

ASX Announcement 2 June 2014

Appointment of Chief Executive Officer

REA Group (ASX:REA) today announced the appointment of Ms Tracey Fellows as Chief Executive Officer.

A proven leader with extensive experience in technology, sales and marketing, Tracey most recently held the position as Executive General Manager of Communication Management Services at Australia Post.

Previously Tracey was Microsoft Vice-President for the Asia-Pacific region based in Singapore, overseeing sales, services, and marketing for 12 countries in the region. Tracey was Managing Director of Microsoft in Australia and New Zealand from 2007-2010, and held the role of Microsoft Australia Chief Operating Officer from 2004-2007.

REA Group Chairman Mr Hamish McLennan said that the search for a new CEO was extensive and Tracey's skills and experience stood out in a field of exceptional local and international talent.

"We believe that Tracey is the perfect fit for the Company and we look forward to seeing her apply her leadership experience as we navigate through the next evolution of our business," said Hamish.

Tracey said that the prospect of leading one of Australia's most successful digital businesses was a unique opportunity.

"I'm delighted to have the chance to work with the team at REA Group. The Company's success in the digital arena is unrivalled and I look forward to contributing to the further growth and development of the business both domestically and internationally," said Tracey.

Tracey will replace Interim CEO Mr Peter Tonagh who has held the role since 17 March 2014 while the Company conducted a global recruitment search for a successor to previous CEO Mr Greg Ellis.

Tracey will commence at REA Group during September 2014. Peter will continue in the role of Interim CEO until this time.

A summary of the key terms of the employment agreement appointing Ms Tracey Fellows is attached.

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Summary of the key terms of the employment agreement appointing Ms Tracey Fellows as Chief Executive Officer of REA Group Limited (REA)

Term

Ms Fellows is appointed on an ongoing basis, subject to nine months' notice of termination by REA or Ms Fellows.

REA may terminate without notice in certain circumstances including serious misconduct or negligence in the performance of duties. Ms Fellows may terminate immediately in the case of fundamental change to her role (i.e. there is a substantial diminution of her responsibilities).

Remuneration

Total fixed remuneration:

Ms Fellows is entitled to fixed remuneration of \$900,000 per annum (inclusive of superannuation), reviewed annually from July 2015 onwards.

Short term incentive:

Ms Fellows is eligible to participate in REA's short term incentive plan, with a target opportunity of \$450,000 dependent on a mix of group financial and personal performance objectives.

Long term incentive:

Ms Fellows is eligible to participate in REA's long term incentive (LTI) plan, subject to any required or appropriate shareholder approvals. The initial LTI grant will be in the form of performance rights over REA ordinary shares, to the value of \$450,000, with the number of performance rights granted to be determined in accordance with the relevant terms of the LTI plan. Vesting of the performance rights will be subject to the achievement of performance hurdles. It is intended that Ms Fellows' LTI will be granted on terms similar to those applicable to other senior executives of REA.

Sign on bonus:

Ms Fellows will be paid a sign on bonus of \$500,000 (net of applicable tax and inclusive of superannuation). However, if Ms Fellows resigns within 18 months of her commencement date or if her employment is terminated by the Company for cause within 12 months of her commencement date, she is required to repay the sign on bonus (less the amount of taxation withheld from the amount initially paid to her)

Termination entitlements

If Ms Fellows' employment is terminated, REA may make payments in lieu of part or all of the applicable notice period. Where Ms Fellows' employment ends due to fundamental change to her role, REA will pay a lump sum amount equal to nine months' total fixed remuneration (which includes any amount paid in lieu of notice).

If Ms Fellows' employment is terminated (other than for cause) she will be eligible to receive a pro-rata short term incentive payment subject to the satisfaction of the performance measures, tested at the normal testing date and paid, if applicable, at the normal payment date. Except in circumstances of termination for cause or where Ms Fellows resigns, a pro rata proportion of unvested LTI will remain on foot (unless the Board decides otherwise) and be tested on the normal testing date against the applicable performance conditions. The remaining unvested LTI will lapse at the date of cessation of employment.