual Report is calculated based on International Financial Reporting Standards (IFRS). In any financial year, there are likely to be differences between the ITE presented in the financial statements to the total cash tax payments made to revenue authorities during that same financial year.

This is due to a number of factors, such as the timing of corporate tax instalment payments, and differences between the tax and accounting treatment of various income and expense items. The ITE for Fairfax is also reduced by the R&D tax offset available in Australia.

These differences are illustrated in the two adjacent tables. The first table contains the calculation of ITE for Fairfax for accounts purposes disclosed in the Consolidated Income Statement in the 2018 Annual Report (refer Note 25 at page 116). The second table contains a reconciliation of ITE per the Fairfax consolidated income statement to income tax paid in the 2018 financial year per the consolidated cash flow statement.

Reconciliation of Fairfax's Accounting Profit to Income Tax Expense	2018 $'m	2017 $'m
Accounting profit/ (loss) before tax	(48.7)	146.0
Prima facie income tax at 30%	(14.6)	43.8
Non-temporary differences	2.7	(0.3)
Temporary differences not recognised on intangible and other asset write-offs	16.8	5.3
Income tax expense	4.9	48.8

Reconciliation of Fairfax's Income Tax Expense to Income Tax Paid	2018 $'m	2017 $'m
Income Tax Expense	4.9	48.8
Timing differences recognised in deferred tax	36.1	(6.8)
Prior year tax payments/ (refunds)	11.8	(1.5)
Franking Credits	(12.0)	(12.1)
Tax Paid per Cash Flow Statement	40.8	28.4

Effective Tax Rate

The Fairfax Media Limited Australian Tax Consolidated Group lodges a single income tax return and pays tax at 30% on an annual basis

The effective tax rate (ETR) is the average rate at which a company is taxed. The ETR is calculated by dividing income tax expense by profit before tax.

Fairfax's ETR on total accounting profit was (9.99%).

The low ETR is driven by the fact that for statutory accounts purposes Fairfax reported a total net loss before tax for 2018 of $48.7m. Income tax expense (ITE) on those underlying losses was $4.9m.

The accounting loss was largely driven by significant items being impairments of assets. Impairments are accounting adjustments which do not have a tax impact.

Our ETR on total underlying earnings (excluding significant items such as impairments) was 29.54%.

A reconciliation of Fairfax's statutory to underlying performance is set out on page 62 of the Annual Report.

Fairfax's net profit before tax on underlying earnings for 2018 was $210.6m. ITE on those underlying profits was $62.2m. The ETR on this basis is slightly less than the Australian rate of 30%.

The ETR is impacted by the fact that the corporate tax rate applicable to NZ income of 28% is less than the Australian rate of 30%.

Fairfax's ETR on total accounting profit:

2018	2017
(9.99)%	33.46%

Fairfax's ETR on underlying profit:

2018	2017
29.54%	29.18%