

ASX Announcement**29 June 2017****REA Group - expected impairment charge**

REA Group Limited (ASX:REA) today announced that following the completion of the company's annual intangible asset impairment testing process, it expects to recognise a non-cash impairment charge of approximately \$180.0 million (pre and post-tax) in its results for the year ended 30 June 2017. The impairment relates to the carrying value of goodwill for the Group's Asian reporting segment and reflects a downturn in market conditions in Asia.

The impairment has no effect on current trading and will not impact REA Group's compliance with its banking covenants. It is intended that REA Group's final dividend for FY2017 will be determined based on the Group's Net Profit after Tax (NPAT) excluding the above impairment charge and the \$161.6 million profit from the sale of the European operations.

In determining the carrying value of its assets, REA Group considers a range of macro assumptions including market conditions, volume of property transactions and new development projects. There has been a decline in several Asian property markets, as a result of changes to government and banking regulations.

In Malaysia, there has been a 33% reduction in the number of properties sold¹. In Hong Kong, the Government has introduced a number of cooling measures to soften a highly competitive market over the past few years, including the increase of stamp duty for residential property transactions to 15% introduced in November 2016.

REA Group CEO, Tracey Fellows said: "Market conditions in Asia have been challenging but we remain confident in the long-term growth opportunities in the region. We continue to invest in senior leadership to drive strategy and our focus on innovation and marketing positions us well for the market recovery."

"A new brand campaign is driving awareness of our strong leadership position in Malaysia and we have delivered the best consumer experiences in market through the release of new iOS and Android apps in Hong Kong, Malaysia and Indonesia."

The impairment outcomes are subject to the finalisation of the full year results, which are expected to be released on 11 August 2017.

- Ends -

¹ Source: Malaysia National Property Information Center 2016 Annual Property Market Report - Newly Launched Units sold for the twelve months ended 31 December 2016 compared to the twelve months ended 31 December 2015



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About REA Group

About REA Group Limited: (www.rea-group.com): REA Group Limited ACN 068 349 066 (ASX:REA) (“REA Group”) is a multinational digital advertising business specialising in property. REA Group operates Australia’s leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, Chinese property site myfun.com and a number of property portals in Asia via its ownership of iProperty Group. REA Group also has a shareholding in US based Move, Inc and PropTiger in India.