



**Important Announcement from the CEO:
Inaccurate statements in the market regarding realestate.com.au's strategic direction.**

REA has recently become aware of misleading representations made to realestate.com.au customers, and potentially to the market generally, in relation to its strategy and direction.

As the CEO & MD of the REA Group, I believe it is important to contact you directly to correct any false impressions that you may have formed by hearing or reading these misrepresentations.

I would like to reinforce that our success to date has been as a result of continuing to evolve our business model to meet the needs of this dynamic industry, the people who love our site and our shareholders. I take the responsibility associated with leading the company seriously and that is why I wanted to clarify our strategy with you.

In March of this year, I made a presentation to the ASX Emerging Growth conference in London. The presentation was designed to convey our optimism for the industry and to open up discussion around the innovative ways realestate.com.au will support its overall growth. It was from this presentation that some of my comments were incorrectly reported and somehow represented as a signal of realestate.com.au's direction to deal direct with vendors and "cut agents out of the loop".

As your industry partner, I want to reiterate that my comments actually say the opposite. What I do talk about is the importance of the relationship between real estate agent and vendor, and innovative ways realestate.com.au can assist in the process.

If you have a spare moment to watch my presentation, I strongly encourage you to do so.

A video of the presentation can be viewed at the following address:
www.brr.com.au/event/78171/rea-group-presents-at-the-asx-emerging-growth-conference-in-london

In summary, realestate.com.au's position has not changed. We will continue to deal with Licensed Real Estate Agents, who we believe are best placed to represent the needs of the vendor / landlord.

We will continue to innovate via consultation with the industry, market research and market trials. There are a few examples of this currently in our planning roadmap:

- The program to match properties with the most appropriate online advertising (referred to as advertising upgrades) is positioned as a support tool to Agents so they can focus on activities that maximise commissions.
- The development of site functionality that allows prospective buyers & sellers to access or claim property information that can then be accessed by Agents so they can cost effectively identify a new pool of leads.

Finally, I'd like to provide you with the following direct extract from my comments at the March 2011 conference. It highlights how our intention to grow advertising upgrades is closely aligned with a commitment to do even better by you, the Real Estate Agent:

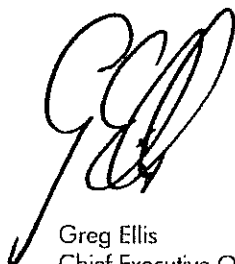
"that (enhanced property) information (such as property values and the number of similar properties for sale) is not only valuable for us, it's very valuable to us to pass on to our customers, which is the real estate agents, as they seek the next mandate to sell. At that particular point in time, if we can make this work, we would expect to see an acceleration of the substitution from traditional media to online.

...As a result of the low commission rates (for the agent), the owner of the property is expected to fully or partially contribute to the cost of the advertising. Now, in our relationship with the agent, if we can remove the responsibility that they have for having to fund the advertising, and let them focus on completing the transaction and being paid for it, that actually provides greater efficiency for them. So the clear intention is to provide agents with better quality leads, allow them to focus on maximising the commission, which is what the relationship between the home owner and the agent is, and allow the REA Group to sell the advertising directly to the home owner.

...if I am a home owner, and I can tell you from realestate.com.au that there are seven properties on the market like yours right now. The average enquiry rate against you is two to one. Would you like to upgrade your offering? Most people I believe would answer yes."

It is important that you have all the facts and if you have any questions regarding this issue, I strongly encourage you to call or email your realestate.com.au Account Manager to discuss in more detail. Our intent is to work with you in the interests of building a sustainable and profitable industry over the longer term.

Yours sincerely,



Greg Ellis
Chief Executive Officer
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