realestate.com.au

21 October, 2005

Independent Directors of realestate.com.au
REJECT the News Limited revised offer.

News Limited has recently increased its unconditional cash offer for all of the shares in realestate.com.au Ltd ("REA") which it does not already own from $2.00 cash per REA share to $2.50 cash per REA share (the "New Offer Price").

Your Independent Directors believe News Limited's Offer is too low and **recommend that you do not accept this offer**.

Your Independent Directors will decline News Limited's Offer in relation to their own REA shares.

The Independent Expert valued REA Shares for the purposes of REA's Target's Statement (dated 25 August 2005) at between $2.48 and $2.73 per share. The New Offer Price falls just two cents inside the low end of that valuation range and falls below the midpoint of it by more than 10 cents.

Since the release of REA's Target's Statement, the following has occurred:

- forecast 2006 PE trading multiples for REA's closest comparable on the Australian market, SEEK Limited, have increased by 4.7%;

- REA has met its FY2006 EBIT budgets (before takeover costs) for the September quarter of that year; and

- REA has announced the potential investment in a European property portal business.

Comparison with the prices of REA's closest comparable on the Australian market, SEEK Limited, indicates News Limited's Offer is too low:

- as at 20 October 2005, SEEK Limited's forecast FY2006 PE multiple was 27.1 times and, importantly, excludes a premium for control[1]. News Limited's Offer for REA implies a FY2006 PE multiple for REA of 28.8 times (before takeover costs), which is only marginally higher than SEEK Limited's trading PE multiple considering it should include a premium for control; and

- in addition, REA is delivering faster growth than SEEK Limited and should therefore attract a higher multiple than SEEK Limited.

Your Independent Directors continue to believe REA has a robust business with strong growth potential for the reasons set out in the Target's Statement dated 25 August 2005.

The Supplementary Target's Statement is currently being prepared and will be mailed to REA shareholders shortly. The Supplementary Target's Statement will set out your Independent Director's response to News Limited's revised offer and the reasons your Independent Directors believe News Limited's revised offer should be rejected. You should read the Supplementary Target's Statement carefully, taking into account your own individual risk profile, portfolio strategy, tax position and financial circumstances.

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.

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1 The premium generally paid in takeovers in Australia are around 30% to 35% above the pre-bid trading price.