ASX Announcement
18 October 2010

REA GROUP FY10 FINAL DIVIDEND – DRP SHARE PRICE AND CHAIRMAN'S LETTER

REA Group Ltd ("REA") announces that the price at which shares will be allotted under the dividend reinvestment plan ("DRP") for the FY10 final dividend is $11.65.

The allotment price under the DRP has been calculated in accordance with the DRP Rules. The shares will be issued at a 2.5% discount to the volume weighted average price of sales of REA shares during the 5 trading days commencing 28 September 2010 and ending 4 October 2010.

In addition, REA has attached a copy of a letter from the REA Chairman which will be posted to REA shareholders with their dividend statements.

For further information please contact:
Ms Moana Weir
Company Secretary
Ph: +61 3 8456 4659
e: moana.weir@rea-group.com

15 October 2010

Dear Shareholder

REA Group: New Dividend Policy

I am pleased to inform you that the Board of REA Group Limited (REA) has reviewed the Group's dividend policy and concluded that it is appropriate for the Company to pay dividends on a semi-annual basis, franked to the greatest extent possible. This new dividend policy was disclosed to the market on 19 August 2010 with the announcement of REA Group's FY10 full year results.

As part of its commitment to maximising shareholder return, REA Group will target a dividend payout ratio of 30 to 50 per cent of Net Profit After Tax (NPAT).

In line with this policy, the FY10 final dividend of 16 cents per share (fully franked) reflects a payout ratio of 40.6 per cent of NPAT for the financial year ended 30 June 2010. Based on the Company's current franking balance, the Board anticipates dividends will be fully franked for the foreseeable future.

Future payout amounts as a percentage of NPAT, the appropriateness of the Dividend Reinvestment Plan (DRP), and the discount, if any, that should be applied, will be reviewed by the Board on a semi-annual basis.

The Board considers this an appropriate balance between periodically rewarding shareholders with dividends and retaining capital on a prudent basis for other business purposes, including funding organic growth and acquisition opportunities that may arise.

Given the strength of REA Group's balance sheet and cash flows, the Board will also assess the merits and timing of various capital management initiatives from time to time, in the absence of alternate appropriate uses for excess funds.

Any material changes to REA Group's dividend policy or approach to capital management will be communicated to shareholders.

Further Information

If you have any queries in relation to the operation of the REA dividend or DRP, please contact Computershare Investor Services Call Centre on 1300 850 505 (if you are within Australia) or +61 3 9415 4000 (if you are outside Australia) or write to GPO Box 2975, Melbourne, Victoria, Australia, 3001.

Yours faithfully,

Richard Freudenstein
Chairman
REA Group Limited

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