

ASX Announcement
6 May 2016

REA Group Q3 FY2016 financial information released

REA Group Limited (ASX:REA) today released details of the year to date financial information which was reported by News Corp on 5 May 2016 (New York time). The News Corp report includes US GAAP financial information for REA Group and its subsidiaries for the third quarter and nine months ended 31 March 2016.

Group financial highlights from core operations¹ for the nine months ending 31 March 2016 include revenue growth of 20% to \$461 million, and EBITDA growth from core operations of 25% to \$263 million.

Financial results from core operations for the nine months ended and three months ended 31 March 2016 include:

	For nine months ended 31 March (AUD\$)		
<i>Millions</i>	2016	2015	Growth YoY
Revenue	461	384	20%
Operating Expenses	(198)	(174)	14%
Segment EBITDA	263	210	25%
Free Cash Flow	146	97	50%

	For three months ended 31 March (AUD\$)		
<i>Millions</i>	2016	2015	Growth YoY
Revenue	147	123	20%
Operating Expenses	(69)	(57)	21%
Segment EBITDA	77	65	18%
Free Cash Flow	41	31	31%


The results were driven by the continued success of our product strategy which saw Australian residential depth revenue increase by 22% this quarter against the prior corresponding period. This is despite the impact of Easter moving from Q4 in 2015 to Q3 in 2016 which negatively impacted the volume of listings in the Q3, but resulted in higher listing volumes in April.

The rate of operating expenses growth increased as planned due to the different timing of marketing spend and strategic initiatives and we expect this higher rate of growth to continue into Q4. The Group manages operating expenses on a full year basis and expects the rate of full year revenue growth to exceed the rate of cost growth.

REA Group CEO Tracey Fellows said: "It has been another strong quarter for REA Group. realestate.com.au continues to outperform any other property site in the country with more than twice the visits on our main and mobile sites. Additionally, the realestate.com.au app became the first Australian property app to reach 5 million downloads."

"We continued to deliver great consumer innovation - introducing a new tool allowing property owners to "claim" their property. The feature enables consumers to keep up to date with key

¹ Core operations is defined as Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and excludes share of losses from associates, transaction costs associated with the iProperty acquisition, and a revaluation gain on the initial 23% shareholding in iProperty



information about their local market and allows them to make better and more informed decisions about property whether it's investing, renting, renovating or buying a new home."

Acquisition update

On 15 February 2016, REA Group completed the acquisition of iProperty pursuant to a legal scheme arrangement in which 87% of iProperty shareholders sold their shares to REA (for cash consideration of \$440.1m), and the remaining 13% elected to receive \$42.1m in cash, as well as shares in a newly created unlisted public company, owned by REA, which indirectly owns shares in iProperty. The cash consideration was funded by \$480m of new external debt, and the remainder from cash reserves.

iProperty results have been fully consolidated from 1 February 2016, the effective date of acquisition. Prior to this date iProperty was an associate and earnings were equity accounted.

Ms Fellows said: "The iProperty transaction completed on schedule in February and our global footprint now spans four continents. We've proven the depth of our leadership talent and skills with the successful first steps of integrating IPP into the business."

"In addition, the acquisition of market leader Flatmates in April positions us well in the share accommodation segment, one of the fastest growing segments in the Australian property market. The move is an exciting one that will allow us to connect with consumers earlier in the property lifecycle."

A full copy of News Corp's Form 10-Q to be filed with the U.S. Securities and Exchange Commission (SEC) will be lodged with the ASX when it becomes available. It is noted that the reported US Dollar figures in the New Corp quarterly release may not agree to the Australian Dollar figures noted above, as the reported figures are presented in accordance with US GAAP by which New Corp must comply.

Ends.

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About REA Group

REA Group Limited ACN 068 349 066 (ASX:REA) is a multinational digital advertising business specialising in property. REA operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, European sites casa.it, atHome.lu and immoRegion.fr, and Chinese property site myfun.com. REA also has a significant shareholding in US based Move, Inc. and owns iProperty Group Ltd which operates a number of property portals in Asia.