

ANNOUNCEMENT TO ASX

25 August 2005

realestate.com.au lodges Target's Statement. Independent Expert states offer neither fair nor reasonable, indicating REA shares have a value between \$2.48 and \$2.73.

realestate.com.au today lodged its Target's Statement in relation to the \$2.00 per share takeover offer by News Limited announced on 1 August 2005.

As previously announced, the Independent Directors of realestate.com.au unanimously recommend that realestate.com.au shareholders REJECT the News Limited offer.

The Independent Directors, as well as realestate.com.au CEO, Mr Simon Baker, have said they will not accept the News Limited offer in respect of their own shares in realestate.com.au.

In aggregate, these shares represent **19.5%** of the company's shares on issue (undiluted) and **34.6%** of those shares not owned by News Limited or ninemsn Pty Ltd.

The Target's Statement contains the Independent Directors detailed reasons for recommending rejection of the News Limited offer which include:

- the Independent Directors believe the News Offer is too low and doesn't reflect fair value;
- Lonergan Edwards & Associates, the Independent Expert, says the offer is neither fair nor reasonable and has valued realestate.com.au at between \$2.48 and \$2.73 per share;
- share market trading since announcement of the News Limited offer also indicates the News Limited offer is too low. The volume weighted average price of realestate.com.au shares traded between announcement of the News Limited offer and 11 August 2005 was \$2.16. On 12 August 2005, the company provided market guidance on FY2005 financial performance and its FY 2006 budget. From the time of provision of that guidance to 24 August 2005, the volume weighted average price has been \$2.43;
- comparison with the prices of similar online companies also indicates the News Limited offer price is too low; and

- realestate.com.au is the clear leader in its market with a strong growth history and potential. Earnings before tax grew 119% in FY2005 and are budgeted to grow 158% in FY2006 (excluding extraordinary items and takeover costs). Management has an excellent track record of delivering on its budgets and PKF, the investigating accountant, has noted that nothing has come to its attention which causes it to believe the FY2006 budget itself is unreasonable.

The Target's Statement, including copies of both the Independent Experts report and the Investigating Accountants report will be mailed to shareholder's no later than 29 August 2005

If REA shareholders have any questions, they should call the official REA Shareholder Information line on 1300 557 053 (toll-free within Australia) or +61 3 9415 4216 (from outside Australia). As required by the Corporations Act, calls to this number will be recorded and those recordings will be indexed and stored.