Appendix 4E

Preliminary Final Report

for the year ended 30 June 2021

REA Group Ltd

ABN 54 068 349 066

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended 30 June 2021 (*"current period"*)

		30 June 2021 A$'000	% Change from year ended 30 June 2020	30 June 2020 A$'000
Revenue from ordinary activities[1]	Up	**927,811**	13%	820,269
Net Profit after tax attributable to members	Up	**312,983**	178%	112,585
Net Profit after tax from core operations[2]	Up	**318,024**	18%	268,865
Net Profit after tax for the period attributable to members of parent (before non-controlling interest)	Up	**322,677**	187%	112,373

Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2020 final dividend per share (paid 17 September 2020)	**55.0**	55.0	30%
2021 interim dividend per share (paid 23 March 2021)	**59.0**	59.0	30%
2021 final dividend per share (to be paid 16 September 2021)	**72.0**	72.0	30%

2021 final dividend dates

Ex-dividend date	26 August 2021
Record date	27 August 2021
Payment date	16 September 2021

	30 June 2021 Cents	30 June 2020 Cents
Net tangible assets per security[3]	**84.3**	162.6

[1] Revenue is defined as revenue from property advertising and revenue from financial services less expenses from franchisee commissions disclosed in the Consolidated Financial Statements as operating income.
[2] Financial results from core operations are defined as reported results adjusted for significant non-recurring items such as gain/loss on acquisitions and disposals, related transaction costs, integration costs and historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law). In the prior year, this included items such as restructure costs, revaluation of contingent consideration, gain/loss on acquisitions, disposals and divestments, and impairment charges.
[3] Net tangible assets is calculated based on net assets excluding intangible assets and including right-of-use assets

Details of entities over which control was obtained during the period

Name of entity	Mortgage Choice Limited
Date of gain of control[1]	18 June 2021
Ownership interest acquired	100%
Contribution to REA Group Ltd net profit	-

1 Refers to accounting control. Legally acquired on 1 July 2021.

Name of entity	Elara Technologies Pte. Ltd.
Date of gain of control	17 December 2020
Ownership interest acquired	59.65%
Ownership interest as at 30 June 2021	60.65%
Contribution to REA Group Ltd net profit[2]	($19.1m)

2 From continuing operations.

Details of associates and joint venture entities

	% Interest 30 Jun 2021	% Interest 30 Jun 2020
99 Group Pte Ltd[3]	27.0%	27.0%
Move, Inc.	20.0%	20.0%
Managed Platforms Pty Ltd	27.6%	27.8%
Realtair Pty Ltd	22.3%	0%
Campaign Agent Pty Ltd	27.0%	0%
Simpology Pty Ltd	34.4%	0%
ScaleUp Media Fund 2.0 Pty Ltd	16.7%	16.7%
Elara Technologies Pte. Ltd	0%	13.5%

3 Classified as held for sale asset at 30 June 2021.

Details of contributions to net profit are disclosed in Note 21 of the Consolidated Financial Statements.

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in, and should be read in conjunction with, the notes to the Consolidated Financial Statements and the Directors' Report for the year ended 30 June 2021.

This report is based on the Consolidated Financial Statements for the year ended 30 June 2021 which has been audited by Ernst & Young with the Independent Auditor's Report included in the 2021 Financial Statements.

The Company's 2021 Annual General Meeting will be held on 11 November 2021, 11:00am AEDT at REA Group Ltd's Head Office, Ground Floor, 511 Church Street, Richmond, Victoria, 3121 (subject to COVID-19 restrictions). Shareholders will also be able to participate in the meeting virtually via an online platform.

The last date for receipt of nominations for persons wishing to be considered for election as a director is Thursday, 9 September 2021.

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REA Group Ltd
ABN 54 068 349 066

Audited Financial Statements
for the year ended 30 June 2021

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Corporate Information

Directors	Hamish McLennan (Chairman) Owen Wilson (Chief Executive Officer) Kathleen Conlon Nick Dowling Tracey Fellows Richard J Freudenstein Michael Miller Jennifer Lambert (appointed 1 December 2020) Roger Amos (retired 17 November 2020)
Chief Financial Officer	Janelle Hopkins
Company Secretary	Tamara Kayser (appointed 4 November 2020) Erin Thorne (resigned as Acting Company Secretary on 4 November 2020)
Principal Registered Office in Australia	511 Church Street Richmond, VIC 3121 Australia Ph: +61 3 9897 1121 Fax: +61 3 9897 1114
Share register	Link Market Services Limited Tower 4, 727 Collins Street Melbourne, VIC 3000 Ph: 1300 554 474 (within Australia) +61 1300 554 474 (outside Australia) Fax: 02 9287 0303
Auditor	EY 8 Exhibition Street Melbourne, VIC 3000 Australia
Bankers	National Australia Bank Limited
Securities Exchange Listing	REA Group Ltd shares are listed on the Australian Securities Exchange (ASX:REA)
Website	www.rea-group.com

Directors' Report

The Directors present their report together with the Financial Statements of the consolidated entity ("the Group" or "REA"), being REA Group Ltd (the "Company") and its controlled entities, for the year ended 30 June 2021 and the Independent Auditor's Report thereon.

Directors' Information

Hamish McLennan

Non-executive Director appointed 21 February 2012 and Chairman since 10 April 2012. Age 55.

Independent: No – Nominee Director of News Corp Australia.

Skills and experience: Mr McLennan is an experienced media and marketing industry executive. He was Executive Chairman and Chief Executive Officer of Ten Network Holdings until July 2015 and, before that, Executive Vice President, Office of the Chairman, at News Corp. Previously, Mr McLennan was Global Chairman and CEO of Young & Rubicam, part of WPP, one of the world's largest communications services group.

Directorships of listed entities, current and recent (last three years):

- Chairman of HT&E Limited (since October 2018)
- Vice Chairman of Magellan Financial Group (joined March 2016, Vice Chairman since June 2019)
- Director of Scientific Games Corp (since November 2020)
- Director of iProperty Group Pty Ltd (from February 2016 to February 2019) (delisted).

Board Committee membership:

- Chairman of the Board
- Member of the Human Resources Committee.

Owen Wilson BCom, ACA, GAICD

Executive Director and Chief Executive Officer appointed 7 January 2019. Chief Financial Officer from 3 September 2014 until 6 January 2019. Age 57.

Skills and experience: As CEO of REA Group, Mr Wilson is responsible for driving the Company's growth, operations and global investments. With more than 30 years' experience working across the information technology, recruitment and banking industries, Mr Wilson is a strategic leader who is passionate about building high performing teams and creating personalised experiences to help change the way the world experiences property. Prior to being appointed CEO, Mr Wilson was REA Group's Chief Financial Officer for four years and looked after all aspects of the Group's finance portfolio including strategy, M&A and operations, as well as REA Group's Financial Services businesses.

Previously, Mr Wilson was Chief Financial Officer and Company Secretary of Chandler MacLeod Group. He has previously held positions with ANZ and KPMG across Australia, Asia and the UK. During his 15 years at ANZ, his roles included Chief Operating Officer of ANZ's Institutional and Investment Bank and Managing Director Retail Banking and International Partnerships Asia.

Directorships of listed entities, current and recent (last three years): n/a

Board Committee membership:

- Mr Wilson attends all Audit, Risk & Compliance Committee and Human Resources Committee meetings at the invitation of the Board/Committees.

Kathleen Conlon BA (ECON)(DIST), MBA, FAICD

Independent non-executive Director appointed 27 June 2007. Age 57.

Skills and experience: Ms Conlon brings over 20 years of professional management consulting experience. She is a recognised thought leader in the fields of strategy and business improvement and was a Partner and Director of the Boston Consulting Group for seven years.

Directorships of listed entities, current and recent (last three years):

- Chairman of Lynas Corporation Limited (joined November 2011, Chairman since September 2020)
- Director of Aristocrat Leisure Limited (since February 2014)
- Director of BlueScope Steel Limited (since February 2020)

Board Committee membership:

- Member of the Audit, Risk & Compliance Committee
- Member of the Human Resources Committee.

Nick Dowling BAcc, GradDipAppFin

Independent non-executive Director appointed 9 May 2018. Age 45.

Skills and experience: Mr Dowling is Chief Executive Officer of the Jellis Craig Group, a leading real estate business based in Melbourne, Australia. He assumed the role in June 2011 and is responsible for overseeing the growth, risk management, and long-term strategic direction of the group. Prior to this, Mr Dowling was the Head of Real Estate, Business Banking at Macquarie Bank Limited. He commenced his career with National Australia Bank across various divisions of the bank.

Directorships of listed entities, current and recent (last three years): n/a

Board Committee membership:

- Chair of the Human Resources Committee.

Tracey Fellows BEc

Non-executive Director from 26 January 2019. Executive Director and Chief Executive Officer appointed 20 August 2014 until 25 January 2019. Age 56.

Independent: No – Nominee Director of News Corp Australia and former Chief Executive Officer.

Skills and experience: Ms Fellows is a digital media executive with extensive experience in real estate, technology and communications across Australian and international markets. Ms Fellows is President of Global Digital Real Estate for News Corp, responsible for driving the strategy and growth of its digital real estate interests. Ms Fellows was previously the Chief Executive Officer of REA Group where she drove the rapid expansion of the digital real estate business in Australia and Asia, as well as leading the company's investments in India and North America. She has also held the positions of Executive General Manager of Communication Management Services at Australia Post, President, Asia Pacific at Microsoft and Chief Executive Officer of Microsoft Australia.

Directorships of listed entities, current and recent (last three years):

- Director of Hemnet Group AB (since November 2020)

Board Committee membership:

- Ms Fellows attends all Human Resources Committee meetings at the invitation of the Board/Committee.

Richard J Freudenstein BEc, LLB (Hons)

Non-executive Director appointed 21 November 2006 (Chairman from 2007 to 2012). Age 56.

Independent: No – Nominee Director of News Corp Australia.

Skills and experience: Mr Freudenstein is a former media executive with extensive experience in Australian and international markets. He was Chief Executive Officer of Foxtel from 2011 to 2016, and previously CEO of News Digital Media (the digital division of News Limited) and The Australian newspaper. Mr Freudenstein was previously the Chief Operating Officer of British Sky Broadcasting.

Directorships of listed entities, current and recent (last three years):

- Director of Coles Group Limited (since November 2018)
- Director Astro Malaysia Holdings Berhad (from September 2016 to August 2019)

Board Committee membership:

- Member of the Audit, Risk & Compliance Committee
- Member of the Human Resources Committee.

Alternate Director: Marygrace DeGrazio (age 45) was appointed an Alternate Director for Richard J Freudenstein on 5 May 2020. Ms DeGrazio has not attended any meetings or exercised any powers in that capacity since that time. Ms DeGrazio is currently the Senior Vice President, Global Financial Operations at News Corp responsible for global accounting and financial reporting. Prior to joining News Corp, she spent 15 years in the audit practice of PricewaterhouseCoopers servicing entertainment and media clients. Ms DeGrazio holds a Masters of Business Administration and is a Certified Public Accountant.

Michael Miller B.A.Sc, Communication and Media

Non-executive Director appointed 12 November 2015. Age 52.

Independent: No – Nominee Director of News Corp Australia.

Skills and experience: Mr Miller was appointed Executive Chairman Australasia of News Corp Australia in November 2015. He has over 25 years' experience working in senior executive roles in the media industry, most recently as the CEO of APN News and Media (now HT&E). Mr Miller was previously the Regional Director for News Limited in New South Wales, the Managing Director of Advertiser News Media in South Australia, and News Limited's Group Marketing Director.

Directorships of listed entities, current and recent (last three years): n/a

Board Committee membership: n/a

Jennifer Lambert BBus, MEc, CA, FAICD

Independent non-executive Director appointed 1 December 2020. Age 54.

Skills and experience: Ms Lambert has extensive business and leadership experience at the senior executive and board level with more than 25 years of financial management and accounting experience, including over 15 years specialising in the property industry. Ms Lambert was CFO at Valad then 151 Property for 13 years, and prior to this was a director at PwC specialising in audit, capital raisings and acquisitions and disposals.

Directorships of listed entities, current and recent (last three years):

- Director of BlueScope Steel Limited (since September 2017)
- Director of NEXTDC Limited (since October 2019)

Board Committee membership:

- Chair of the Audit, Risk & Compliance Committee
- Member of the Human Resources Committee.

Meetings of Directors

The number of Board and Committee meetings held during the year and the number of meetings attended by each Director are disclosed in the following table:

Director	Board Meetings[1]		Audit, Risk & Compliance Committee[2]		Human Resources Committee[2]	
	A	B	A	B	A	B
Hamish McLennan	25	25	-	7*	9	9
Owen Wilson	25	25	-	7*	-	9*
Kathleen Conlon	25	23	7	7	9	9
Nick Dowling	25	24	-	3*	9	9
Tracey Fellows	25	25	-	2*	-	9*
Richard J Freudenstein	25	22	7	6	9	9
Michael Miller	25	25	-	-	-	1*
Jennifer Lambert (appointed 1 December 2020)	18	18	3	3	5	5
Roger Amos (retired 17 November 2020)	6	6	4	4	4	4

Column A: number of meetings held while a member.
Column B: number of meetings attended.

1. From time to time the Board also establishes ad hoc committees to support the Board in carrying out its responsibilities. During the 2021 financial year, the Board established several subcommittees to oversee various matters, including M&A proposals. Membership of these subcommittees varied. A total of 20 subcommittee meetings were held during the year.

2. Committee meetings are open to all Directors to attend. Where a Director has attended a meeting of a Committee of which he or she was not a member, this is indicated by *.

Principal activities

REA provides property and property-related services on websites and mobile apps across Australia and Asia.

The purpose of the Group is to 'change the way the world experiences property'. It fulfils this purpose by:

- Providing digital tools, information and data for people interested in property. REA refers to those who use these services as 'consumers'
- Helping real estate agents, developers, property-related businesses and advertisers promote their services. REA refers to those who use these services as 'customers'
- Helping consumers finance their property needs through a multi-channel digital and broker proposition.

REA's growth strategy is centred around four core objectives:

- Providing our customers with access to the largest and most engaged audience of property seekers
- Delivering unparalleled customer value
- Providing the richest content, data and insights to empower our customers and consumers throughout their property journey
- Creating the next generation of property and property-related marketplaces.

Further details are set out in the business strategies and future developments section of this Directors' Report.

Operating and financial review

Reconciliation of results from core operations

A summary of financial results from core operations for the year ended 30 June 2021 is set out below.

For the purposes of this report, core operations are defined as the reported results set out in the financial statements adjusted for significant non-recurring items such as gain/loss on acquisitions and disposals, related transaction costs, integration costs and historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law). In the prior year, this included items such as restructure costs, revaluation of contingent consideration, gain/loss on acquisitions, disposals and divestments, and impairment charges.

A reconciliation of results from core operations and non-IFRS (International Financial Reporting Standards) measures compared with the reported results in the financial statements on page 40 is set out below. The following non-IFRS measures have not been audited but have been extracted from the audited financial statements.

Core and reported results	**2021 $'000**	2020 $'000	**Growth**
Reported operating income	**927,811**	820,269	13%
EBITDA from core operations (excluding share of gains and losses of associates and joint ventures)*	**555,620**	492,073	13%
Share of gains/(losses) of associates and joint ventures	**12,618**	(15,411)	>100%
Gain on associate disposals and transaction costs	**(3,480)**	(1,059)	>(100%)
EBITDA from core operations*	**564,758**	475,603	19%
Restructure costs	**(926)**	(8,159)	89%
Net gain/(loss) on acquisitions and disposals and transaction costs	**(1,023)**	(1,000)	2%
Integration costs	**(3,923)**	-	n/a
Impairment charges	**-**	(148,569)	n/a
Revaluation of contingent consideration	**-**	1	n/a
Historic tax provision	**(3,245)**	-	n/a
Reported EBITDA*	**555,641**	317,876	75%
Net profit from core operations	**318,024**	268,865	18%
Restructure costs, net of tax	**(648)**	(5,711)	89%
Net gain/(loss) on acquisitions and disposals and transaction costs, net of tax	**1,665**	(2,001)	>100%
Integration costs, net of tax	**(3,786)**	-	n/a
Impairment charges	**-**	(148,569)	n/a
Unwind, revaluation and finance costs of contingent consideration	**-**	1	n/a
Historic tax provision, net of tax	**(2,272)**	-	n/a
Reported net profit	**312,983**	112,585	>100%

* The Directors believe the additional information to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group.

Group results from core operations

Group operating income from core operations increased 13% to $927.8 million. This includes the consolidation of the Elara business from 1 January 2021. Excluding the impact of acquisitions, revenue increased by 11% for the year. The Group delivered an exceptional result, successfully navigating the pandemic while also accelerating its growth strategy through pivotal investments.

In Australia, the residential property market recovered strongly after a challenging first quarter, impacted by COVID-19 lockdowns in Melbourne. Positive buying conditions resulting from fiscal and monetary policy settings have helped fuel housing demand with national residential listings increasing 15%, Melbourne listings up 11% and Sydney listings up 25%. The increase in listings, combined with improved depth and Premiere penetration, increased subscription revenues and continued growth in add-on products resulted in an increase in Australian residential revenue of 18%.

The Group moved to a controlling position in Elara on 17 December 2020, with consolidated results in the second half contributing $17.3 million of revenue, and an $18.0 million EBITDA loss.

The Group's EBITDA from core operations increased 19% to $564.8 million and net profit from core operations increased 18% to $318.0 million. Strong cost management across the year resulted in core operating cost growth (excluding acquisitions) being contained to 3%. Cost growth was driven primarily by increased headcount and volume-related costs and incentives linked to stronger revenue growth, partly offset by lower costs in Asia.

Australia remained the primary revenue driver for the business. The Group's result reflects an ongoing focus on continued innovation and the release of new products and features to deliver excellent customer value and highly personalised consumer experiences.

realestate.com.au continued to accelerate audience metrics, reaching new all-time highs during the year. Average monthly visits to realestate.com.au topped 121.9 million[1], outperforming the closest competitor by 3.3 times on average[2].

Strong operating cashflows in the year were partly reduced by higher income tax payments following temporary deferral of FY20 instalments as a result of COVID-19. The Group continued to invest through innovation and acquisitions as well as continuing to provide shareholder returns in the form of dividends, resulting in a cash balance of $168.9 million at 30 June 2021. The Group had net current assets of $335.4 million as at 30 June 2021. The Group generated positive operating cashflows and traded profitably for the period. The Directors expect this to continue for the foreseeable future.

In June 2021, the Group refinanced the syndicated debt facility and funded the Mortgage Choice acquisition through a bridge facility with NAB for $520 million. As at 30 June 2021, the total debt drawn on the NAB bridge facility was $414 million. The bridge facility matures in July 2022, however the Group is expected to replace this with a new syndicated facility in Q1 FY22. Refer to Note 9 for further details.

Dividends

Dividends paid or determined to be paid by the Company during, and since, the end of the financial year are set out in Note 12 to the Financial Statements and below:

	Final 2021	**Interim 2021**	**Final 2020**
Per share (cents)	**72.0**	59.0	**55.0**
Total amount ($'000)	**95,124**	77,949	**72,443**
Franked*	**100%**	100%	**100%**
Payment date	**16 Sept 2021**	23 Mar 2021	**17 Sept 2020**

*All dividends are fully franked based on tax paid at 30%.

[1] Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

[2] Nielsen Digital Media Ratings (Monthly Tagged), Jun 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au vs Domain, Total Sessions.

Performance by region

2021	Australia Property & Online Advertising $'000	Australia Financial Services $'000	Asia $'000	India $'000	North America $'000	Corporate $'000	Total $'000
Segment operating income[1]							
Total segment operating income[1]	848,025	23,974	41,037	17,335	-	-	930,371
Inter-segment operating income[1]	(1,716)	-	(844)	-	-	-	(2,560)
Operating income[1]	846,309	23,974	40,193	17,335	-	-	927,811
Results							
Segment EBITDA from core operations (excluding share of gains and losses of associates and joint ventures)	580,010	6,417	10,099	(18,048)	-	(22,858)	555,620
Share of gains/ (losses) of associates and joint ventures	(1,422)	-	(2,869)	(2,446)	15,875	3,480	12,618
Gain on acquisitions and disposals[3]	-	-	-	-	-	(3,480)	(3,480)
Segment EBITDA from core operations	578,588	6,417	7,230	(20,494)	15,875	(22,858)	564,758
Restructure costs	-	-	-	-	-	(926)	(926)
Net gain/(loss) on acquisitions and disposals and transaction costs	-	-	-	-	-	(1,023)	(1,023)
Integration costs	-	-	-	-	-	(3,923)	(3,923)
Historic tax provision[2]	-	-	-	-	-	(3,245)	(3,245)
EBITDA	578,588	6,417	7,230	(20,494)	15,875	(31,975)	555,641
Depreciation and amortisation							(82,612)
EBIT							473,029
Net finance expense							(4,669)
Profit before income tax							468,360

1 This represents revenue less commissions for financial services.
2 Historic indirect tax provision reflects potential retrospective changes to interpretation of tax law.
3 Gain relating to Move, Inc. sale of Top Producer.

2020 Restated[2]	Australia Property & Online Advertising $'000	Australia Financial Services $'000	Asia $'000	India $'000	North America $'000	Corporate $'000	Total $'000
Segment operating income[1]							
Total segment operating income[1]	747,467	25,707	48,795	-	-	-	821,969
Inter-segment operating income[1]	(767)	-	(933)	-	-	-	(1,700)
Operating income[1]	746,700	25,707	47,862	-	-	-	820,269
Results							
Segment EBITDA from core operations (excluding share of losses of associates and joint ventures)	495,545	10,046	8,880	-	-	(22,398)	492,073
Share of gains/ (losses) of associates and joint ventures	(154)	(182)	(1,418)	(7,493)	(7,223)	1,059	(15,411)
Gain on acquisitions and disposals	-	-	-	-	-	(1,059)	(1,059)
Segment EBITDA from core operations	495,391	9,864	7,462	(7,493)	(7,223)	(22,398)	475,603
Impairment	-	-	-	-	-	(148,569)	(148,569)
Restructure costs	-	-	-	-	-	(8,159)	(8,159)
Revaluation of contingent consideration	-	-	-	-	-	1	1
Net gain/(loss) on acquisitions and disposals	-	-	-	-	-	(1,000)	(1,000)
EBITDA	495,391	9,864	7,462	(7,493)	(7,223)	(180,125)	317,876
Depreciation and amortisation							(78,620)
EBIT							239,256
Net finance expense							(5,562)
Profit before income tax							233,694

1 This represents revenue less commissions for financial services
2 Comparative information for the year ended 30 June 2020 has been restated to show India as a separate operating segment.

Australia

The Group operates Australia's leading residential and commercial sites, realestate.com.au[3] and realcommercial.com.au[4], and the leading website dedicated to share property, Flatmates.com.au[5].

Australian operating income increased by 13% to $870.3 million during the year due to improvements in residential listings, with increases in new listing volume of 15%, while new project commencement increased by 17%. The result also benefited from improved depth and Premiere penetration, increased subscription revenues and continued growth in add-on products.

realestate.com.au continues to be the number one property portal in Australia[3], attracting 121.9 million visits each month on all platforms, increasing 35% YoY[6]. 12.6 million people visited the site each month on average[7], with a new record of 13.2 million in March[8]. This unrivalled audience of people looking to buy, sell, rent or share property provides valuable insights to the Group on how people search and view property. In addition, our audience comprises high

[3] Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 – Jun 21 (average), P2+, Digital (C/M), text, Real Estate/Apartments subcategory, Unique Audience.
[4] Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 – Jun 21 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealestate.com.au, Unique Audience.
[5] Similarweb, visits to flatmates.com.au vs flatmatefinders.com.au, Jul 20 – Jun 21.
[6] Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 vs Jul 19 - Jun 20 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.
[7] Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au, Unique Audience.
[8] Nielsen Digital Media Ratings (Monthly Tagged), Mar 21, P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

intent property seekers, making it possible for REA to deliver more leads to our customers.

More consumers are using the realestate.com.au app than ever before. Average monthly launches of the realestate.com.au app increased 49% YoY to 55 million[9], while consumers are spending almost 4 times longer on the realestate.com.au app[10] than the nearest competitor. When compared to other leading digital brands, realestate.com.au was Australia's eighth largest in terms of audience[11], reaching over 60% of Australia's adult population[12].

As we continue to grow our audience, we are also placing emphasis on growing our membership base and active monthly users in order to deliver the best leads and most leads to our customers. The strength of our relationship with consumers is demonstrated by a 52% increase in properties being tracked by owners[13]. The total number of properties being tracked also increased 62% YoY[13]. Supporting the ongoing strength of our relationship with property owners, was the launch of our property owner dashboard in December. This experience is empowering homeowners to monitor their market and make confident property choices about the key milestones of selling, renting, renovating and financing a property. This demonstrates a highly engaged audience who remain passionate and invested in the property market.

Property and online advertising

Property and Online Advertising operating income increased by 13% to $846.3 million.

Australian residential revenue increased 18% to $627.5 million, reflecting the increase in buy listings, stronger Premiere penetration and continued growth in add-on products, including Audience Maximiser. This was partially offset by the impact of COVID-19 support measures and the effect of the prolonged Melbourne lockdown on yield. Rental revenue benefited from increased depth penetration and product mix, however this was partially offset by a decline in rental listings, which were negatively impacted by lack of migration and restrictions on tenant evictions during the year.

Commercial and Developer revenue increased 5% with Developer benefiting from a 17% increase in new project commencements, driven in part by Government stimulus, an increase in project profile duration and higher subscriptions. This was partially offset by a decline in Commercial revenues due to the negative impact of COVID-19.

realcommercial.com.au continues to be the leading commercial property app in Australia, with 12.7 times more app launches[14] than the nearest competitor.

Media, Data and Other revenue were broadly flat YoY, with growth in Data and Media revenues offset by a reduction in Other revenue.

The Group continues to strengthen its existing leadership positions through investment in new technology, aimed at improving the digital offering for customers and consumers alike and through strategic acquisitions that complement our existing business and accelerate our strategic initiatives.

In December 2020, REA acquired a 17.9% share in Realtair Pty Limited ("Realtair"). The purchase price of the investment was $6.4 million cash consideration, of which $1.0 million is deferred until December 2022. REA subsequently increased its holding in January 2021 and March 2021 to 22.33% for an aggregated cash consideration of $2.1 million. Realtair is a proptech platform that provides an end-to-end real estate sales solution. This allows agents to pitch, sign, automate and streamline the steps from property appraisal to settlement through mobile, easy to use technology.

In February 2021, the Group acquired a 27% interest in Campaign Agent Pty Ltd for $13.3 million. CampaignAgent owns 'VPAPay', the market leading buy now pay later solution for vendor paid advertising, and other financial solutions for the residential real estate market.

The combination of Realtair and CampaignAgent with our existing agent promotion products, will create a market leading offering to help our customers win their next listing.

[9] Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 vs Jul 19 - Jun 20 (average), P2+, Digital (C/M), text, realestate.com.au, App Launches.
[10] Nielsen Digital Media Ratings, (Monthly Tagged), Jul 20 - Jun 21, P2+, Mobile (App), text, realestate.com.au vs Domain, Time spent (App).
[11] Nielsen Digital Media Ratings (Monthly Total), Jun 21, P2+, Digital (C/M) Text, All Categories, Unique Audience.
[12] Nielsen Digital Media Ratings (Monthly Tagged), Jun 21, P18+, Digital (C/M), text, realestate.com.au, Active Reach %..
[13] REA internal data as at 30 Jun 21 and compared to 30 Jun 20.
[14] Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealestate.com.au, App Launches.

Financial Services

Financial Services' operating income is generated from the activities of Smartline and the National Australia Bank ("NAB") Partnership, including realestate.com.au Home Loans. Our investment in Financial Services continues to perform well following the consolidation the Group's broker offerings under the Smartline brand. Financial Services' operating revenue increased 9% driven by higher settlements, increased broker recruitment and improved productivity. This was more than offset by a reduction in partnership revenue as the current NAB agreement performance payments reached maturity in September 2020.

In June 2021, the Group acquired 100% of the shares in Mortgage Choice Limited ("Mortgage Choice"), a leading Australian mortgage broking business. The acquisition provides a compelling opportunity to establish a leading mortgage broking business with increased scale. The acquisition aligns with REA's financial services strategy by leveraging the Group's digital expertise, high intent property seeker audience and data insights across a larger network. It also complements the existing Smartline broker footprint, resulting in greater national broker coverage.

On 15 June 2021, the Group acquired a 34.4% share in Simpology Pty Limited ("Simpology") for $15.2 million. Simpology is a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries.

Building on the strong foundations of the existing financial services business, the Mortgage Choice and Simpology acquisitions will allow the Group to accelerate the financial services strategy.

Asia

The Group's Asian operations comprise the leading property portal in Malaysia[15], and prominent portals in Hong Kong and Thailand, as well as Chinese site, myfun.com.

The Asian business revenue was negatively impacted by significant extended COVID-19 lockdowns, cancellation of events across all markets, and the one-off COVID-19 related reduction in syndicated Myfun listings in the first half of the financial year. The prior period comparatives also include the Singapore and Indonesia businesses, which were deconsolidated from 1 March 2020 as part of the 99 Group transaction.

During May 2021, the Group entered into a binding agreement to combine REA's Malaysia and Thailand businesses with PropertyGuru Pte. Ltd, in exchange for an 18% interest in the combined group[16]. The transaction will provide REA with a strategic shareholding in a larger, more diversified company in a region that continues to experience rapid digital transformation.

India

On 17 December 2020, the Group moved to a controlling position in Elara Technologies ("Elara"). The Group held a 60.7% shareholding as at 30 June 2021, with News Corp holding 39.0% of the remaining minority interest in Elara.

The Indian market was heavily impacted by COVID-19 during the year, however digital adoption of real estate has accelerated, and new consumer segments are migrating online at a much faster rate. Against this backdrop, Elara delivered strong audience growth in FY21, up 92% YoY[17], driven by continued SEO and brand investment, and the launch of new languages on housing.com. Despite the COVID-related challenges, Elara delivered local currency revenue growth of 23% in FY21.

In the first half of FY21, the Group result included an equity accounted loss of $2.4 million from its 13.5% stake in Elara. REA consolidated Elara from 1 January 2021, contributing revenue of $17.3 million in H2 FY21 and an $18.0 million EBITDA loss.

North America

The Group holds a 20% investment in Move, Inc., a leading provider of online real estate services in the United States. News Corp holds the remaining 80%.

Move, Inc. primarily operates realtor.com®, a premier real estate information services marketplace, under a perpetual agreement and trademark licence with the National Association of Realtors®, the largest trade organisation in the USA.

realtor.com® is a leading property portal in the United States, the world's largest real estate market. Move, Inc's reported revenue growth of 36% to US$641 million[18] was due to the continued strength continued strength in the referral model and traditional lead gen product. The Group's share of Move, Inc. for the year resulted in a $15.9 million gain from core operations.

[15] SimilarWeb, monthly visits for iproperty.com.my site compared to the nearest competitor (Jul 20 - Jun 21). Excludes app.
[16] Diluted interest of 16.6%.
[17] Similarweb data, average site visits Jul 20 – Jun 21 vs Jul 19 – Jun 20.
[18] NewsCorp's Form 10-K stated in US Dollars for the 12-month period ended 30 June 2021.

Average monthly unique users of realtor.com®'s web and mobile sites for Q4 grew 32% YoY to 106 million[19].

State of affairs

In the Directors' opinion, other than the investments and divestments referenced in the operating and financial review of this report, there have been no significant changes in the state of affairs of the Group during the year.

Events since the end of the financial year

Details of any events that have arisen from 30 June 2021 to the date of signing this report that have significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years are provided in Note 27.

Business strategies and future developments

The way people search and find property continues to evolve, and consumer expectations are shaped by their digital experience. REA's goal is to provide an easy, stress-free, and highly relevant experience for both its customers and consumers across Australia, India and Asia, right throughout their property journey.

REA Group has access to the largest network of property seekers across Australia and increasing audience numbers in key markets across Asia and India. This provides the Group with rich data and insights about what people are searching for and their individual property needs, enabling the delivery of highly relevant and personalised experiences.

Property

The foundation of the business is the online advertising of property listings, supported by data on residential and commercial property. Agents continue to play a critical role in the success of the business.

The Group focuses on improving the way properties are displayed on its sites and apps, to ensure people are provided with the best and most up-to-date content. It does this by using rich data to support the development of innovative products and experiences. This creates more opportunities for customers to continue growing their business, while creating personalised experiences for consumers.

Finance

Home finance is an integral part of the property purchase journey. As part of the Group's Finance strategy, the Group offers the realestate.com.au Home Loans experience in partnership with NAB. It combines searching for property and obtaining a home loan in a single experience and allows consumers the choice of a digital loan application or to be connected to a mortgage broker.

The Group recognises the value mortgage brokers bring to people looking to finance their next property. Through its ownership of Smartline and Mortgage Choice, the Group now has over 900 brokers in market. REA's audience, brand strength and digital expertise provides a unique position for long-term growth within the financial services industry.

Property-related services

REA Group's strength lies in the ability to understand its audience and it is continually looking for new ways to create value for our customers and consumers and remove any barriers for them to be able to achieve their property dreams.

The Group does this by providing rich data and market insights to help customers and consumers make the most informed property-related decisions.

For consumers, this means we provide a personalised experience, inspiring content and a range of tools, calculators and other information so that people are equipped to make the right decision depending on where they are in their property journey.

And for customers, it's about giving them deep insight into market trends and consumer behaviour to support their business growth.

Corporate Sustainability Statement

REA Group's commitment to responsible and sustainable business practices underpins everything we do. In October 2020, REA Group published its second Sustainability Report which is available on the website at www.rea-group.com/investor-centre.

REA Group's Sustainability Report, which is published annually alongside the Group's Annual Report, details

[19] NewsCorp's Earnings Release stated in US Dollars (5 August 2021) for the twelve-month period ended 30 June 2021: Average monthly unique users for Q4 FY 2021 and compared to the same period Q4 FY 2020.

business activity and commitments across the areas of Environment, Social and Governance ("ESG").

The Group's policies reflect the standards REA expects of its people and ensures that REA monitors and adheres to those standards. The Group values the opportunity to share the ESG activity and associated commitments in order to continually improve overall sustainability performance and play a role in creating positive change.

The Board is responsible for corporate governance and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long-term value for its shareholders and stakeholders. This is achieved through:

- Implementing sound corporate governance practices;
- Operating in a responsible manner towards employees through fair and equitable practices;
- Transparent reporting on operations and activities;
- Monitoring potential risks and applying mitigating policies and practices;
- Making a positive impact on the community; and
- Reducing our impact on the environment.

Corporate governance

REA Group is committed to being ethical, transparent and accountable. It believes this is essential for the long-term performance and sustainability of the Company and supports the interests of shareholders.

The REA Group Ltd Board of Directors is responsible for ensuring that the Company has an appropriate corporate governance framework to protect and enhance company performance and build sustainable value for shareholders. This corporate governance framework acknowledges the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) and is designed to support business operations, deliver on strategy, monitor performance and manage risk.

The Corporate Governance Statement addresses the recommendations contained in the fourth edition of the ASX Principles and Recommendations and is available on the website at www.rea-group.com/corporate-governance. This statement should be read in conjunction with REA's website and the Directors' Report, including the Remuneration Report.

Environmental regulation

Good environmental practices and the impact that operations have on the environment are of great importance to REA. The Group is committed to adopting responsible environmental practices.

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Opportunities and risks

REA is driven by its purpose to 'change the way the world experiences property' through product innovation and investment. Having a clearly defined purpose provides the Group with opportunities to drive further value. These include:

- Broadening the suite of products and services to maximise value for customers;
- Utilising content, data and insights to provide a new or enhanced experience for consumers and/or further support customers in achieving their strategic aims; and
- Exploring and pursuing adjacencies such as building a market-leading home loan offering via its mortgage broking businesses, Smartline and Mortgage Choice, and leveraging REA's leading digital capability; and
- Entering international markets where there is a strategic opportunity.

REA remains committed to delivering the best experience and value for both customers and consumers. This includes engaging with people at every step of their property journey and making the experience easy and stress free. Effective risk management is about taking the right risks, at the right time, for the right return. To achieve this, REA follows accepted standards and guidelines for managing risk. The Group is committed to ensuring that a consistent and integrated approach is established at all levels and is embedded in the Company's processes and culture.

The REA Risk Management Framework comprises several important elements:

- Identifying and analysing the main risks facing the Group;
- Evaluating those risks – making judgements about whether they are acceptable;
- Implementing and documenting appropriately designed controls to manage these risks;
- Testing of controls to ensure they are appropriately designed and operating effectively;

- Planning for business interruptions and crises; and
- Ongoing monitoring, consultation, communication and review.

The Group has identified five material risk categories to which the Company has its most significant risk exposures, being:

- Strategic risk;
- Operational risk;
- Compliance risk;
- Regulatory risk; and
- Credit risk.

Each of these material risk categories has either a framework, procedure or policy that sets out how the risks that fall within these categories are to be identified and managed. Clear accountabilities, roles and responsibilities are also articulated from the Board all the way through to a risk and/or control owner.

The Executive Risk Committee oversees the implementation of the REA Risk Management Framework, ensuring management fulfils its risk management responsibilities and that risks are operating within the Risk Appetite Statement and Limits approved by the Board.

Key REA business risks include:

- The development of new technologies and increased competition from existing or new sites and apps, which could affect the existing business model. REA operates in a highly competitive market and constantly monitors and assesses the competitive environment and any potential risks to the Australian and international operations. REA must continue to earn the support of consumers and customers by delivering a market-leading consumer experience and outstanding value for agents and their vendors.

- Security incidents caused by adversarial, accidental or environmental threat that may result in the theft or destruction of confidential consumer/customer data and/or loss of REA system integrity. As a technology-focused business, managing security and taking care of consumer and customer data is of crucial importance. REA is vigilant in managing the risk of damaging security incidents, and has appropriate data management, security and compliance policies, procedures and practices in place.

- Lack of availability or downtime of websites and apps may result in a poor experience for consumers and customers. To manage the risk of any of the Group's sites or apps going down, REA has developed and implemented disaster recovery strategies, high-availability architecture, and processes for monitoring the health of systems on an ongoing basis.

- Key group business activities (specifically, real estate listings and financial services) are highly dependent on the exposure to macroeconomic, regulatory, legal and geopolitical conditions across the Australian, Indian and Asian markets in which REA operates. These conditions impact economic growth rates, the property market (house prices and availability of stock), interest rates and consumer confidence which can adversely impact the volume of real estate listings and consumers' willingness and ability to acquire credit. REA mitigates these risks by proactively managing stakeholder relationships, keeping abreast of regulatory change through dedicated committees, monitoring key risk indicators and market conditions.

- A breach of REA's privacy obligations could occur. REA recognises that privacy compliance is critical to maintaining consumer and customer trust. REA maintains a comprehensive privacy compliance program and updates the program to align with changes in the law. REA is committed to the 'privacy by design' method of embedding privacy considerations into the company's products, processes and systems.

Sustainability

REA Group is committed to responsible and sustainable business practices, this is reflected in our values and underpins everything we do. Our Sustainability program incorporates community investment, community programs (internally "Because We Care") and our commitment to the environment.

REA's community investment and community programs are focused on our belief that everyone deserves a safe place to sleep, every night. This is aligned to delivering on REA's purpose to change the way the world experiences property. We have well established partnerships with charities that address the issue of homelessness and have extended our relationships with Launch Housing, Orange Sky Australia and The Big Issue through to 30 June 2022.

The Because We Care program supports and empowers employees to give back to causes that are important to them. They can do this through matched payroll giving, volunteer leave, employee community grants, our community café in Melbourne and the Hack it Forward Award as part of REAio Hack Days.

FY21 was the second year of REA's environment program, and we made progress towards understanding and reducing the company's impact on the environment. The FY21 Sustainability Report will be published on the company's corporate website in October 2021.

Highlights from REA's sustainability program in FY21:

- Published REA Group's first Climate Change Policy in October 2020 outlining our commitment to address climate change in three broad ways: understanding climate risk, reducing and offsetting our emissions and supporting our customers and consumers to reduce their impact. This policy includes science based aligned targets for carbon emission reduction by 2030.
- REA Group was certified carbon neutral by the Australian Government's Climate Active program in March 2021. This was the culmination of long-term efforts to measure the company's carbon footprint for the first time and form working groups focused on emissions reduction.
- Commenced a program of work to understand and report on REA Group's climate risk aligned to the Task Force on Climate-related Financial Disclosures.
- MSCI ESG rating for REA Group improved to an A in FY21 from BBB in FY20. MSCI ESG Ratings are designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks.
- Continued financial and in-kind support of Launch Housing, including funding of the National Rapid Rehousing Fund, supporting women and children escaping family violence to prevent homelessness. Since commencement of the Fund in February 2015, the Rapid rehousing program has assisted 4,771 women and children. Free advertising and listings are also provided to Launch Housing's social enterprise real estate agency, HomeGround Real Estate. REA Group also supported Launch Housing's tender for the Hotels to Homes (H2H) grant to support private rental accommodation for homeless people moved to temporary hotel accommodation during the pandemic.
- Continued financial and in-kind support of Orange Sky Australia, including supporting the operating costs for mobile washing and shower services across Australia, and connecting volunteers with vulnerable and disadvantaged community members since 2017. REA Group employees formed a team to support Orange Sky's national fundraising campaign 'The Sudsy Challenge' and finished as the Top Fundraising Team and Top Fundraising Workplace, raising over $16,000.
- Continued financial and in-kind support of The Big Issue Australia since 2014, including support of the Women's Subscription Enterprise, which employs vulnerable and disadvantaged women to pack copies of The Big Issue for subscribers. REA Group supported The Big Issue 25th birthday celebration in June 2021.
- Smartline has donated $10 from every loan they facilitate towards a community fund for the last 20 years. To date, Smartline has donated over $2.5 million to charities around Australia including Cancer Council, Lifeline and Kickstart for Kids.
- REA continues not to charge Australian real estate agencies which have been endorsed as Deductible Gift Recipients, for subscriptions.
- realestate.com.au's Advantage Program, provided individual community grants to Australian residential customers helping them improve their local communities.
- In response to the devastating COVID-19 crisis in India, REA Group supported Elara employees with increased health measures including setting up a makeshift clinic and support centre, immunity kits and a donation to UNICEF India's COVID-19 Crisis appeal.

Directors' qualifications, experience and special responsibilities

The names of Directors and details of their qualifications, experience and special responsibilities can be found on pages 4 to 6 of this report.

Details of the number of Board and Board Committee meetings held during the year and Directors' attendance at those meetings are shown on page 6 of this report.

Details of directorships of other listed companies held by each current Director in the three years before the end of the 2021 financial year are listed on pages 4 to 6 of this report.

Directors' shareholdings in the Company

The relevant interests of each director in shares of the Company as at the date of this report are disclosed in the Remuneration Report.

Company Secretary's qualifications and experience

Tamara Kayser joined REA as General Counsel and Company Secretary in November 2020. Ms Kayser (LLM, LLB (Hons), BCom) is a corporate lawyer with over 20 years of legal and governance experience. Prior to joining REA, Ms Kayser held the position of Group General Counsel at Incitec Pivot Limited. Prior to this, she practised as a lawyer at King & Wood Mallesons in Australia and Linklaters in London.

Erin Thorne held the position of Acting Company Secretary from May 2020 to November 2020. Ms Thorne has extensive governance and finance expertise gained at senior levels across corporate and government. Ms Thorne holds a Bachelor of Business (Accounting), Graduate Diploma in Chartered Accounting and Graduate Diploma of Applied Corporate Governance. She is a member of the Institute of Chartered Accountants Australia & New Zealand, the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Indemnification and insurance of directors and officers

The Company has entered a standard form deed of indemnity, insurance and access with the non-executive Directors against liabilities they may incur in the performance of their duties as Directors of REA Group Ltd, except liabilities to REA Group Ltd or a related body corporate, liability for a pecuniary penalty or compensation order under the *Corporations Act 2001*, and liabilities arising from conduct involving a lack of good faith. REA Group Ltd is obliged to maintain an insurance policy in favour of non-executive Directors for liabilities they incur as Directors of REA Group Ltd and to grant them a right of access to certain company records. In addition, each Director is indemnified, as authorised by the Constitution, on a full indemnity basis and to the full extent permitted by law, for all losses or liabilities incurred by the Director as a Director of a member of the Group. The indemnity operates only to the extent that the loss or liability is not covered by insurance.

During or since the end of the financial year, the Company has paid premiums insuring the Directors and Officers of the Company, its controlled entities and associates, against liability incurred in that capacity to the extent allowed by the *Corporations Act 2001*. The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

During the year the Group has been covered under the Directors & Officers ("D&O") insurance policy for the News Corp Group of companies.

Indemnification of auditors

The Group has agreed to indemnify its auditors, Ernst & Young Australia, to the extent permitted by law, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Auditor and non-audit services

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

The Company may decide to employ the external auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Risk & Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these services did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit, Risk & Compliance Committee, in line with the Committee Charter, to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the following fees were paid or payable for non-audit services provided by the external auditor (Ernst & Young) of the parent entity and its related practices:

Consolidated REA Group	**2021 $**	2020 $
Category 2 fees - assurance services required by legislation to be provided by auditor	**12,000**	-
Category 3 fees - other assurance services	**10,000**	7,800
Category 4 fees - other services	**323,153**	351,715
Total remuneration for non-audit services	**345,153**	359,515

Further details on the fee categories and compensation paid to Ernst & Young are provided in Note 25 to the Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

Proceedings on behalf of the Company

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

Rounding of amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission Instrument 2016/191 pursuant to sections 341(1) and 992(B) of the *Corporations Act 2001*. Amounts in the Directors' Report and the accompanying Financial Statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, except where otherwise indicated.

Ernst & Young
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Auditor's independence declaration to the directors of REA Group Ltd

As lead auditor for the audit of the financial report of REA Group Ltd for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of REA Group Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

David McGregor
Partner
6 August 2021

Dear Shareholder,

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 June 2021, my first as Chair of the Human Resources Committee.

REA Group in FY21 – strong results in an uncertain world

The impact of the COVID-19 pandemic on the residential and commercial property market was without precedent. The effect of various Government lockdowns and social restrictions on residential property sales and auctions during calendar 2020 had an enormous impact on our business and the residential and commercial property sector generally.

During 2021, REA responded decisively to the changing needs of customers and consumers during the pandemic, whilst accelerating the growth strategy through pivotal investments. realestate.com.au continued to accelerate audience metrics, reaching new all-time highs during FY21. Average monthly visits to realestate.com.au topped 121.9 million[1], outperforming the closest competitor by 3.3 times on average[2]. The business delivered record customer sentiment, rolled out a number of new products (eg. Connect, Rental Applications) and new consumer experiences such as the property owner dashboard. The business delivered strong revenue and EBITDA from core operations growing 13% and 19% respectively.

Remuneration decisions in FY21 – recovery and preparing for the future

At the beginning of FY21, the Board made a number of remuneration decisions. These were proportionate given the market volatility and the impact that the uncertain conditions were likely to have, on REA Group, our shareholders, our employees, and our customers. They included:

- Deferring our normal salary reviews from July/August 2020 to the end of the calendar year and implementing increases in December 2020/January 2021 for KMP. Our market benchmarking highlighted that some of our remuneration levels remained comparatively below market peers, resulting in increases to the salaries and incentive opportunities of our KMP (detailed below).
- The performance measures applicable to the LTI Plan 2021 and LTI Plan 2022 grants were rendered almost unachievable on our best forecasting back at the beginning of FY21. As a result, we introduced a recovery incentive for executives to incentivise management to focus on the things that they could control to chart REA's recovery from the setbacks of the pandemic. These recovery awards deliver proportionate rewards in equity only, and only in circumstances where our key operational and strategic goals are met.
- Delaying the setting of targets under the LTI Plan 2023 (as disclosed last year) to moderate the impact of COVID-19 by shortening the revenue and EPS target performance period to 2 years commencing on 1 July 2021 and including the introduction of rTSR in this plan. Applicable outcomes will be disclosed in the 2023 Remuneration Report.

Other changes made to improve the alignment of our remuneration with performance of REA were:

- The introduction of relative total shareholder return (**rTSR**) as a performance measure into our Long Term Incentive (**LTI**) Plan 2023 (as disclosed in our Notice of Meeting for the 2020 AGM), to augment our existing revenue and EPS growth targets with a metric that focuses on our long term performance for shareholders relative to ASX peers. Pursuant to this performance measure, we compare REA Group's share price and dividend performance against a bespoke group of 41 ASX150 companies that we feel represent our key competitors for shareholder capital and outperforming against this group would represent a 'win' for shareholders.
- The introduction of short-term incentive (**STI**) deferral where rather than 100% of STI awards being paid immediately in cash, 30% of any awards that vest will be delivered in restricted shares. This has been introduced to help our executive team grow their shareholdings in REA over time, and to align the value of that part of the STI award with shareholder experience for an extended period after the end of the performance year.

[1] Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.
[2] Nielsen Digital Media Ratings (Monthly Tagged), Jun 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au vs Domain, Total Sessions.

Remuneration outcomes in FY21 – moderate outcomes reflecting solid performance

With respect to the annual salary reviews conducted at the end of calendar 2020, the following changes to KMP remuneration were approved:

- CEO – in recognition of Mr Wilson's established tenure in the role of CEO, performing at a high level and leading the company through significant growth (in revenue, profit and share price), and in consideration of his remuneration relative to market peers, his fixed annual remuneration (FAR) was increased effective 1 January 2021 to $1,500,000.

  His STI and LTI opportunities were also increased, at target, from 61% of fixed remuneration to 73% of fixed remuneration. In line with REA policy, these changes have resulted in an increase to the incentive opportunities available to the CEO. This includes an additional $300,000 worth of rights which will be granted under the LTI Plan 2023 (and subject to the same terms and conditions as the other rights for the LTI Plan 2023). This will be the subject of a resolution at the upcoming AGM and separate from the resolution relating to the LTI Plan 2024.

- CFO – Based on a review of market peers, Ms Hopkins' long-term incentive (LTI) target was increased by 11.5% with Fixed Remuneration and short-term incentive (STI) targets remaining unchanged for FY21.

Changes to directors' fees for FY22

In line with our historical approach, we undertook a review of directors' fees. Independent advice from external consultants was part of this review, which highlighted that our directors' fees, in particular for our Chairman, have fallen below market peers. In order to ensure that REA remains able to attract and retain directors of appropriate skill and experience, we resolved to make an 8% increase in directors fees and a 16% increase in the Chairman's fees to bring them more into line with market. Further details will be disclosed in the FY22 remuneration report.

The HR Committee continues to believe that REA has a robust and fit for purpose remuneration framework that, pandemics aside, serves the organisation well. It appropriately balances competitive fixed pay levels to reward core performance, has a short-term incentive (STI) that underpins the achievement of the annual budget and strategic plan, and a long-term incentive (LTI) that is focused on delivering top and bottom-line growth. I invite you to read our report, to support the Board and the Committee in its endeavours to attract, retain and motivate a top team of talented executives and, as always, to provide us with any feedback on this report or our remuneration practices.

Finally, I would like to take this opportunity to thank Kathleen Conlon for her considerable work as previous Chair of the Human Resources Committee.

Yours sincerely,

Mr Nick Dowling

Chair Human Resources Committee

Remuneration Report

This report details REA Group's remuneration framework and outcomes for Key Management Personnel 'KMP' for the financial year ended 30 June 2021. This report forms part of the Directors' Report for this period.

1. Introduction and scope of report

The information provided in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This Remuneration Report for the year ended 30 June 2021 outlines the remuneration arrangements in place for KMP of REA Group Ltd and its controlled entities ('the Group'), which comprises all Directors (executive and non-executive) and those executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

The following executives of the Group were classified as KMP during the 2021 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executive Directors	
Owen Wilson	Chief Executive Officer

Senior Executives	
Janelle Hopkins	Chief Financial Officer

Non-Executive Directors	
Hamish McLennan	Chairman
Kathleen Conlon	Independent Director
Nick Dowling	Independent Director
Tracey Fellows	Director
Richard J Freudenstein	Director
Michael Miller	Director
Jennifer Lambert	Independent Director (appointed 1 December 2020)
Roger Amos	Independent Director (retired 17 November 2020)

2. Role of the Human Resources Committee

The Human Resources Committee ('HR Committee') is responsible for reviewing and making recommendations to the Board on the remuneration arrangements for non-executive Directors, the Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO') and other executives. Further information on the HR Committee's role and responsibilities is contained in its Charter, which is available on the Group's website at www.rea-group.com.

To assist in performing its duties, and making recommendations to the Board, the HR Committee may seek independent advice and data from external consultants on various remuneration related matters. The HR Committee follows protocols around the engagement and use of external remuneration consultants to ensure compliance with the relevant executive remuneration legislation. Any remuneration recommendations and data are provided by the external consultant directly to the Chair of the Committee. No remuneration recommendations were provided by external consultants for FY21.

3. Executive remuneration philosophy and framework

The Group's executive remuneration philosophy is founded on the objectives of:

- driving desired leadership behaviours;
- recognising both individual and organisational performance, with measures that are focused on achieving the Group's longer term corporate plans;
- generating acceptable returns for shareholders; and
- rewarding executive performance for generating high growth returns above expected threshold levels.

The four core 'guiding principles' of our executive remuneration framework approved by the Board are shown in the diagram below:

Remuneration Guiding Principles			
Shareholder aligned	Rewards for high performance	Consistency & transparency	Simplicity

3.1 Remuneration structure

Executive total remuneration is made up of the following three components:

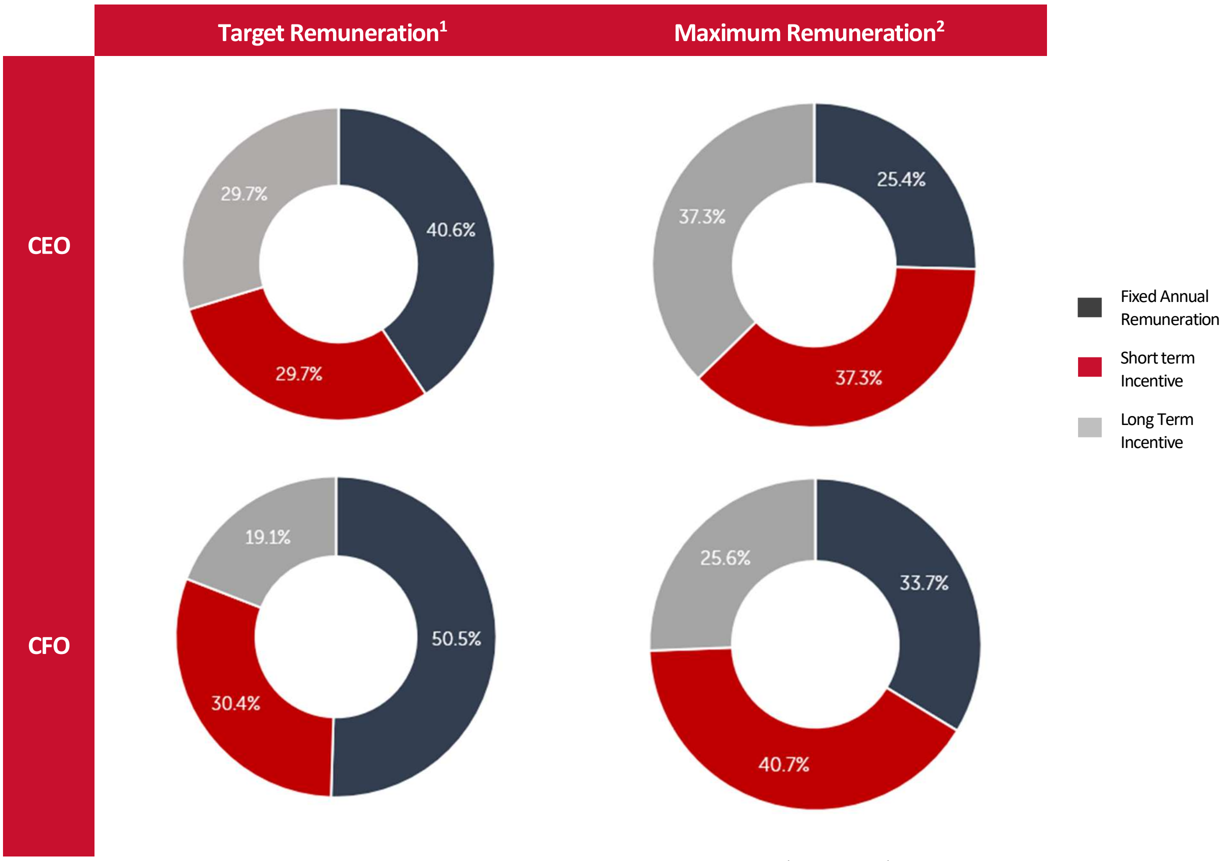
Component	What is it?	How does it link to strategy & performance?
Fixed Annual Remuneration ('FAR')	FAR consists of base compensation and statutory superannuation contributions. KMP may also elect to have other benefits provided out of their FAR, including additional superannuation and the provision of a motor vehicle.	• Provides competitive ongoing remuneration in recognition of day-to-day accountabilities.
Short Term Incentive ('STI')	The STI program is a combination of a cash based and equity deferral plan that involves linking specific financial and non-financial targets with the opportunity to earn incentives based on a percentage of fixed salary.	• Rewards delivery of key strategic and financial objectives in line with the annual business plan. • Enables differentiation of reward on the basis of individual performance. • Ensures annual remuneration is competitive.
Long Term Incentive ('LTI')[1]	The LTI Plan is designed to link long-term executive reward with ongoing creation of shareholder value, with the allocation of equity awards which are subject to satisfaction of long-term performance conditions.	• Rewards delivery against longer-term strategy and sustained shareholder value creation. • Provides greater alignment between shareholder and executive outcomes.

1 A one-off recovery incentive was introduced for the period 1 July 2020 to 30 June 2022.

Details on each of the individual components are set out in section 5 of this report.

3.2 Remuneration mix

Remuneration mix refers to the proportion of Total Remuneration that is made up of each remuneration component. The following diagrams set out the remuneration mix for each KMP at both target (the amount that would be paid for delivering target performance) and maximum (the amount that would be paid for delivering stretch performance) remuneration levels. Remuneration mix is presented based on contractual remuneration packages rather than actual remuneration received during the year.



1 As a result of the delay in remuneration reviews last year, the CEO's LTI target was adjusted from $800,000 to $1,100,000 on 1 January but approved by the Board to have effect for the FY21 year, meaning the Board has approved an additional $300,000 worth of rights to be granted pursuant to the FY23 plan (on terms disclosed in the 2020 notice of AGM), which will be put to shareholders at the 2021 AGM. This will be separate from the FY24 LTI grant to the CEO which will be separately voted on at the AGM.
2 Pay mix for maximum based on value of performance rights at grant date.

4. Link between group performance, shareholder wealth and executive remuneration

A key underlying principle of the Group's executive remuneration framework is that executive remuneration outcomes should be linked to performance. Understanding REA Group's performance over both the financial year ended 30 June 2021 and the longer-term will provide shareholders and other interested stakeholders with important context when reviewing our remuneration framework and outcomes in more detail over the following pages of this report.

4.1 REA Group performance

Summary of Group performance

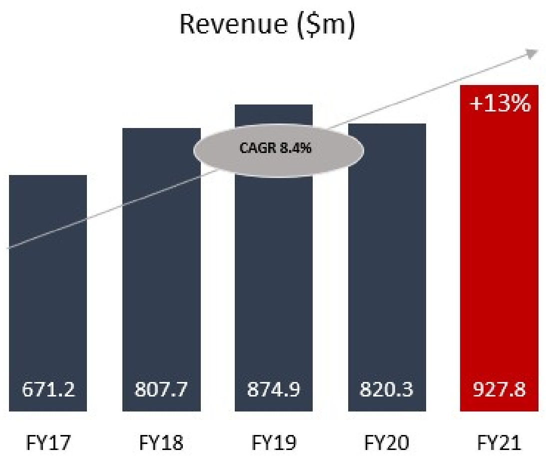
The table below summarises key indicators of the Group's performance and the effect on shareholder value over the past five years.

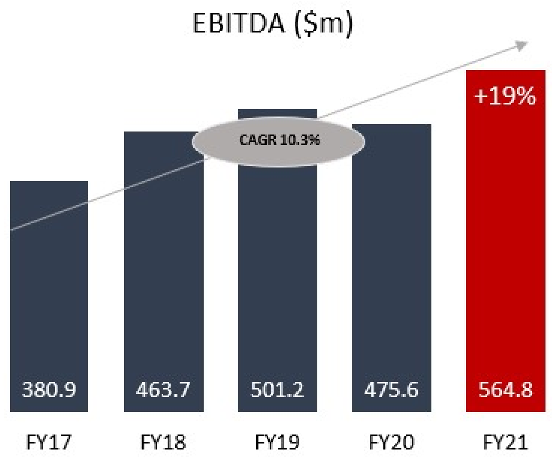
Key Indicators	2017	2018	2019	2020	2021
Revenue*	671,206	807,678	874,949	820,269	**927,811**
EBITDA*	380,906	463,706	501,204	475,603	**564,758**
Net profit after tax*	228,298	279,946	295,495	268,865	**318,024**
Earnings per share**	173.3c	212.5c	224.3c	204.1c	**247.4c**
Dividends per share	91.0c	109.0c	118.0c	110.0c	**131.0c**
Share Price 30 June	$66.40	$90.87	$96.04	$107.88	**$169.03**

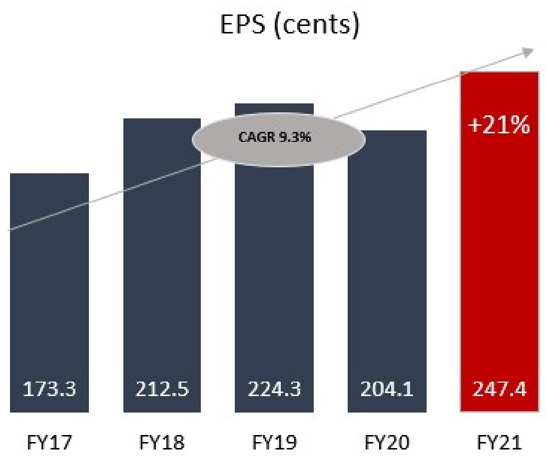
* From core operations $'000
** From core operations attributable to the ordinary equity holders of the company

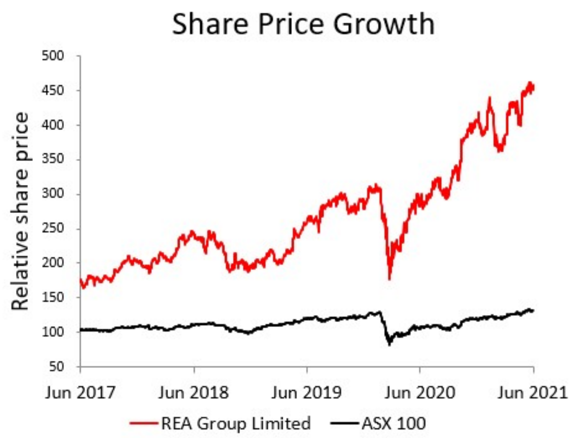
Compound Annual Growth & Share price performance

The Group's growth over the last five years has been exceptional, and as detailed in the following graphs, has delivered strong revenue and earnings per share ("EPS") compound annual growth rates ("CAGR"). The Group's relative share price in comparison to the ASX 100 is also outlined below. REA's share price has significantly outperformed the ASX 100 in the last 3 years.









4.2 KMP performance outcomes

The following table provides a summary of KMP financial and non-financial objectives and outcomes for the 2021 **STI Plan**:

Category	Objective	Outcome
Financial	Group revenue targets Group EBITDA targets	182% of target 200% of target
Consumer and customer satisfaction	Increase key consumer metrics including customer satisfaction and loyalty metrics Adoption of product – impact on volume and revenue	Exceeded Met
Growth	PropTrack Financial Services Asia	Met Exceeded Below target
People	Employee engagement	Exceeded

The following table sets out **LTI Plan** performance outcomes for the three-year performance period ended 30 June 2021:

Performance measure	Outcome	% of target LTI payable
Revenue CAGR	4.7%	0%
EPS CAGR	5.2%	0%
		0% achievement

The following table sets out **Recovery Incentive Plan** performance outcomes for tranche 1 of the Recovery Incentive 2021-2022:

Performance measure	Outcome	% of tranche 1 incentive payable
Relative TSR	100%	25%
EBITDA	100%	25%
Strategic Measures	93.3%	46.7%
		96.7% achievement

4.3 KMP remuneration outcomes

The following table sets out the STI outcomes for the 2021 financial year based on achievement of financial and non-financial objectives:

Executives	Actual STI payment	% of target STI payable
CEO	$1,612,650	147%**
CFO	$945,820	181%**

**70% paid in cash and 30% deferred in restricted shares

The following table sets out details of performance rights held by and granted to Mr Wilson and Ms Hopkins during the 2021 financial year under the LTI Plans along with the number of performance rights forfeited.

Name	Balance at 1 July 2020	Granted during year	Vested during year[1]	Forfeited during year[2]	Balance at 30 June 2021[3]	$ value of rights at grant date
O Wilson						
LTI Plan 2021 (Plan 12)[4]	7,335	-	-	7,335	-	638,240
LTI Plan 2022 (Plan 13)	8,342	-	-	-	8,342	800,000
LTI Plan 2023 (Plan 14)[5]	-	7,093	-	-	7,093	800,000
Recovery Incentive Plan 2021/2022[6]	-	12,541	-	-	12,541	1,414,327
Total	**15,677**	**19,634**	**-**	**7,335**	**27,976**	**3,652,567**
J Hopkins						
LTI Plan 2022 (Plan 13)	3,858	-	-	-	3,858	370,000
LTI Plan 2023 (Plan 14)	-	2,926	-	-	2,926	330,000
Recovery Incentive Plan 2021/2022[6]	-	3,147	-	-	3,147	354,936
Total	**3,858**	**6,073**	**-**	**-**	**9,931**	**1,054,936**

1 The number of performance rights vested during the year is equal to the number of performance rights settled during the year.
2 Forfeited during the year as a result of underperformance compared to company targets.
3 The balance of performance rights at 30 June 2021 are unvested.
4 These rights granted to O Wilson comprise two separate awards: 5,321 awards were granted on 1 July 2018 with a total value at grant date of $489,250; and 2,014 awards granted on 7 January 2019 with a total value at grant date of $148,990.
5 As a result of the delay in remuneration reviews last year, the CEO's LTI target was adjusted from $800,000 to $1,100,000 on 1 January but approved by the Board to have effect for the FY21 year, meaning the Board has approved an additional $300,000 worth of rights to be granted pursuant to the FY23 plan (on terms disclosed in the 2020 notice of AGM), which will be put to shareholders at the 2021 AGM. This will be separate from the FY24 LTI grant to the CEO which will be separately voted on at the AGM.
6 These rights granted to O Wilson and J Hopkins relate to the Recovery Incentive Plan 2021/2022.

The table below sets out the details of the percentage performance achieved and percentage vested against the applicable LTI Plan. Refer to section 5.6 for the percentage of total remuneration that consists of performance rights.

Plan	Grant date	Vesting date[1]	Value per performance right at grant date[2]	Revenue target % achieved	EPS target % achieved	% vested
LTI Plan 2021 (Plan 12)	1 July 2018	1 July 2021	$85.44	4.7%	5.2%	0%
LTI Plan 2021 (Plan 12)	7 January 2019	1 July 2021	$69.05	4.7%	5.2%	0%
LTI Plan 2022 (Plan 13)	1 July 2019	1 July 2022	$97.55	To be determined		-
LTI Plan 2022 (Plan 13)	13 January 2020	1 July 2022	$107.30	To be determined		-
LTI Plan 2023 (Plan 14)	28 June 2021	1 July 2023	$165.77 - $237.51	To be determined		-

1 Subject to Board approval of the performance hurdles being met.
2 Value per grant date calculated using the Black Scholes model.

The table below sets out the details of the percentage performance achieved and percentage vested against the applicable Recovery Incentive Plan. Refer to section 5.6 for the percentage of total remuneration that consists of performance rights.

Plan	Grant date	Vesting date[1]	Value per performance right at grant date[2]	Relative TSR target % achieved	EBITDA target % achieved	Strategic targets % achieved	% vested
Recovery Incentive Plan 2021 - 2022 (tranche 1)	17 November 2020	1 July 2021	\$128.57 - \$142.35	100%	100%	93.3%	96.7%
Recovery Incentive Plan 2021 - 2022 (tranche 2)	17 November 2020	1 July 2022	\$126.36 - \$140.95	To be determined			-

1 Subject to Board approval of the performance hurdles being met.
2 Value per grant date calculated using the Black Scholes model.

5. Executive remuneration components

5.1 How REA Group determines appropriate remuneration levels

As the Group continues to grow and diversify into different markets and business lines, it is important to review to ensure that the remuneration levels support the Group in attracting and retaining high-calibre talent within what is a competitive market. Executive remuneration is therefore reviewed on an annual basis.

Market positioning

How much is paid to each executive depends on a number of factors including the scope of their role and their overall contribution to the Group but, as a starting position, REA compares current fixed remuneration to the 50th percentile and target total remuneration to a position between the 50th and 75th percentiles in the market. This aligns with the Group's principle of rewarding for above threshold performance.

Benchmarking methodology

The HR Committee utilises market data provided by external consultants as part of the review process. Remuneration levels are compared to the following two comparator groups:

1. Size-based comparator group having regard to both revenue and 12-month average market capitalisation (excluding companies from outside our market for talent, e.g. resources sector)
2. All companies within the ASX10-50 and ASX35-85 respectively

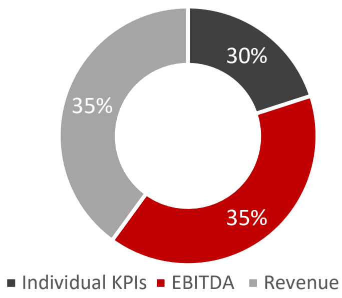
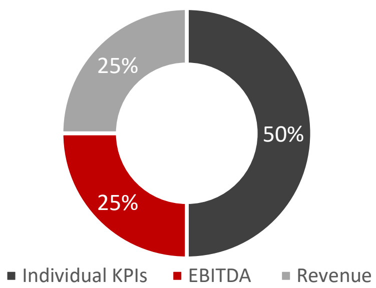
This methodology provides the Group with a balanced approach factoring in both company size and general ASX market practice into remuneration decision making. Full details of remuneration received during the 2021 financial year are detailed in section 5.6.

Setting remuneration for new KMP (or on promotion)

In addition to utilising benchmark information from our two comparator groups, when setting remuneration levels for new KMP (or on promotion), the Board consider the skills and experience of the new KMP (relative to the outgoing KMP where applicable) along with their current remuneration package (where applicable).

5.2 Short term incentive arrangements

The following table summarises the key components, operation and outcomes of the Group's 2021 STI Plan and, as provided in the remuneration mix section, this table demonstrates annualised on-target performance for the CEO and CFO in their current roles:

	Short term Incentive Summary	
KMP participants	CEO and CFO	
Award type	30% payable in deferred shares with the balance paid in cash	
Performance period	One-year performance period beginning 1 July 2020 and ended on 30 June 2021	
When are performance conditions tested?	• Performance against financial measures are determined in-line with approval of the Financial Statements at the end of the financial year. • Performance against non-financial measures within individual KPIs are determined after a review of executive performance by the CEO, in consultation with the HR Committee and in the case of the CEO, by the Board.	
Performance metrics and weightings	**CEO**	**CFO**
		
Target[1]	$1,100,000	$524,000
Maximum[2]	$2,200,000	$1,048,000
Relationship between performance and payment	**Financial measures – level of performance**	**% of target incentive awarded***
	Below Threshold	0%
	Threshold	50%
	Target	100%
	Stretch	200%
	* Incremental payment is made between Threshold and Target, as well as Target and Above Target points. Individual performance is determined based on performance against KPIs with the individual component paying out between 0% and 200% of target.	
Calculation of outcome STI Plan 2021	Revenue Outcome + EBITDA Outcome + Individual Outcome = STI Plan Outcome	

1 Amount that would be paid for delivering on-target performance. CEO STI target adjusted from $800,000 with effect from 1 January 2021.
2 Amount that would be paid for delivering stretch performance.

Why were these performance measures chosen?

The Board considers the financial measures to be appropriate as they are aligned with the Group's objective of delivering profitable growth and, ultimately, improved shareholder returns. The non-financial performance measures for the CEO have been set by the Board to drive strategic initiatives, leadership performance and behaviours consistent with the Group's corporate philosophy and its overall business strategy. The CEO sets individual and business key performance indicators for the executive team in consultation with the Board.

5.3 Long term incentive

The following table summarises the key components and operation of the Group's LTI plan:

<table>
<tr><th></th><th colspan="2">Long term Incentive Summary</th></tr>
<tr><td>KMP participants</td><td colspan="2">CEO and CFO</td></tr>
<tr><td>Award type</td><td colspan="2">Performance rights</td></tr>
<tr><td>Performance period</td><td colspan="2">The performance rights allocated during the year are subject to a three-year performance period beginning 1 July 2020 and ending on 30 June 2023. Due to the uncertainties created by COVID-19, the EPS and revenue performance conditions under the LTI Plan 2023 apply over a two year period, from 1 July 2021 to 30 June 2023. The measurement period for rTSR commenced in February 2020, to moderate the impact of COVID-19 from the Company and peer group, given the significantly different levels and speeds of recovery across the peer group as at 1 July 2020 (when the performance period would normally commence). The Group refers to this grant as the "LTI Plan 2023" as the performance period ends in FY23.</td></tr>
<tr><td>Performance metrics</td><td>Metric
CAGR – Revenue
CAGR – EPS
rTSR</td><td>Weighting
25%
50%
25%</td></tr>
<tr><td>When are performance conditions tested?</td><td colspan="2">Incentive payments are determined in line with the approval of the Financial Statements at the end of the performance period.</td></tr>
<tr><td>How is the LTI grant determined?</td><td colspan="2">The number of performance rights issued to each executive is calculated by dividing their 'target LTI' value by the value per right. The value per right is determined on a face value basis using a 10-day volume-weighted average price (VWAP) over the period 31 July to 13 August 2020, representing the five working days before, and the five working days after annual results. Each performance right is a right to acquire one share in REA upon vesting.</td></tr>
<tr><td rowspan="2">Target LTI value</td><td>CEO</td><td>CFO</td></tr>
<tr><td>$1,100,000[1]
delivered in performance rights</td><td>$330,000
delivered in performance rights</td></tr>
</table>

Relationship between performance and vesting

The following vesting schedule applies to the Revenue and EBITDA hurdles for the LTI Plan 2023 granted this year. The LTI Plan 2021 that was performance tested at the end of this financial year had 0% vesting as performance was below threshold.

Performance level	% of target awards vesting*
Below Threshold	0% vesting
Threshold	60% vesting
Target	100% vesting
Stretch**	200% vesting

*Incremental vesting is made between Threshold and Target, as well as Target and Stretch points.
** Vesting of over-performance (between Target and Stretch) provides acceleration to provide greater differentiation for out-performance.

rTSR

Relative TSR compared to a select group of 41 ASX150 companies (excluding mining and resources, energy and infrastructure, materials, industrials and healthcare companies) measured over the period 1 February 2020 to 30 June 2023

The peer group at the beginning of the performance period for the rTSR performance hurdle comprised:

- Afterpay
- Altium
- Appen
- Aristocrat Leisure
- carsales.com.au
- Charter Hall Group
- Coles Group
- Computershare
- Crown Resorts
- Dexus
- Domain
- Domino's Pizza Enterprises
- Flight Centre Travel Group
- Goodman Group
- GPT Group
- JB Hi-Fi
- Lendlease Group
- Link Administration Holdings
- Metcash
- Mirvac Group
- National Storage
- NextDC
- Nine Entertainment Company
- Scentre Group
- SEEK
- Shopping Centres Australia Property Group
- Stockland
- Super Retail Group
- Tabcorp Holdings
- Telstra Corporation
- The a2 Milk Company
- The Star Entertainment Group
- TPG Telecom
- Treasury Wine Estates
- Unibail-Rodamco-Westfield
- Vicinity Centres
- Wesfarmers
- Wisetech Global
- Woolworths Group
- Xero

The following vesting schedule applies to the rTSR performance hurdle for the LTI Plan 2023 granted this year.

Performance level	Performance level
Below Threshold	0% vesting
Threshold	75% vesting
Target	100% vesting
Stretch	200% vesting

1 As a result of the delay in remuneration reviews last year, the CEO's LTI target was adjusted from $800,000 to $1,100,000 on 1 January but approved by the Board to have effect for the FY21 year, meaning the Board has approved an additional $300,000 worth of rights will be granted pursuant to the FY23 plan (on terms disclosed in the 2020 notice of AGM), which will be put to shareholders at the 2021 AGM. This will be separate from the FY24 LTI grant to the CEO which will be separately voted on at the AGM.

Why were these performance conditions chosen?

The Board considers the combination of the Revenue and EPS hurdles to be an appropriate counterbalance to ensure that any 'top line' growth is long term focused and balanced with an improvement in earnings.

In particular, revenue is considered to be an appropriate hurdle given that the Group continues to be in a phase of growth.

Additionally, the Board selected EPS as a performance measure on the basis that it:
- is a relevant indicator of increase in shareholder value; and
- is a target that provides a suitable line of sight to encourage and motivate executive performance.

Relative total shareholder return (rTSR) has been introduced as a performance measure into our LTI Plan 2023 (as disclosed in our Notice of Meeting for the 2020 AGM), to augment our existing revenue and EPS growth targets with a measure that focuses on our long term performance for shareholders relative to ASX peers.

Are there any restrictions placed on the rights?

Group policy prohibits executives from entering into transactions or arrangements which operate to transfer or limit the economic risk of any securities held under the LTI Plan while those holdings are subject to performance hurdles or are otherwise unvested.

What happens in the event of a change of control?

In accordance with the LTI Plan rules, the Board has discretion to waive any vesting conditions attached to the performance rights in the event of a change of control.

What happens if the executive ceases employment?

Unvested performance rights lapse on cessation of employment except to the extent that the Board exercises a discretion to allow them to remain on foot. Generally, where the Board has exercised its discretion in the past it has done so where REA has terminated an executive's employment with notice (a 'good leaver') and in that circumstance has allowed retention of a pro-rata portion (by reference to time served in the performance period), with the unvested rights continuing until the usual performance testing date, without acceleration of vesting.

5.4 Recovery incentive

The following table summarises the key components and operation of the Group's recovery incentive:

	Recovery Incentive Summary
KMP participants	CEO and CFO
Award type	Performance rights
Performance period	The performance rights allocated during the year are subject to a two-year performance period beginning 1 July 2020 and ending on 30 June 2022, with 40% of the total grant available for testing after the first year (tranche 1), and 60% available for testing as at 30 June 2022 (tranche 2)[1]. The measurement period for rTSR commenced in February 2020, to moderate the impact of COVID-19 from the Company and peer group, given the significantly different levels and speeds of recovery across the peer group as at 1 July 2020 (when the performance period would normally commence). The Group refers to this grant as the "Recovery Incentive 2021-2022" as the performance period ends in FY22.
Performance metrics	**Metric** / **Weighting** EBITDA: 25% rTSR: 25% Strategic targets set with reference to FY22 key deliverables: 50%
When are performance conditions tested?[1]	Incentive payments are determined in line with the approval of the Financial Statements at the end of each year in the performance period.
How is the Recovery Incentive grant determined?	The number of performance rights issued to each executive is calculated by dividing their 'target LTI' value by the value per right. The value per right is determined on a face value basis using a 10-day volume-weighted average price (VWAP) over the period 31 July to 13 August 2020, representing the five working days before, and the five working days after annual results. Each performance right is a right to acquire one share in REA upon vesting.
Total Target Recovery Incentive value (tranche 1 & tranche 2)	**CEO**: $1,414,327 delivered in performance rights **CFO**: $354,936 delivered in performance rights
Relationship between performance and vesting	The following vesting schedule applies to the strategic and EBITDA performance hurdles for the Recovery Incentive granted this year. **Performance level** / **% of target awards vesting*** Below Threshold: 0% vesting Threshold: 50% vesting Target: 100% vesting *Vesting continues on a straight-line basis between threshold and target levels of performance for EBITDA growth and strategic targets performance conditions. **rTSR** Relative TSR compared to a select group of 41 ASX150 companies (excluding mining and resources, energy and infrastructure, materials, industrials and healthcare companies) measured over the period 1 February 2020 to 30 June 2021 (with this period commencing in February 2020 for the reason noted above).

The peer group at the beginning of the performance period for the rTSR performance hurdle comprised:

- Afterpay
- Altium
- Appen
- Aristocrat Leisure
- carsales.com.au
- Charter Hall Group
- Coles Group
- Computershare
- Crown Resorts
- Dexus
- Domain
- Domino's Pizza Enterprises
- Flight Centre Travel Group
- Goodman Group
- GPT Group
- JB Hi-Fi
- Lendlease Group
- Link Administration Holdings
- Metcash
- Mirvac Group
- National Storage
- NextDC
- Nine Entertainment Company
- Scentre Group
- SEEK
- Shopping Centres Australia Property Group
- Stockland
- Super Retail Group
- Tabcorp Holdings
- Telstra Corporation
- The a2 Milk Company
- The Star Entertainment Group
- TPG Telecom
- Treasury Wine Estates
- Unibail-Rodamco-Westfield
- Vicinity Centres
- Wesfarmers
- Wisetech Global
- Woolworths Group
- Xero

The following vesting schedule applies to the rTSR performance hurdle for the Recovery Incentive granted this year.

Performance level	% of target awards vesting*
Below target	0% vesting
Target (median)	100% vesting

Outcome for Tranche 1 The Recovery Incentive 2021-2022 that was performance tested at the end of this financial year had 96.7% vesting as performance was between threshold and target.

1 The CFO's entire Recovery Incentive 2021-2022 is tested in full at the conclusion of the performance period 30 June 2022.

Why were these performance conditions chosen?

Strategic targets were chosen as a performance condition as they represent the key drivers of future growth in the areas of new product and product enhancement, data and digital advancement and audience capture and engagement.

Relative TSR was chosen as a performance condition to provide a direct link between the experience of our shareholders and executive long-term rewards. The performance period commenced in February 2020, to moderate the impact of COVID-19 from the Company and peer group, given the significantly different levels and speeds of recovery across the peer group as at 1 July 2020 (when the performance period would normally commence).

Given the resilience of the Company's share price through this period of uncertainty, the Board believes that 'top half' performance justifies the vesting of all performance rights subject to the relative TSR measure.

EBITDA growth was chosen as a performance condition as the Company continues to focus upon short-term control of costs through COVID-19 without impacting long-term business success.

Are there any restrictions placed on the rights?

Group policy prohibits executives from entering into transactions or arrangements which operate to transfer or limit the economic risk of any securities held under the LTI Plan while those holdings are subject to performance hurdles or are otherwise unvested.

What happens in the event of a change of control?

In accordance with the Recovery Incentive Plan rules, the Board has discretion to waive any vesting conditions attached to the performance rights in the event of a change of control.

What happens if the executive ceases employment?

Unvested performance rights lapse on cessation of employment except to the extent that the Board exercises a discretion to allow them to remain on foot. Generally, where the Board has exercised its discretion in the past it has done so where REA has terminated an executive's employment with notice (a 'good leaver') and in that circumstance has allowed retention of a pro-rata portion (by reference to time served in the performance period), with the unvested rights continuing until the usual performance testing date, without acceleration of vesting.

5.5 Service agreements

The table below sets out the main terms and conditions of the employment contracts of the CEO and CFO. All contracts are for unlimited duration.

Title	Notice Period / Termination Payment
CEO / CFO	• 9 months for the CEO and 6 months for the CFO (or payment in lieu) • Immediate termination for misconduct, breach of contract or bankruptcy • Statutory entitlements only for termination with cause • Where employment terminates prior to STI or LTI vesting due to resignation or termination for cause, all holdings and short-term incentive payments are forfeited. Good leaver provisions apply as detailed in Section 5.3

5.6 Executive remuneration table

Details of the remuneration paid to KMP for the 2021 and 2020 financial years are set out as follows:

KMP	Short term employee benefits			Post-employment benefits	Long term employee benefits	Deferred STI Plan[2, 3]	LTI Plan[4]	Total	Performance related %	LTIP %
	Salary	STI Plan[1]	Other							
O Wilson										
2021	**1,378,306**	**1,128,855**	**-**	**21,964**	**63,058**	**483,795**	**1,287,130**	**4,363,108**	**66%**	**30%**
2020	1,278,997	640,000	-	21,014	33,021	-	-190,060	1,782,972	25%	0%
J Hopkins										
2021	**848,306**	**662,074**	**-**	**21,964**	**4,323**	**309,868**	**419,724**	**2,266,259**	**61%**	**19%**
2020	848,997	350,000	150,000	21,014	2,679	100,000	125,449	1,598,139	36%	8%
Total										
2021	**2,226,612**	**1,790,929**	**-**	**43,928**	**67,381**	**793,663**	**1,706,854**	**6,629,367**	**65%**	**26%**
2020	2,127,994	990,000	150,000	42,028	35,700	100,000	35,389	3,381,111	33%	1%

1 STI Plan represents accrued payment for the current year net of under/over accrual from prior year.
2 Deferred STI Plan represents restricted shares awarded in the FY21 STI net of under/over accrual from prior year.
3 Deferred STI for 2020 includes $100,000 of restricted shares for J Hopkins awarded in the FY20 STI.
4 LTI Plan represents accrued expenses amortised over vesting period of grant. Refer to Note 18 of the Financial Statements.

6. Non-executive director remuneration

6.1 Policy

Overview of policy

The Board seeks to set the fees for the non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

During 2021 the Board's policy was that the Chairman and Directors – other than current News Corp employees – receive remuneration for their services as Directors.

Promote independence and objectivity

The Chairman and non-executive Director remuneration consists only of fixed fees (inclusive of superannuation).

To preserve independence and impartiality, non-executive Directors do not receive any performance related compensation.

Aggregate fees approved by shareholders

The current aggregate fee pool for the non-executive Directors of $1,500,000 was approved by shareholders at the 2016 AGM.

Board and Committee fees, as well as statutory superannuation contributions made on behalf of the non-executive Directors, are included in the aggregate fee pool.

Regular reviews of remuneration

The Chairman and non-executive Director fees are reviewed regularly and set and approved by the Board based on benchmarking, undertaken by external consultants, against other ASX companies of a comparable size. The last increases to Chairman and non-executive Director fees were effective 1 July 2018.

6.2 Non-executive director fees

The table below shows the structure and level of annualised non-executive Director fees.

Fee applicable	**Year**	**Chair $**	**Member $**
Board	**2021**	**495,000**	**180,000**
	2020	495,000	180,000
Audit, Risk & Compliance Committee	**2021**	**40,000**	**21,000**
	2020	40,000	21,000
Human Resources Committee	**2021**	**37,000**	**20,000**
	2020	37,000	20,000

6.3 Non-executive director remuneration

Details of remuneration for the Chairman and independent non-executive Directors are set out in the table below. As outlined above, two of the non-independent Directors do not receive any directors' fees as they are current News Corp employees.

Remuneration applicable	Year	Fees and allowances $	Post-employment benefits $	Total $
H McLennan (Chairman)	**2021**	**473,306**	**21,694**	**495,000**
	2020	473,998	21,014	495,012
R Amos	**2021**	**83,497**	**7,932**	**91,429**
	2020	219,179	20,831	240,010
K Conlon	**2021**	**209,571**	**19,909**	**229,480**
	2020	217,352	20,654	238,006
R Freudenstein	**2021**	**201,826**	**19,174**	**221,000**
	2020	201,826	19,174	221,000
N Dowling	**2021**	**190,411**	**18,089**	**208,500**
	2020	182,648	17,352	200,000
J Lambert	**2021**	**127,345**	**12,098**	**139,443**
	2020	-	-	-
Total	**2021**	**1,285,956**	**98,896**	**1,384,852**
	2020	1,295,003	99,025	1,394,028

7. Shareholdings of key management personnel and Board of Directors

The numbers of ordinary shares in the Company held during the financial year (directly and indirectly) by each Director and other key management personnel of the Group, including their related parties are set out below[1]:

	Balance at 1 July 2020	Received on settlement of performance rights	Purchase / (Sale) of shares	Balance at 30 June 2021[2]
Executives				
O Wilson	13,682	-	(1,682)	**12,000**
J Hopkins	-	886	-	**886**
Non-executive directors				
H McLennan	1,095	-	-	**1,095**
R Amos[3]	2,481	-	-	**2,481**
K Conlon	2,248	-	-	**2,248**
N Dowling	433	-	-	**433**
T Fellows	7,386	-	-	**7,386**
R Freudenstein	1,470	-	-	**1,470**

1 If KMP or non-executive director is not listed, there are no shares held.
2 Includes shares held directly, indirectly or beneficially by KMP.
3 The closing balance for R Amos reflects his shareholding on the date he ceased being KMP

Declaration

This Directors' Report and Remuneration Report is made in accordance with a resolution of Directors.

Mr Hamish McLennan
Chairman

Mr Owen Wilson
Chief Executive Officer

Melbourne
6 August 2021

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Consolidated Income Statement

for the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Revenue from property and online advertising	3	**903,837**	794,562
Revenue from financial services	3	**101,529**	87,295
Expense from franchisee commissions	3	**(77,555)**	(61,588)
Revenue from financial services after franchisee commissions		**23,974**	25,707
Total operating income	3	**927,811**	820,269
Employee benefits expenses	17	**(234,230)**	(190,199)
Consultant and contractor expenses		**(9,988)**	(7,842)
Marketing related expenses		**(58,277)**	(64,964)
Technology and other expenses		**(44,462)**	(36,674)
Operations and administration expense		**(40,959)**	(44,029)
Impairment expense	4	**-**	(148,569)
Share of losses of associates and joint ventures		**12,618**	(15,411)
Gain on acquisition and disposal of subsidiaries	19	**3,128**	5,295
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**555,641**	317,876
Depreciation and amortisation expense	4	**(82,612)**	(78,620)
Profit before interest and tax (EBIT)		**473,029**	239,256
Net finance expense	4	**(4,669)**	(5,562)
Profit before income tax		**468,360**	233,694
Income tax expense	7	**(155,377)**	(121,109)
Profit for the year		**312,983**	112,585
Profit for the year is attributable to:			
Non-controlling interest		**(9,694)**	212
Owners of the parent		**322,677**	112,373
		312,983	112,585
Earnings per share attributable to the ordinary equity holders of REA Group Ltd			
Basic earnings per share	5	**244.6**	85.3
Diluted earnings per share	5	**244.6**	85.3

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	2021 $'000	2020 $'000
Profit for the year	**312,983**	112,585
Other comprehensive income		
Items that may be reclassified subsequently to the Consolidated Income Statement		
Exchange differences on translation of foreign operations, net of tax	**(32,810)**	(1,291)
Other comprehensive income for the year, net of tax	**(32,810)**	(1,291)
Total comprehensive income for the year	**280,173**	111,294
Total comprehensive income for the year is attributable to:		
Non-controlling interest	**(9,694)**	212
Owners of the parent	**289,867**	111,082
	280,173	111,294

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**168,869**	222,845
Trade and other receivables	14	**147,886**	99,391
Contract assets	14	**-**	5,552
Commission contract assets	11	**148,692**	45,356
Assets of disposal group held for sale	20	**221,565**	-
Total current assets		**687,012**	373,144
Non-current assets			
Property, plant and equipment	23	**89,369**	101,577
Intangible assets	6	**836,444**	650,365
Deferred tax assets	7	**13,911**	11,086
Other non-current assets	14	**5,013**	1,585
Investment in associates and joint ventures	21	**309,195**	304,910
Commission contract assets	11	**431,342**	147,856
Total non-current assets		**1,685,274**	1,217,379
Total assets		**2,372,286**	1,590,523
LIABILITIES			
Current liabilities			
Trade and other payables	15	**95,673**	78,478
Current tax liabilities		**15,079**	58,600
Provisions		**13,794**	7,870
Contract liabilities		**75,843**	60,755
Interest bearing loans and borrowings	9	**8,822**	76,470
Commission liabilities	11	**113,899**	35,603
Liabilities of disposal group held for sale	20	**28,458**	-
Total current liabilities		**351,568**	317,776
Non-current liabilities			
Contract liabilities		**-**	739
Other non-current payables		**7,552**	-
Deferred tax liabilities	7	**55,126**	36,335
Provisions		**7,048**	4,605
Interest bearing loans and borrowings	9	**486,781**	250,682
Commission liabilities	11	**324,990**	115,893
Total non-current liabilities		**881,497**	408,254
Total liabilities		**1,233,065**	726,030
Net assets		**1,139,221**	864,493
EQUITY			
Contributed equity	13	**152,140**	92,050
Reserves	13	**40,358**	67,805
Retained earnings		**876,547**	704,262
Parent interest		**1,069,045**	864,117
Non-controlling interest		**70,176**	376
Total equity		**1,139,221**	864,493

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2021

	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Parent interest $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020		**92,050**	**67,805**	**704,262**	**864,117**	**376**	**864,493**
Profit for the year		**-**	**-**	**322,677**	**322,677**	**(9,694)**	**312,983**
Other comprehensive income	13	**-**	**(32,810)**	**-**	**(32,810)**	**-**	**(32,810)**
Total comprehensive income for the year		**-**	**(32,810)**	**322,677**	**289,867**	**(9,694)**	**280,173**
Transactions with owners in their capacity as owners							
Share-based payment	17	**-**	**9,097**	**-**	**9,097**	**-**	**9,097**
Acquisition of treasury shares	13	**(3,721)**	**-**	**-**	**(3,721)**	**-**	**(3,721)**
Settlement of vested performance rights	13	**3,734**	**(3,734)**	**-**	**-**	**-**	**-**
Issue of new shares	13	**59,851**	**-**	**-**	**59,851**	**-**	**59,851**
Acquired minority interest	19	**-**	**-**	**-**	**-**	**81,336**	**81,336**
Dividends paid	12	**-**	**-**	**(150,392)**	**(150,392)**	**(247)**	**(150,649)**
Change in non-controlling interest		**226**	**-**	**-**	**226**	**(1,595)**	**(1,369)**
Balance at 30 June 2021		**152,140**	**40,358**	**876,547**	**1,069,045**	**70,176**	**1,139,221**

	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Parent interest $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019		89,544	68,120	747,312	904,976	459	905,435
Profit for the year		-	-	112,373	112,373	212	112,585
Other comprehensive income	13	-	(1,291)	-	(1,291)	-	(1,291)
Total comprehensive income for the year		-	(1,291)	112,373	111,082	212	111,294
Transactions with owners in their capacity as owners							
Share-based payment	17	-	4,931	-	4,931	-	4,931
Acquisition of treasury shares	13	(344)	-	-	(344)	-	(344)
Settlement of vested performance rights	13	2,850	(3,955)	-	(1,105)	-	(1,105)
Dividends paid	12	-	-	(155,423)	(155,423)	(295)	(155,718)
Balance at 30 June 2020		92,050	67,805	704,262	864,117	376	864,493

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**997,422**	924,746
Payments to suppliers and employees (inclusive of GST)		**(471,967)**	(401,743)
		525,455	523,003
Interest received		**2,468**	2,785
Interest paid		**(6,094)**	(7,057)
Income taxes paid		**(200,378)**	(98,178)
Share-based payment on settlement of incentive plans		**-**	(1,407)
Net cash inflow from operating activities	8	**321,451**	419,146
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		**(267,385)**	(16,519)
Payment for investment in associates and joint ventures		**(34,022)**	(11,300)
Payment for property, plant and equipment		**(2,710)**	(10,830)
Payment for intangible assets	6	**(64,225)**	(62,523)
Payment for convertible note receivable	21	**(11,814)**	-
Purchase of subsidiary shares from non-controlling interest		**(1,368)**	-
Net cash outflow from investing activities		**(381,524)**	(101,172)
Cash flows from financing activities			
Dividends paid to company's shareholders	12	**(150,392)**	(155,423)
Dividends paid to non-controlling interests in subsidiaries		**(247)**	(782)
Payment for acquisition of treasury shares		**(3,721)**	(344)
Proceeds from borrowings		**413,356**	169,116
Repayment of borrowings and leases	9	**(247,229)**	(246,084)
Net cash inflow / (outflow) from financing activities		**11,767**	(233,517)
Net (decrease)/increase in cash and cash equivalents		**(48,306)**	84,457
Cash and cash equivalents at the beginning of the year		**222,845**	137,897
Effects of exchange rate changes on cash and cash equivalents		**(782)**	491
Cash and cash equivalents held for sale at end of the year		**(4,888)**	-
Cash and cash equivalents at end of the year	8	**168,869**	222,845

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Basis of preparation

- REA Group Ltd and its controlled entities (together referred to as the 'Group') is a for-profit entity for the purposes of preparing the Financial Statements.
- These general purpose Financial Statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB").
- The Financial Statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").
- These Financial Statements have been prepared on a going concern basis under the historical cost convention except for convertible note receivables and financial assets and liabilities measured at fair value.
- The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires the exercise of judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed separately in each relevant note.
- The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Statements. Amounts in the Financial Statements have been rounded off in accordance with that Instrument to the nearest thousand dollars unless otherwise stated.

1. Corporate information

REA Group Ltd (the 'Company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The consolidated Financial Statements of the Company as at and for the year ended 30 June 2021 comprise the Financial Statements of the Company and its subsidiaries, together referred to in these Financial Statements as the 'Group' and individually as the 'Group entities'.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

OUR PERFORMANCE

This section highlights the performance of the Group for the year, including results by operating segment, revenue, expenses, earnings per share, income tax expense, intangibles and the annual impairment assessment.

2. Segment information

Accounting policies

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, being the CEO, who provides the strategic direction and management oversight of the company through the monitoring of results and approval of strategic plans for the business.

The Group's operating segments are determined firstly based on location, and secondly by function, of the Group's operations.

Following the acquisition of Elara Technologies Pte. Ltd. (refer to Note 19), the Group re-assessed its operating segments, and concluded that India represents a standalone region. Comparative information for the year ended 30 June 2020 has been restated for the effects of the change in reporting related to India.

The Group has two revenue streams, the first of which is the provision of advertising and other property-related services to the real estate industry. While the Group offers different brands to the market from this stream, it is considered that this offering is a single type of product/service, from which the Property & Online Advertising operating segments in each of Australia, Asia, India and North America derive their revenues. The second revenue stream comes from the Financial Services operating segment in Australia, which derives its revenue through commissions earned from mortgage broking and home financing solutions offered to consumers.

Corporate includes the costs of certain head office functions that are not considered appropriate to be allocated to the Group's operating businesses. Intersegment transactions are reported separately, with intersegment revenue eliminated from total reported revenue of the Group.

The following tables present operating income and results by operating segments for the years ended 30 June 2021 and 30 June 2020.

2021	**Australia**		**Asia**	**India**	**North America**	**Corporate**	**Total**
	Property & Online Advertising	**Financial Services**					
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment operating income[1]							
Total segment operating income[1]	**848,025**	**23,974**	**41,037**	**17,335**	**-**	**-**	**930,371**
Inter-segment operating income[1]	**(1,716)**	**-**	**(844)**	**-**	**-**	**-**	**(2,560)**
Operating income[1]	**846,309**	**23,974**	**40,193**	**17,335**	**-**	**-**	**927,811**
Results							
Segment EBITDA from core operations (excluding share of gains and losses of associates and joint ventures)	**580,010**	**6,417**	**10,099**	**(18,048)**	**-**	**(22,858)**	**555,620**
Share of gains/ (losses) of associates and joint ventures	**(1,422)**	**-**	**(2,869)**	**(2,446)**	**15,875**	**3,480**	**12,618**
Gain on acquisitions and disposals[3]	**-**	**-**	**-**	**-**	**-**	**(3,480)**	**(3,480)**
Segment EBITDA from core operations	**578,588**	**6,417**	**7,230**	**(20,494)**	**15,875**	**(22,858)**	**564,758**
Restructure costs	**-**	**-**	**-**	**-**	**-**	**(926)**	**(926)**
Net gain/(loss) on acquisitions and disposals and transaction costs	**-**	**-**	**-**	**-**	**-**	**(1,023)**	**(1,023)**
Integration costs	**-**	**-**	**-**	**-**	**-**	**(3,923)**	**(3,923)**
Historic tax provision[2]	**-**	**-**	**-**	**-**	**-**	**(3,245)**	**(3,245)**
EBITDA	**578,588**	**6,417**	**7,230**	**(20,494)**	**15,875**	**(31,975)**	**555,641**
Depreciation and amortisation							**(82,612)**
EBIT							**473,029**
Net finance expense							**(4,669)**
Profit before income tax							**468,360**

1 This represents revenue less commissions for financial services.
2 Historic indirect tax provision reflects potential retrospective changes to interpretation of tax law.
3 Gain relating to Move, Inc. sale of Top Producer.

2020 Restated[2]	**Australia**		**Asia**	**India**	**North America**	**Corporate**	**Total**
	Property & Online Advertising	**Financial Services**					
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment operating income[1]							
Total segment operating income[1]	747,467	25,707	48,795	-	-	-	821,969
Inter-segment operating income[1]	(767)	-	(933)	-	-	-	(1,700)
Operating income[1]	746,700	25,707	47,862	-	-	-	820,269
Results							
Segment EBITDA from core operations (excluding share of losses of associates and joint ventures)	495,545	10,046	8,880	-	-	(22,398)	492,073
Share of gains/ (losses) of associates and joint ventures	(154)	(182)	(1,418)	(7,493)	(7,223)	1,059	(15,411)
Gain on acquisitions and disposals	-	-	-	-	-	(1,059)	(1,059)
Segment EBITDA from core operations	495,391	9,864	7,462	(7,493)	(7,223)	(22,398)	475,603
Impairment	-	-	-	-	-	(148,569)	(148,569)
Restructure costs	-	-	-	-	-	(8,159)	(8,159)
Revaluation of contingent consideration	-	-	-	-	-	1	1
Gain/(loss) on acquisitions and disposals	-	-	-	-	-	(1,000)	(1,000)
EBITDA	495,391	9,864	7,462	(7,493)	(7,223)	(180,125)	317,876
Depreciation and amortisation							(78,620)
EBIT							239,256
Net finance expense							(5,562)
Profit before income tax							233,694

1 This represents revenue less commissions for financial services.
2 Comparative information for the year ended 30 June 2020 has been restated for the effects of the change in reporting related to India.

3. Revenue from contracts with customers and other income

(a) Revenue recognition

Accounting policies

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring products or services to a customer. The contract transaction price that will be recognised as revenue excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. Where services have been billed in advance and the performance obligations to transfer the services to the customer have not been satisfied, the consideration received will be recognised as a contract liability until such time when or as those performance obligations are met and revenue is recognised.

The Group's customer contracts may include multiple performance obligations. In these cases, the Group allocates the transaction price to each performance obligation based on the relative standalone selling prices of each distinct service. Standalone selling prices are determined based on prices charged to customers for individual products and services taking into consideration the size and length of contracts, product rate cards and the Group's overall go-to-market strategy.

Contract liabilities relate to consideration received in advance of the provision of goods or services to a customer and primarily arise from the difference in timing between billing and satisfaction of the performance obligation.

Type of revenue	**Recognition criteria**
Property & online advertising	
Subscription services	Subscription revenues are derived by providing property advertising services over a contracted period. Consideration is recorded as deferred when it is received which is typically at the time of sale and revenue is recognised over time as the customer receives and consumes the benefits of the access to display listings over the contract period. The measurement of progress in satisfying this performance obligation is based on the passage of time (i.e. on a straight-line basis). The amount of revenue recognised is based on the amount of the transaction price allocated to this performance obligation.
Listing depth products	Listing depth revenues are derived by providing property advertising services over a contracted period. Transaction price is allocated to the performance obligations (i.e. upgrades of listings to feature more prominently) and revenue is recognised over time as obligations are satisfied. Depth products are billed monthly in advance and the timing and duration of the contract may result in contract liabilities.
Banner advertising	Revenues from banner advertising are recognised over the time which the advertisements are placed or as the advertisements are displayed, depending on the structure of the contract. Advertising customers are billed on a monthly basis, and contract liabilities may arise between the date of contract commencement and the date all performance obligations are met.
Performance advertising and contracts	Revenues from performance advertising and performance contracts are recognised at a point in time, being when the performance measure occurs and is generated (e.g. cost per click or cost per impression). Customers are billed monthly in arrears.
Events	Event revenue is recognised over the period of time that the event takes place. Customers are billed monthly in arrears.
Data revenue	Automated valuation model ("AVM") income is derived from providing customers access to AVMs over a contracted period. Consideration is received monthly in arrears, with customers charged either a flat monthly fee or based on volume. Revenue is recognised over time where a flat fee is charged as the performance obligation is to stand ready to provide services, whereas volume driven fees are recognised at a point in time when the valuation is performed. Platform build revenue is recognised based on contract milestones. Where the Group has an enforceable right to payment for performance completed to date and no alternative use for the asset, it recognises revenue for the period build, based on time incurred. Platform licence fees are recognised over time as the customer receives and consumes the benefits of the access to the platform evenly over time.
Financial services	
Lender commissions	The Group provides mortgage broking services, where the service provided by the Group is to establish a loan contract between financial institutions and the borrower. No other services are provided by the Group to the borrower on behalf of the financial institution once the loan has been established. In exchange for that mortgage broking service, the Group is entitled to consideration in the form of an upfront commission and a trail commission. The upfront commission is recognised once the loan has been established and is subject to a clawback provision. The trail commission is received over the life of the loan to the extent that the borrower continues to hold the loan with the financial institution. The outcomes of both these uncertainties are outside the control of the Group, however the Group has extensive historical data and incorporates current market data to support the assessment of the consideration. Both commissions are accounted for as variable consideration and are estimated on an expected value basis. The estimated amount is included in the transaction price to the extent it is highly probable that a change in the upfront commissions or trail commission estimation would not result in a significant reversal of the cumulative revenue recognised. Revenue is updated each reporting period based on any changes in the estimates of variable consideration.

The Group applies the practical expedients in accordance with AASB 15 *Revenue from Contracts with Customers* paragraph 94, to expense the commissions in relation to obtaining contracts, and AASB 15 paragraph 121, to be exempt from disclosure of information about remaining performance obligations where the performance obligations are part of contracts that have original expected durations of one year or less, or remaining performance obligations where we have a right to consideration from a customer in an amount that corresponds directly with the value provided to the customer for the entity's performance obligations completed to date.

(b) Revenue from contracts with customers reconciliation

			Consolidated for the year ended 30 June 2021		
Total revenue for the Group: *Type of services*	**Property & Online Advertising $'000**	**Financial Services $'000**	**Asia $'000**	**India $'000**	**Total $'000**
Revenue from property & online advertising	**846,309**	**-**	**40,193**	**17,335**	**903,837**
Revenue from financial services	**-**	**101,529**	**-**	**-**	**101,529**
Total revenue	**846,309**	**101,529**	**40,193**	**17,335**	**1,005,366**

			Consolidated for the year ended 30 June 2021		
Total revenue for the Group: *Timing of revenue*	**Property & Online Advertising $'000**	**Financial Services $'000**	**Asia $'000**	**India $'000**	**Total $'000**
Services transferred at a point in time	**14,690**	**101,529**	**31**	**8,420**	**124,670**
Services transferred over time	**831,619**	**-**	**40,162**	**8,915**	**880,696**
Total revenue	**846,309**	**101,529**	**40,193**	**17,335**	**1,005,366**

			Consolidated for the year ended 30 June 2020		
Total revenue for the Group: *Type of services*	**Property & Online Advertising $'000**	**Financial Services $'000**	**Asia $'000**	**India $'000**	**Total $'000**
Revenue from property & online	746,700	-	47,862	-	794,562
Revenue from financial services	-	87,295	-	-	87,295
Total revenue	746,700	87,295	47,862	-	881,857

			Consolidated for the year ended 30 June 2020		
Total revenue for the Group: *Timing of revenue*	**Property & Online Advertising $'000**	**Financial Services $'000**	**Asia $'000**	**India $'000**	**Total $'000**
Services transferred at a point in time	12,229	87,295	59	-	99,583
Services transferred over time	734,471	-	47,803	-	782,274
Total revenue	746,700	87,295	47,862	-	881,857

Reconciliation of operating income:

	2021 $'000	2020 $'000
Total revenue	**1,005,366**	881,857
Expense from franchisee commissions	**(77,555)**	(61,588)
Total operating income	**927,811**	820,269

(c) Contract liabilities

As of 1 July 2020, contract liabilities amounted to $61.5 million, of which $61.5 million was recognised during the year ended 30 June 2021 (FY20: $50.0 million was recognised during the year ended 30 June 2020 relating to opening contract liabilities of $54.0 million).

4. Expenses

	2021 $'000	2020 $'000
Profit before income tax includes the following specific expenses:		
Finance (income)/expense		
Interest income	**(2,179)**	(2,878)
Interest expense	**6,574**	7,587
Foreign exchange loss - financing	**274**	853
Total finance expense	**4,669**	5,562
Depreciation of property, plant and equipment	**17,372**	17,270
Amortisation of intangibles	**65,240**	61,350
Total depreciation and amortisation expense	**82,612**	78,620
Advertising placement costs	**15,477**	9,192
Net foreign exchange (gain)/loss	**1,947**	(2,132)
Impairment of goodwill	**-**	106,761
Impairment of investment in associate	**-**	41,808

(a) Goods and services tax (GST)

Accounting policies

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

5. Earnings per share (EPS)

Accounting policies

The Group presents basic and diluted EPS in the Consolidated Income Statement.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(a) Earnings per share	**2021 Cents**	2020 Cents
Basic and diluted earnings per share attributable to the ordinary equity holders of the company	**244.6**	85.3

(b) Reconciliation of earnings used in calculating earnings per share	**2021 $'000**	2020 $'000
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**322,677**	112,373

(c) Weighted average number of shares	**2021 Shares**	2020 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share[1]	**131,927,327**	131,714,699

1 The Group does not have any dilutive potential ordinary shares. There is no effect of the share rights granted under the share-based payment plans on the weighted average number of ordinary shares, as shares are purchased on-market.

6. Intangible assets and impairment

Accounting policies

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised, instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For impairment testing purposes the Group identifies its cash generating units ("CGUs"), which are the smallest identifiable groups of assets that generate cash inflows largely independent of cash inflows of other assets or other groups of assets. The Group monitors goodwill at a segment level and the carrying amount of goodwill acquired through business combinations has been assessed for impairment testing on that basis.

IT development and software costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Other intangible assets such as customer contracts and brands acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of the intangible assets, ranging from three to 17 years for customers contracts, and 15 years for those brands that do not have an indefinite useful life (for which no amortisation charge is recognised).

In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision clarifies how current accounting standards apply to Software-as-a-Service (SaaS), including whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed. SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over a period of time. The IFRIC clarified that costs incurred to configure or customise, and the ongoing fees to obtain access to, the cloud provider's application software, are recognised as operating expenses as incurred. However, costs incurred in relation to the development of bridging modules to existing on-premise systems or bespoke additional capability which the Company controls, are capitalised as intangible software assets, and amortised over the useful life of the software on a straight-line basis. The Group's analysis indicates that the impact of this agenda decision is not material.

Key estimate and judgement	The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end. The estimation of useful lives of assets has been based on historic experience and turnover policies. Any changes to useful lives may affect prospective amortisation rates and asset carrying values. In assessing whether a brand has a finite or indefinite useful life, the Group makes use of information on the long-term strategy of the brand, the level of growth or decline of the markets that the brand operates in, the history of the market and the brand's position within that market. Assets other than goodwill and intangible assets that have an indefinite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Judgement is applied to identify the Group's CGUs. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. The determination of recoverable amount requires the estimation and discounting of future cash flows. These estimates

include establishing forecasts of future financial performance, discount rates and terminal growth rates. Each of these is based on a 'best estimate' at the time of performing the valuation, and by definition, the estimate will seldom equal the related actual results.

	Goodwill $'000	Software[1] $'000	Customer contracts $'000	Brands[2] $'000	Total $'000
Year ended 30 June 2021					
Opening net book amount	**414,747**	**123,900**	**27,592**	**84,126**	**650,365**
Additions - internally generated	**-**	**64,225**	**-**	**-**	**64,225**
Other business combinations[3]	**266,892**	**40,966**	**45,961**	**27,041**	**380,860**
Disposals (net of amortisation)	**-**	**(868)**	**-**	**-**	**(868)**
Amortisation charge	**-**	**(61,980)**	**(3,107)**	**(153)**	**(65,240)**
Transferred to assets held for sale	**(102,667)**	**(11,800)**	**(2,842)**	**(74,159)**	**(191,468)**
Exchange differences	**-**	**(1,430)**	**-**	**-**	**(1,430)**
Closing net book amount	**578,972**	**153,013**	**67,604**	**36,855**	**836,444**
As at 30 June 2021					
Cost	**832,967**	**428,768**	**79,443**	**50,155**	**1,391,333**
Accumulated amortisation and impairment	**(253,995)**	**(275,755)**	**(11,839)**	**(13,300)**	**(554,889)**
Closing net book amount	**578,972**	**153,013**	**67,604**	**36,855**	**836,444**
Year ended 30 June 2020					
Opening net book amount	545,706	121,897	31,191	84,293	783,087
Additions - internally generated	-	62,523	-	-	62,523
Other business combinations	-	108	-	-	108
Disposals (net of amortisation)	(24,198)	(3,313)	-	-	(27,511)
Amortisation charge	-	(57,584)	(3,599)	(167)	(61,350)
Impairment charge	(106,761)	-	-	-	(106,761)
Exchange differences	-	269	-	-	269
Closing net book amount	414,747	123,900	27,592	84,126	650,365
As at 30 June 2020					
Cost	877,545	384,485	45,353	97,274	1,404,657
Accumulated amortisation and impairment	(462,798)	(260,585)	(17,761)	(13,148)	(754,292)
Closing net book amount	414,747	123,900	27,592	84,126	650,365

[1] Software includes capitalised development costs, being an internally generated intangible asset.
[2] Brands includes indefinite life intangible assets allocated to the Financial Services CGU of $15.3 million (FY20: $3.9 million), to the India CGU of $14.5 million (FY20: nil) and to the Asia CGU of nil (FY20: $73.9 million).
[3] Acquisitions of Mortgage Choice and Elara.

(a) Impairment tests for goodwill and indefinite life intangibles

The Group monitors goodwill at segment level and the carrying amount of goodwill acquired through business combinations has been assessed for impairment testing as follows:

	Discount rates		Terminal growth rates		Goodwill $'000	
	2021	2020	**2021**	2020	**2021**	2020
Asia	**10.7%**	11.1% - 17.6%	**1.9%**	2.3% - 4.3%	**120,214**	222,881
Australia – Financial Services	**14.4%**	13.9%	**2.4%**	3.0%	**132,673**	29,124
Australia – Property & Online Advertising	**13.1%**	12.6%	**2.4%**	3.0%	**162,742**	162,742
India	**N/A**	N/A	**N/A**	-	**163,343**	-
Total					**578,972**	414,747

The recoverable amounts for Australia – Property and Online Advertising, Australia Financial Services and Asia have been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by the Board. These cash flow projections cover a five-year period. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate.

The recoverable amount for India has been determined based on a fair value less costs of disposal calculation, based on a market value methodology utilising a revenue multiple and Board approved financial forecasts. The inputs would be categorised as Level 2 within the fair value hierarchy.

(b) Result of impairment testing

The Group has not recorded an impairment charge as at 30 June 2021 (2020: $106.7 million).

The impairment charges in prior year are recorded in the Consolidated Income Statement and recognised in the Corporate segment for segment reporting purposes.

(c) Key assumptions used for valuation calculations

The calculation of value-in-use for each segment is most sensitive to the following assumptions:

Discount rates (pre-tax) represent the current market specific to each segment, taking into consideration the time value of money and individual risks that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specific circumstances of the Group and the segment and is derived from its weighted average cost of capital ("WACC"). Segment-specific risk is incorporated by applying additional regional risk factors. The WACC is evaluated annually based on publicly available market data.

Growth rate estimates are based on industry research and publicly available market data. The rates used to extrapolate the cash flows beyond the budget period includes an adjustment to current market rates where required to approximate a reasonable long-term average growth rate. Over the extended forecast period, growth rate assumptions are above the terminal growth rate as the Group operates in a high growth industry.

Real estate industry and lending industry conditions impact assumptions including volume of real estate and borrowing transactions, number of real estate agencies, broker productivity and new development project spend. Assumptions are based on research and publicly available market data.

(d) Sensitivity to changes in assumptions

There is no reasonable possible change in a key assumption used to determine the recoverable amount that would result in impairment.

7. Income tax

Accounting policies

Income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax law in the countries where the subsidiaries, associates, and joint ventures operate and generate taxable income. The Group establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Where there are current and deferred tax balances attributable to amounts recognised directly in equity, these are also recognised directly in equity.

Tax consolidation legislation

The head entity, REA Group Ltd and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. Details about the tax funding agreement in place between REA Group Ltd and wholly owned entities are disclosed in Note 24.

Adoption of Voluntary Tax Transparency Code

On 3 May 2016, the Australian Treasurer released a Voluntary Tax Transparency Code (the Voluntary Code). The Voluntary Code recommends additional tax information be publicly disclosed to help educate the public about the corporate sector's compliance with Australia's tax laws. REA Group supports the Voluntary Tax Transparency Code as part of our commitment to paying the right amount of tax and complying with all tax laws and signed up to this Voluntary Code for FY21.

Key estimate and judgement

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

The Group is also required to assess if it has any uncertain tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the relevant tax authority, and these require additional disclosures.

(a) Income tax expense	**2021 $'000**	2020 $'000
Current tax	**159,078**	130,286
Adjustments for current tax of prior periods	**279**	51
Deferred tax	**(4,839)**	(9,002)
Adjustments for deferred tax of prior periods	**859**	(226)
Total income tax expense reported in the Consolidated Income Statement	**155,377**	121,109

(b) Numerical reconciliation of income tax expense to prima facie tax payable	**2021 $'000**	2020 $'000
Accounting profit before income tax	**468,360**	233,694
Tax at the Australian tax rate of 30% (2020: 30%)	**140,508**	70,109
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development deduction	**(1,621)**	(1,967)
Share of (gains)/losses of associates and joint ventures	**(3,785)**	4,623
Prior period adjustments including research and development claim	**1,138**	(176)
Effect of foreign tax rate	**28**	(318)
Tax losses not recognised	**15,665**	9,946
Impairment of goodwill in subsidiaries	**-**	32,028
Impairment of investment in associate	**-**	14,843
(Gain)/loss on acquisitions	**(1,337)**	618
(Gain)/loss on sale of business	**-**	(2,301)
Tax cost setting adjustments for acquired entities	**(358)**	(8,044)
Transaction costs	**2,701**	-
Other	**2,438**	1,748
Total income tax expense reported in the Consolidated Income Statement	**155,377**	121,109

(c) Amounts recognised directly into equity	**2021 $'000**	2020 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in the Consolidated Income Statement or other comprehensive income but directly debited/(credited) to equity:		
Current tax – credited directly to equity	**-**	(311)
Net deferred tax – debited/(credited) directly to equity	**(384)**	21
Total amount recognised directly into equity	**(384)**	(290)

(d) Summary of deferred tax	**2021 $'000**	2020 $'000
The balances comprise temporary differences attributable to:		
Employee benefits	**4,972**	2,738
Expected credit losses	**1,201**	1,851
Accruals and other	**7,738**	6,497
Intangible assets	**(53,689)**	(34,513)
Foreign currency revaluation of associate	**(1,437)**	(1,822)
Total temporary differences	**(41,215)**	(25,249)
Deferred tax assets	**13,911**	11,086
Deferred tax liabilities	**(55,126)**	(36,335)
Net deferred tax liabilities	**(41,215)**	(25,249)
Movements:		
Opening balance	**(25,249)**	(33,810)
Credited to the Consolidated Income Statement	**3,980**	9,228
(Debited)/Credited to equity	**384**	(21)
Deferred taxes on acquisition of subsidiary	**(38,858)**	(646)
Transferred to assets held for sale	**18,528**	-
Closing balance	**(41,215)**	(25,249)
Deferred tax assets expected to be recovered within 12 months	**11,546**	8,693
Deferred tax assets expected to be recovered after more than 12 months	**2,365**	2,393
Deferred tax liabilities expected to be payable within 12 months	**-**	-
Deferred tax liabilities expected to be payable after more than 12 months	**(55,126)**	(36,335)
Net deferred tax liabilities	**(41,215)**	(25,249)

(e) Unrecognised temporary differences

The Group has unused tax losses for which no deferred tax asset has been recognised of $238.0 million (2020: $43.3 million) on the basis that it is not probable that the Group will derive future assessable income of a nature and amount sufficient to enable the temporary difference to be realised. Of the $238.0 million, $49.0 million has no time limit expiry and $189.0 million is subject to a time limit of expiry ranging five to eight years from when the loss was incurred.

RETURNS, RISK AND CAPITAL MANAGEMENT

This section sets out the policies and procedures applied to manage capital structure and the related risks and rewards. Capital structure is managed in such a way so as to maximise shareholder return, maintain optimal cost of capital and provide flexibility for strategic investment.

8. Cash and cash equivalents

Accounting policies

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of less than 12 months and are subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

	2021 $000	2020 $000
Cash at bank and in hand	**168,410**	222,407
Short-term deposits	**459**	438
Total cash and short-term deposits	**168,869**	222,845

(a) Cash flow reconciliation	**2021 $'000**	2020 $'000
Profit for the year	**312,983**	112,585
Depreciation and amortisation	**82,612**	78,620
Impairment charges	**-**	148,569
Share-based payment expense	**9,097**	4,931
Net exchange differences	**3,661**	(2,789)
Share of (gains)/losses of associates and joint ventures	**(12,618)**	15,411
Share-based payment on settlement of LTI Plans	**-**	(1,407)
Contingent consideration revaluation and unwind	**-**	(1)
Other non-cash items	**580**	5,854
Change in operating assets and liabilities		
Acquisition of net working capital	**29,097**	3,129
Divestment of subsidiary	**-**	(1,742)
(Increase)/Decrease in trade receivables	**(34,047)**	19,177
(Increase)/Decrease in other current assets	**(114,263)**	(412)
Decrease/(Increase) in deferred tax assets	**(2,826)**	2,409
(Increase) in other non-current assets	**(287,126)**	(14,533)
Increase in trade and other payables	**313,510**	30,195
Increase in contract liabilities	**18,308**	7,519
(Decrease)/Increase in provisions	**8,787**	(7,960)
(Decrease)/Increase in deferred tax liabilities	**37,321**	(10,970)
(Decrease)/Increase in current tax liabilities	**(43,625)**	30,561
Net cash inflow from operating activities	**321,451**	419,146

9. Financial risk management

The financial risks arising from the Group's operations comprise market, credit and liquidity risk. The Group seeks to manage risks in ways that will generate and protect shareholder value. Management of risk is a continual process and an integral part of business management and corporate governance. The Group's risk management strategy is aligned with the corporate strategy and company vision to ensure that the risk management strategy contributes to corporate goals and objectives.

The Board determines the Group's tolerance for risk, after taking into account the strategic objectives, shareholder expectations, financial and reporting requirements and the financial position, organisational culture and the experience or demonstrated capacity in managing risks. Management is required to analyse its business risk in the context of Board expectations, specific business objectives and the organisation's risk tolerance.

One of the key areas of the Group's risk management focus is on financial risk management of financial instruments, used to raise and distribute funds for the Group's operations and opportunities. Borrowings are made at variable interest rates. Cash and cash equivalents draw interest at variable interest rates. All other financial assets and liabilities are non-interest-bearing. The Group holds the following financial instruments:

	Notes	2021 $'000	2020 $'000
Current financial assets/(liabilities) not measured at fair value[1]			
Cash and cash equivalents	8	**168,869**	222,845
Trade and other receivables		**147,886**	104,943
Current commission contract assets[2]	11	**148,692**	45,356
Trade and other payables	15	**(95,673)**	(78,478)
Current commission liabilities	11	**(113,899)**	(35,603)
Interest bearing loans and borrowings		**(8,822)**	(76,470)
Financial guarantees		**-**	(1,844)
Total current net financial assets		**247,053**	180,749
Non-current financial assets/(liabilities) not measured at fair value[1]			
Other non-current assets	14	**5,013**	1,585
Non-current commission contract assets[2]	11	**431,342**	147,856
Non-current commission liabilities	11	**(324,990)**	(115,893)
Interest bearing loans and borrowings		**(486,781)**	(250,682)
Financial guarantees		**-**	(167)
Total non-current net financial liabilities		**(375,416)**	(217,301)

1 Measurement consistently applied to assets and liabilities presented as held for sale as at 30 June 2021, except for the convertible note receivable which is measured at fair value, refer to Note 20 for details.
2 Commission contract assets are accounted for in accordance with AASB 15, with an ECL measured in accordance with AASB 9. Refer to Note 11 for further details.

The Group assessed that the fair values of cash and cash equivalents, trade receivables and other assets, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Refer to section (c) for measurement details on borrowings.

(a) Financial assets

Accounting policies

Recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets at amortised cost is the category most relevant to the Group.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (Note 14).

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Consolidated Income Statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not currently hold investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
Further information about the Group's ECLs on trade receivables and other assets in Note 14.

(b) Financial liabilities

Accounting policies

Recognition and measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate
- Contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies.

All financial liabilities are recognised initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, and loans and borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is amortised on a straight-line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. This category generally applies to interest-bearing loans and borrowings (refer to section (c)).

Financial guarantees

After initial recognition, guarantees issued are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with the ECL model under AASB 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles in AASB 15.

ECLs are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Further information about the Group's ECLs on guarantee liabilities is disclosed in this note.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Gains or losses on liabilities held for trading are recognised in the Consolidated Income Statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

(c) Borrowings

Facility[1]	Interest rate	Maturity	2021 $'000	2020 $'000
Unsecured bridge facility[2]	BBSY +0.80%[3]	July 2022	**413,745**	-
Unsecured syndicated revolving loan facility[4]				
Sub Facility A	BBSY +0.85% - 1.45%	December 2021	-	170,000
Sub Facility B	BBSY +2.00% - 2.75%	December 2021	-	-
Unsecured NAB revolving loan facility[5]	BBSY +0.85% - 1.40%	April 2021	-	70,000
Unsecured NAB overdraft facility[6]	NAB benchmark rate - 4.22%	On demand	-	-

1 The carrying value of the debt approximates fair value.

2 Bridge facility with National Australia Bank. The undrawn amount at 30 June 2021 was $106.25 million.

3 Interest rate margin is set at 0.8% to 31 December 2021, 1.1% between 1 January 2022 and March 2022 and 1.4% between 1 April 2022 and the termination of the facility.

4 The loan facility was provided by a syndicate comprising Australia and New Zealand Bank, National Australia Bank and HSBC. The facility was repaid using the unsecured bridge facility on 8 June 2021.

5 Facility matured and was repaid on 27 April 2021.

6 Facility was closed on 9 June 2021. The facility was undrawn.

(i) Unsecured bridge facility

On 8 June 2021, the Group repaid the unsecured syndicated revolving facility using the funds from the $520 million unsecured bridge facility which matures in July 2022. The proceeds from the bridge facility were used to repay the $170.0 million of Sub Facility A in addition to providing finance for Group acquisitions. The total drawn amount at 30 June 2021 was $413.7 million.

A total of $0.4 million in interest was paid for the year ended 30 June 2021 at a weighted average interest rate of 0.8%. Transaction costs of $0.6 million, which were incurred to establish the facility, have been capitalised on the Consolidated

Statement of Financial Position, of which $0.5 million has not yet been amortised through the Consolidated Income Statement.

The loan facility requires the Group to maintain a net leverage ratio of not more than 3.50 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. As of 30 June 2021, the Group was in compliance with all applicable debt covenants.

(ii) Unsecured syndicated revolving loan facility

On 8 June 2021, the $170.0 million of Sub Facility A of the unsecured revolving loan facility was repaid using proceeds from the unsecured bridge facility. On 15 June 2021, the undrawn $148.5 million of Sub Facility B of the unsecured revolving loan facility was closed. The overall unsecured syndicated revolving loan facility was treated as an extinguishment and a loss of $0.4 million recognised in the Consolidated Income Statement. The interest rate margin was between 0.85% and 2.00% (2020: between 0.85% and 2.00%). $1.6 million in interest was paid for the year ended 30 June 2021 (2020: $3.7 million) at a weighted average interest rate of 0.49% (2020: 1.9%).

The Group was in compliance with all applicable debt covenants up until the date of closure of the facility.

(iii) Unsecured NAB revolving loan facility

On 27 April 2021 the facility matured and was repaid by the Group. The facility was treated as an extinguishment and a gain of $0.1 million recognised in the Consolidated Income Statement.

The interest rate margin was 0.85% (2020: 0.85%). $0.6 million in interest was paid for the year ended 30 June 2021 (2020: $1.2 million) at a weighted average interest rate of 0.95% (2020: 1.7%).

Debt covenant requirements for the facility are consistent with those applied to the unsecured syndicated revolving loan facility. The Group was in compliance with all of the applicable debt covenants up until the date of closure of the facility.

(iv) Unsecured NAB revolving loan facility

On 9 June 2021, the Group closed the $20.0 million overdraft facility. The facility was undrawn up until the date of closure. The facility was treated as an extinguishment and a loss of $0.1 million recognised in the Consolidated Income Statement.

(d) Market risk – foreign exchange

Nature of risk	Risk management	Material arrangements	Exposure
Foreign currency risk arises when future transactions or financial assets and liabilities are denominated in a currency other than the entity's functional currency. The Group operates internationally and is therefore exposed to foreign exchange risk, relating to the US Dollar (USD), Singapore Dollar (SGD), Hong Kong Dollar (HKD), Malaysian Ringgit (MYR), Thai Baht (THB), Indian Rupee (INR) and Chinese Yuan (CNY).	The Group manages foreign currency risk by evaluating its exposure to fluctuations and entering forward foreign currency contracts, where appropriate. The Group also holds foreign currency cash balances in order to fund significant transactions denominated in non-functional currencies.	At the reporting date, cash and cash equivalents included the AUD equivalent of $14.8 million (2020: $9.2 million) in MYR, THB, SGD, HKD, USD, INR and CNY. At reporting date, no forward or foreign currency contracts were in place. The Group's exposure to foreign currency changes for all other currencies is not considered material.	Sensitivity analysis was performed to illustrate the impact of movements in each foreign currency with all other variables held constant and utilising a range of +5% to -5%: Cash and cash equivalents: the impact to the profit and loss would be between ($0.7 million) and $0.7 million.

(e) Market risk – cash flow interest rate

Nature of risk	Risk management	Material arrangements	Exposure
The Group is exposed to variable interest rate risk on its interest bearing financial assets and liabilities due to the possibility that changes in interest rates will affect future cash flows. As at 30 June 2021, the Group's primary exposure to interest rate risk arises from interest bearing loans and borrowings (excluding lease liabilities) and cash and cash equivalents. Cash and cash equivalents consist primarily of cash and short-term deposits, which are predominately interest bearing accounts.	Funds that are excess to short-term liquidity requirements are generally invested in short-term deposits. The Group is primarily exposed to domestic interest rate movements, therefore exposure and impact to foreign interest change is considered immaterial. The Group manages interest rate risk by evaluating its exposure to interest rate changes and entering contracts where appropriate.	As at 30 June 2021, the Group held cash and cash equivalents of $168.9 million (2020: $222.8 million), of which $0.5 million (2020: $0.4 million) was held in short-term deposits. As at 30 June 2021, the Group held interest bearing loans and borrowings (excluding lease liabilities) of $413.4 million (2020: $240.0 million) which are exposed to interest rate movements. See further details in section (c) on the Group's borrowing facilities.	Sensitivity analyses were performed to illustrate the impact of movements in interest rates, with all other variables held constant. Borrowings: the weighted average interest rate for the year ended 30 June 2021 was 0.49% (2020: 1.89%). If the interest rate were to increase or decrease by 1%, the impact to the interest expense would be between $0.1 million and ($0.1 million). Cash and cash equivalents: if cash and cash equivalents were to increase or decrease by 1%, based on historic interest rates, the impact to interest income would be between $0.1 million and ($0.1 million).

(f) Market risk – price

The Group does not have any listed equity securities that are susceptible to market price risk arising from uncertainties about future values of the investment securities at 30 June 2021 (2020: nil).

(g) Credit risk

Nature of risk	Risk management	Material arrangements	Exposure
Credit risk can arise from the non-performance by counterparties of their contractual financial obligations towards the Group. The Group is exposed to credit risk from its operating activities (primarily from trade receivables and commission contract assets) and from its financing activities, including deposits with financial institutions.	It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which may include an assessment of their financial position, past experience and industry reputation, depending on the amount of credit to be granted. Receivable balances are monitored on an ongoing basis. Refer to Note 14 for further details on the expected credit loss policy. Credit risk arising from other financial assets, i.e. cash and cash equivalents, arises from default of the counterparty. The Group's treasury policy specifies a minimum long term "BB" or better investment grade risk rating for financial institutions in order to transact with the Group.	The gross trade receivables balance at 30 June 2021 was $125.1 million (2020: $93.5 million). Refer to Note 14 for an aging analysis of this balance. As at 30 June 2021, the Group held cash and cash equivalents of $168.9 million (2020: $222.8 million) of which $0.5 million (2020: $0.4 million) was held in short-term deposits.	The Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets. Refer to Note 14 for details on the provision for expected credit losses as at 30 June 2021.

(h) Liquidity risk

Nature of risk	Risk management	Material arrangements	Exposure
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.	Liquidity risk is managed via the regular review of forecasted cash inflows and outflows, with any surplus funds being placed in short term deposits to maximise interest revenue. Principally the Group sources liquidity from cash generated from operations and where required external bank facilities.	The gross trade receivables balance at 30 June 2021 was $125.1 million (2020: $93.5 million). Refer to Note 14 for an aging analysis of this balance. As at 30 June 2020, the Group held cash and cash equivalents of $168.9 million (2020: $222.8 million), of which $0.5 million (2020: $0.4 million) was held in short-term deposits. The Group also had access to the Bridge facility with an undrawn amount of $106.3 million. See further details in section (i) on the Group's contractual maturities of financial assets and liabilities.	The table below categorises the Group's financial liabilities into their relevant maturity groupings. The amounts included are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(i) Contractual maturities of financial assets and liabilities

	< 6 months $'000	6-12 months $'000	1-2 years $'000	>2 years $'000	Total contractual cash flows $'000	Carrying amount $'000
At 30 June 2021						
Commission contract assets	**87,246**	**67,237**	**115,437**	**412,148**	**682,068**	**580,034**
Commission contract liabilities	**(66,730)**	**(51,043)**	**(87,362)**	**(311,192)**	**(516,327)**	**(438,889)**
Trade payables	**(95,673)**	**-**	**-**	**-**	**(95,673)**	**(95,673)**
Borrowings	**(5,295)**	**(5,540)**	**(424,032)**	**(71,759)**	**(506,626)**	**(495,603)**
	(80,452)	**10,654**	**(395,957)**	**29,197**	**(436,558)**	**(450,131)**
At 30 June 2020						
Commission contract assets	28,637	26,214	45,663	156,407	256,921	193,212
Commission contract liabilities	(20,776)	(18,936)	(32,794)	(106,302)	(178,808)	(151,496)
Trade payables	(78,478)	-	-	-	(78,478)	(78,478)
Contingent consideration	(37,994)	-	-	-	(37,994)	(2,011)
Borrowings	(4,265)	(74,959)	(180,233)	(81,285)	(340,742)	(327,152)
	(112,876)	(67,681)	(167,364)	(31,180)	(379,101)	(365,925)

(j) Reconciliation of liabilities arising from financing activities

	Balance at 1 July 2020 $'000	Additions[1] $'000	Principal payments $'000	Other $'000	Balance at 30 June 2021 $'000
Current loans	69,456	-	(240,000)	170,544	**-**
Current lease liabilities	7,014	1,284	(7,229)	7,753	**8,822**
Total current interest bearing loans and borrowings	**76,470**	**1,284**	**(247,229)**	**178,297**	**8,822**
Non-current loans	169,777	413,356	-	(169,750)	**413,383**
Non-current lease liabilities	80,897	1,625	-	(9,124)	**73,398**
Total non-current interest bearing loans and borrowings	**250,674**	**414,981**	**-**	**(178,874)**	**486,781**

[1] Additions include $2.7 million relating to lease liabilities as part of the acquisitions of Mortgage Choice.

	Balance at 1 July 2019 $'000	Additions $'000	Principal payments $'000	Other $'000	Balance at 30 June 2020 $'000
Current loans	239,809	69,516	(240,000)	131	69,456
Current lease liabilities	6,399	1,407	(6,084)	5,292	7,014
Total current interest bearing loans and borrowings	246,208	70,923	(246,084)	5,423	76,470
Non-current loans	69,940	100,484	-	(647)	169,777
Non-current lease liabilities	67,111	21,314	-	(7,528)	80,897
Total non-current interest bearing loans and borrowings	137,051	121,798	-	(8,175)	250,674

10. Leases

Accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all the capacity of the asset during the lease term. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for leases of property the Group has elected not to separate non-lease components and therefore account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Group used its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease for each lessee and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'interest bearing loans and borrowings' in the Consolidated Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Key estimate and judgement	The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. If the Group cannot readily determine the interest rate implicit in the lease, it uses the lessee's incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(a) Leases as a lessee

The Group typically leases office space over periods of two to seven years, with an option to renew the lease after that date. Lease payments are renegotiated on the exercise of renewal options to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases IT equipment with contract terms of one to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(i) Right-of-use assets

Right-of-use assets are presented as property, plant and equipment (see Note 23). The Group leases various assets including buildings and IT equipment. Information about leases for which the Group is a lessee is presented below.

	Property $'000	Equipment $'000	Total $'000
Balance at 1 July 2020	**82,372**	**83**	**82,455**
Additions	250	-	250
Other business combinations[1]	2,374	-	2,374
Remeasurement	(39)	483	444
Depreciation	(9,640)	(566)	(10,206)
Disposals (net of accumulated depreciation)	(275)	-	(275)
Transferred to assets held for sale	(1,022)	-	(1,022)
Exchange differences (net)	(255)	-	(255)
Balance at 30 June 2021	**73,765**	**-**	**73,765**
Balance at 1 July 2019	71,045	358	71,403
Additions	22,721	-	22,721
Remeasurement	(136)	-	(136)
Depreciation	(9,163)	(275)	(9,438)
Disposals (net of accumulated depreciation)	(2,191)	-	(2,191)
Exchange differences (net)	96	-	96
Balance at 30 June 2020	82,372	83	82,455

[1] Acquisition of Mortgage Choice

Lease liabilities

Lease liabilities are presented as interest bearing loans and borrowings (see Note 9).

	2021 $'000	2020 $'000
Maturity analysis – undiscounted cash flows		
Less than one year	10,835	9,244
One to five years	37,181	37,950
More than five years	44,865	53,568
Total undiscounted lease liabilities at 30 June	**92,881**	100,742
Lease liabilities included in the Consolidated Statement of Financial Position at 30 June	**82,220**	87,919
Current	8,822	7,014
Non-current	73,398	80,905
Transferred to liabilities of disposal group held for sale	1,064	-

(ii) Amounts recognised in profit and loss

	2021 $'000	2020 $'000
Interest on lease liabilities	2,217	2,305
Variable lease payment not included in the measurement of lease liabilities	-	-
Expenses relating to short-term leases	548	288
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	125	135

(iii) Amounts paid during the year

	2021 $'000	2020 $'000
Total cash outflow for leases	9,430	8,390

(iv) Extension options

A number of the Group's property leases contain extension options exercisable by the Group, up to 6 months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has an exposure of $2.2 million (2020: nil) from extension options not reflected in the lease liability.

11. Commissions

Accounting policies

On initial recognition at settlement, the Group recognises **trailing commission** revenue and a related commission contract asset representing management's estimate of the variable consideration to be received from completion of the performance obligation. The Group uses the 'expected value' method of estimating variable consideration which requires significant judgement. A significant financing component is also involved when determining this variable consideration. As such, the contract asset is adjusted by recalculating the net present value of estimated future cash flows at the original effective interest rate. The transaction price is a percentage of the expected outstanding balance of the loan.

A corresponding expense and payable is also recognised, initially measured at fair value being the net present value of expected future trailing commission payable to brokers. These calculations require the use of assumptions that are unobservable inputs categorised as Level 3 within the fair value hierarchy. The trail commission liabilities that are initially recognised at fair value are subsequently carried at amortised cost using the effective interest rate ("EIR") method. Any resulting adjustment to the carrying value is recognised as income or expense in the Consolidated Income Statement.

Key estimate and judgement	The determination of the assumptions used in the valuation of trailing commissions is based primarily on an annual actuarial assessment at year end of the underlying loan portfolio, including historical run-off rate analysis and consideration of current and future economic factors. These factors are complex and the determination of assumptions requires a high degree of judgement.

The key assumptions underlying the expected value calculations of the trailing commission contract asset and the corresponding liability due to franchisees at 30 June are detailed below. The assumptions reflect the 'best estimate' of COVID-19 on the trailing commission asset and corresponding liability at the time of performing the valuation. Any increase/decrease in the below assumptions would lead to a corresponding increase/decrease in the carrying value of the trailing commissions balance. In June 2021, the Group acquired Mortgage Choice Limited, which contributed significant commission contract assets and commission contract liabilities on acquisition. Refer to Note 19 (a) for further details.

	2021	2020
Weighted average loan life	**4.2 years**	4.3 years
Discount rate per annum	**4.5 – 6.5%**	5.0 – 6.5%
Overall average percentage paid to franchisees	**75.7%**	78.4%

Future trail commission contract assets are due from a combination of highly rated major lenders. There have been no historical instances where a loss has been incurred, including through the global financial crisis. ECLs are not considered material and consequently have not been recognised.

The carrying amounts of financial assets and financial liabilities recognised as they relate to trailing commissions are detailed below:

	2021	2020
	$'000	$'000
Future trailing commission contract asset – current	**122,375**	38,317
Upfront commission contract asset - current	**26,317**	7,039
Total current commission contract assets	**148,692**	45,356
Future trailing commission contract asset – non-current	**431,342**	147,856
Future trailing commission liability - current	**92,236**	29,988
Upfront commission liability – non-current	**21,663**	5,615
Total current commission liabilities	**113,899**	35,603
Future trailing commission liability – non-current	**324,990**	115,893

12. Dividends

Accounting policies

Dividend declared is provided for when it is appropriately authorised and no longer at the discretion of the company on or before the end of the reporting period but not distributed at the end of the reporting period.

	2021 $'000	2020 $'000
Declared and paid during the period (fully franked at 30%)		
Interim dividend for 2021: 59.0 cents (2020: 55.0 cents)	**77,949**	72,443
Final dividend for 2020: 55.0 cents (2019: 63.0 cents)	**72,443**	82,980
Total dividends provided for or paid	**150,392**	155,423
Proposed and unrecognised as a liability (fully franked at 30%)		
Final dividend for 2021: 72.0 cents (2020: 55.0 cents). Proposed dividend is expected to be paid on 16 September 2021 out of retained earnings at 30 June 2021 but is not recognised as a liability at year end	**95,124**	72,443
Franking credit balance (based on a tax rate of 30%)		
Franking credits available for future years, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year	**585,871**	450,202
Impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end	**(40,767)**	(31,047)

13. Equity and reserves

(a) Equity

Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The company does not have authorised share capital or par value in respect of its shares.

The number of ordinary shares issued at 30 June 2021 was 132,117,217 (2020: 131,714,699).

	Contributed equity $'000	Other contributed equity $'000	Total $'000
Balance at 1 July 2019	102,616	(13,072)	89,544
Acquisition of treasury shares	-	(344)	(344)
Settlement of vested performance rights	-	2,850	2,850
Balance at 30 June 2020	**102,616**	**(10,566)**	**92,050**
Acquisition of treasury shares	**-**	**(3,721)**	**(3,721)**
Settlement of vested performance rights	**-**	**3,734**	**3,734**
Issue of new shares	**59,851**	**-**	**59,851**
Other – change in non-controlling interest	**-**	**226**	**226**
Balance at 30 June 2021	**162,467**	**(10,327)**	**152,140**

As detailed in Note 19, the Group issued 402,518 new shares as scrip consideration for the acquisition of Elara, of which 318,323 shares were issued on 17 December 2020 and 84,195 shares were issued on 30 December 2020. The closing share price on 17 December 2020 and 30 December 2020 was $148.59 and $149.07 respectively.

The provision of shares to satisfy grants under share-based payment plans was made through the on-market purchase of shares, not by issuing new shares. Refer to Note 18 for more details of the plans.

(b) Reserves

Accounting policies

Share-based payments reserve represents the value of the grant of rights to executives under the Long-Term Incentive Plans and other compensation granted in the form of equity. The amounts are transferred out of the reserve when the rights vest and the shares are purchased on-market. Refer to Note 18 for further details on share-based payment arrangements.

Currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of its overseas subsidiaries and equity investments.

	Share-based payments reserve $'000	Currency translation reserve $'000	Total $'000
Balance at 1 July 2019	**8,021**	**60,099**	**68,120**
Foreign currency translation differences	-	(1,291)	(1,291)
Total other comprehensive gain	-	(1,291)	(1,291)
Share-based payments expense	4,931	-	4,931
Settlement of vested performance rights	(3,955)	-	(3,955)
Balance at 30 June 2020	**8,997**	**58,808**	**67,805**
Foreign currency translation differences	**-**	**(32,810)**	**(32,810)**
Total other comprehensive gain	**-**	**(32,810)**	**(32,810)**
Share-based payments expense	**9,097**	**-**	**9,097**
Settlement of vested performance rights	**(3,734)**	**-**	**(3,734)**
Balance at 30 June 2021	**14,360**	**25,998**	**40,358**

14. Trade and other receivables and contract assets

Accounting policies

Trade receivables are initially recognised at the transaction price. Due to their short-term nature, trade receivables have not been discounted. Trade receivables are generally due for settlement between 15 and 60 days. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for expected credit losses) is made when the Group expects that it will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Contract assets relate to the provision of goods or services to a customer in advance of consideration being received or due and primarily arise because the consideration to be received is conditional.

A provision matrix is used to calculate **expected credit losses** ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of customer segments that have similar loss patterns.

The ECL calculation performed at each reporting date reflects the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtor profiles and the economic environment. Generally, trade receivables are written off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9.

Impairment losses are recognised in the Consolidated Income Statement within operations and administration expenses. When a trade receivable for which an allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the provision account.

Key estimate and judgement	The provision matrix used to calculate ECLs is initially based on the Group's historical observed default rates and the matrix is adjusted for forward-looking information including the expected impact of COVID -19. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

	2021 $'000	2020 $'000
Trade receivables	**125,094**	93,499
Provision for expected credit losses	**(5,528)**	(6,611)
Net trade receivables	**119,566**	86,888
Current prepayments	**21,008**	9,659
Accrued income and other receivables	**7,312**	2,844
Current trade and other receivables	**147,886**	99,391
Non-current prepayments	**824**	875
Other assets	**4,189**	710
Other non-current assets	**5,013**	1,585
Total trade receivables and other assets	**152,899**	100,976

(a) Ageing of trade receivables	2021 $'000	2020 $'000
Not due	**103,649**	75,896
1-30 days past due not impaired	**9,531**	6,964
31-60 days past due not impaired	**1,001**	1,993
61+ days past due not impaired	**5,385**	2,035
Provisions for expected credit losses	**5,528**	6,611
Total gross trade receivables	**125,094**	93,499

During the year, a total expense of $1.0 million (2020: $1.2 million) was recognised in the Consolidated Income Statement in relation to trade receivables written off.

Information about the Group's exposure to foreign currency, interest rate and credit risk in relation to trade and other receivables is provided in Note 9.

(b) Contract assets

Contracts assets relate to the provision of services in advance of consideration being received or due because the consideration to be received is conditional. Upon achievement of these conditions, the amount recognised as a contract asset will be reclassified to trade receivables. As at 30 June 2021, the Group has nil contract assets (2020: $5.6 million).

15. Trade and other payables

Accounting policies

Trade and other payables are carried at amortised cost and are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid in accordance with vendor terms.

	2021 $'000	2020 $'000
Trade payables	5,909	23,498
Accrued expenses	78,183	33,902
Other payables	11,581	21,078
Total trade and other payables	**95,673**	78,478

16. Contingencies and commitments

(a) Contingent liabilities

(i) Claims

Various claims arise in the ordinary course of business against REA Group Ltd and its subsidiaries. The amount of the liability (if any) at 30 June 2021 cannot be ascertained, and any resulting liability would not materially affect the financial position of the Group.

(ii) Guarantees

At 30 June 2021, the Group had bank guarantees totalling $4.5 million (2020: $3.6 million) in respect of various property leases for offices used by the Group.

In December 2020, REA and News Corp acquired preference shares in Elara Technologies Pte. Ltd. by issuing cash consideration for repayment of the USD$69.0 million revolving credit facility (“RCF”) with Citibank. This resulted in the derecognition of a $1.3 million guarantee liability and accrued income asset on settlement of the RCF facility on completion.

(iii) Other Matters

From time to time, the Group is subject to both formal and informal reviews by various tax authorities as well as legal claims. The final outcome of any tax review or audit cannot be determined with an acceptable degree of reliability. At 30 June 2021 the Consolidated Statement of Financial Position accurately reflects all potential taxation liabilities and the Group is taking reasonable steps to conclude all outstanding matters with the relevant tax authorities.

(b) Commitments

The Group has no capital commitments at 30 June 2021 (2020: nil).

As set out in Note 19(b) (vii) REA has agreed to provide ongoing funding to Elara for a minimum of 18 months from the date of acquisition, on terms consistent with the RCF previously held by Elara.

As at 30 June 2021, the Group is committed to provide future funding up to a maximum of USD$8.77 million to the 99 Group. Refer to Note 27 for further information.

OUR PEOPLE

This section provides information about employee benefit obligations, including annual leave, long service leave and post-employment benefits. It also includes details about employee share plans.

17. Employee benefits

Accounting policies

Wage and salary liabilities are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave liabilities are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Income Statement.

Termination benefits are payable when employment is terminated before the normal retirement date or an employee accepts voluntary redundancy in exchange for these benefits. It is recognised when the Group is demonstrably committed to either terminating employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments are further described in Note 18.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	2021 $'000	2020 $'000
Employee benefits		
Salary costs	**208,084**	168,763
Defined contribution superannuation expense	**17,049**	16,505
Share-based payments expense	**9,097**	4,931
Total employee benefits expenses	**234,230**	190,199
Provisions		
Current employee benefit provisions[1]	**13,794**	7,625
Non-current employee benefit provisions[2]	**4,852**	2,814
Total employee benefit provisions	**18,646**	10,439

1 Included within current provisions
2 Included within non-current provisions

18. Share-based payments

Accounting policies

The cost of **equity settled transactions** is recognised in employee benefits expense in the Consolidated Income Statement, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each reporting date until vesting, the cumulative charge to the Consolidated Income Statement is in accordance with the vesting conditions.

Equity settled awards granted by the Company to employees of subsidiaries are recognised in the subsidiaries' separate Financial Statements as an expense with a corresponding credit to equity. As a result, the expense recognised by the Group is the total expense associated with all such awards. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

Key estimate and judgement	The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Long Term Incentive ("LTI") plan, deferred share and deferred equity plan valuations were performed using the Black Scholes model. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(a) LTI plan

The Group operates a LTI plan for executives identified by the Board. The plan is based on the grant of performance rights that vest as shares on a one-to-one basis at no cost to the employee subject to performance hurdles. Settlement of the performance rights is made in ordinary shares purchased on-market. The performance measures approved by the Board for all executives are based upon Group revenue and EPS annual growth rate achievement over the performance period. LTI plans issued during the year also include a performance measure based upon relative Total Shareholder Returns over the performance period.

Rights are vested after the performance period. The LTI Plan 2021 rights performance period ended on 30 June 2021 and they will vest upon approval by the Board in August 2021. As all other performance periods conclude in the future, no performance rights are exercisable (or have been exercised) at balance date.

The fair value of each performance right is estimated on the grant date using the Black Scholes model.

The tables below summarise the movement in the Group's LTI plan during the year and other information required to understand how the fair value of the equity instruments has been determined.

Plan	Performance period	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited/ cancelled during the year Number	Balance at end of the year[1] Number
LTI Plan 2020 (Plan 11)	1 July 2017 - 30 June 2020	17,883	-	-	(17,883)	-
LTI Plan 2021 (Plan 12)	1 July 2018 - 30 June 2021	18,983	-	-	(1,740)	**17,243**
LTI Plan 2022 (Plan 13)	1 July 2019 - 30 June 2022	27,717	-	-	(2,085)	**25,632**
LTI Plan 2023 (Plan 14)	1 July 2020 - 30 June 2023	-	21,456	-	-	**21,456**
LTI Recovery Plan 2021	1 July 2020 - 30 June 2021	-	11,553	-	-	**11,553**
LTI Recovery Plan 2022	1 July 2020 - 30 June 2022	-	23,173	-	-	**23,173**
Total		**64,583**	**56,182**	**-**	**(21,708)**	**99,057**

1 The weighted average remaining contractual life of these rights at the end of the reporting period is 13 months.

Plan	Value per right at measurement date	Expected volatility[1]	Risk-free interest rate	Expected life of performance rights	Annual dividend yield
LTI Plan 2021 (Plan 12)	\$69.05 - \$85.44	22.0%	2.0%	38 months	2.3%
LTI Plan 2022 (Plan 13)	\$97.55 - \$107.30	25.0%	0.9%	38 months	1.6%
LTI Plan 2023 (Plan 14)	\$165.77 - \$237.51	35.0%	0.1%	38 months	1.0%
LTI Recovery Plan 2021	\$128.57 - \$142.35	40.0%	0.0% - 0.1%	14 months	1.0%
LTI Recovery Plan 2022	\$126.36 - \$140.95	37.5%	0.0% - 0.1%	26 months	1.0%

1 The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the rights is indicative of future trends, which may not necessarily be the actual outcome.

(b) Deferred equity plan

The deferred equity plan operates in the same manner as the Group's LTI plan, for certain non-executive employees, dependent on their position in the Group's remuneration framework. The performance measures approved by the Board for these employees are based upon personal performance and Group revenue and EBITDA annual growth rate achievement over the performance period. Plans issued during the year also include a performance measure based upon relative Total Shareholder Returns over the performance period.

Rights are vested after the performance period. The deferred equity plan 2021 rights performance period ended on 30 June 2021 and they will vest upon approval by the Board in August 2021. As all other performance periods conclude in the future, no performance rights are exercisable (or have been exercised) at balance date.

The fair value of each performance right is estimated on the grant date using the Black Scholes model.

The tables below summarise the movement in the Group's deferred equity plan during the year and other information required to understand how the fair value of the equity instruments has been determined.

Plan	**Performance period**	**Balance at start of the year Number**	**Granted during the year Number**	**Exercised during the year[1] Number**	**Forfeited/ cancelled during the Number**	**Balance at end of the year[2] Number**
Deferred equity plan 2020	1 July 2018 – 30 June 2020	23,044	-	(11,531)	(11,513)	-
Deferred equity plan 2021	1 July 2019 - 30 June 2021	23,093	-	-	(1,336)	21,757
Deferred equity plan 2022	1 July 2020 - 30 June 2022	-	23,833	-	(920)	22,913
Total		**46,137**	**23,833**	**(11,531)**	**(13,769)**	**44,670**

1 The weighted average share price over the settlement period for these rights was $117.95.

2 The weighted average remaining contractual life of these rights at the end of the reporting period is 7 months.

Plan	**Value per right at measurement date**	**Expected volatility[1]**	**Risk-free interest rate**	**Expected life of performance**	**Annual dividend yield**
Deferred equity plan 2021	$136.50 - $142.35	40.0%	0.0%	26 months	1.0%
Deferred equity plan 2022	$131.45 - $140.95	37.5%	0.1%	26 months	1.0%

1 The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the rights is indicative of future trends, which may not necessarily be the actual outcome.

(c) Deferred share plan

Rights granted under these plans vest 24 months after grant date, except for rights under the key talent share plan which vest 36 months after grant date. Each share right automatically converts into one ordinary share at an exercise price of nil at the end of the performance period, subject to service conditions. All performance periods conclude in the future and no performance rights are exercisable at balance date. The fair value of each performance right is estimated on the grant date using the Black Scholes model. The number of share rights granted is determined based on the dollar value of the award divided by the weighted average price using a VWAP leading up to the date of grant.

The tables below summarise the movement in the Group's deferred share plan during the year and the fair value of these equity instruments.

Plan	Performance period end date	Balance at start of the year Number	Granted during the year Number	Exercised during the year[1] Number	Forfeited/ cancelled during the Number	Balance at end of the year[2] Number
Key talent deferred share plan 2017	31 August 2020	11,736	-	(11,736)	-	**-**
Deferred share plan 2018	30 June 2020	3,145	-	(3,145)	-	-
Future leaders deferred share plan 2020	31 August 2020	3,488	-	(3,488)	-	-
Deferred share plan 2019	6 January 2021	7,437	-	(7,437)	-	-
Deferred share plan 2019	21 May 2021	2,055	-	(2,055)	-	-
Deferred share plan 2019	30 June 2021	3,588	-	-	(671)	**2,917**
Deferred share plan 2021	30 June 2021	-	9,727	(6,098)	-	**3,629**
Deferred share plan 2022	30 June 2022	-	9,666	-	(1,065)	**8,601**
Future leaders deferred share plan 2022	30 June 2022	-	5,611	-	(1,227)	**4,384**
Total		**31,449**	**25,004**	**(33,959)**	**(2,963)**	**19,531**

1 The weighted average share price over the settlement period for these rights was $135.26.

2 The weighted average remaining contractual life of these rights at the end of the reporting period is 10 months.

Plan	Value per right at measurement date
Deferred share plan 2019	$101.62
Deferred share plan 2021	$142.35
Deferred share plan 2022	$140.95 - $142.35
Future leaders deferred share plan 2022	$142.35

GROUP STRUCTURE

This section provides information on the Group structure and how this impacts the results of the Group as a whole, including parent entity information, details of investments in associates and joint ventures and business combinations.

19. Business combinations

Accounting policies

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions. All identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9, is measured at fair value with the changes in fair value recognised in the Consolidated Income Statement.

Acquisition-related costs are expensed as incurred and included in consultant and contractor expenses and operations and administrative expenses, and net gain on acquisition of subsidiaries.

Key estimate and judgement	The purchase price of businesses acquired as well as its allocation to acquired assets and liabilities requires estimates and judgements. On acquisition date, the fair value of the identifiable assets acquired, including intangible assets such as brands, customer relationships, software and liabilities is determined. The assumptions and estimates made have an impact on the assets and liability amounts recorded in the Financial Statements. In addition, the estimated useful lives of the acquired amortisable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Group's future profit or loss. The Group has also adopted the fair value method in measuring contingent consideration. The determination of these fair values involves judgement and the ability of the acquired entity to achieve certain financial results.

(a) Mortgage Choice Limited

On 18 June 2021, the Group obtained control of 100% of Mortgage Choice Limited ("Mortgage Choice"), a leading Australian mortgage broking business. The acquisition provides the Group with an expanded broker network, accelerating REA's financial services strategy.

(i) Purchase consideration

The total purchase consideration is detailed below:

	$'000
Cash paid	243,745
Total purchase consideration	**243,745**

(ii) Details of net assets and liabilities acquired

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition. The net identifiable assets acquired will be finalised within 12 months of the acquisition date, in line with accounting standards. Provisional accounting in the determination of net assets acquired has been applied and is detailed below:

	Fair value recognised on acquisition $'000
Current assets	
Cash and cash equivalents	**16,395**
Trade and other receivables	**2,591**
Commission contract assets	**106,034**
Current tax assets	**848**
Total current assets	**125,868**
Non-current assets	
Property, plant and equipment	**2,809**
Intangible assets	**73,823**
Other non-current assets	**3,176**
Commission contract assets	**283,374**
Total non-current assets	**363,182**
Current liabilities	
Trade and other payables	**16,655**
Provisions	**1,304**
Contract liabilities	**742**
Interest bearing loans and borrowings	**1,194**
Commission liabilities	**89,511**
Total current liabilities	**109,406**
Non-current liabilities	
Other non-current payables	**1,652**
Deferred tax liabilities	**27,415**
Provisions	**684**
Interest bearing loans and borrowings	**1,459**
Commission liabilities	**208,237**
Total non-current liabilities	**239,447**
Net identifiable assets acquired	
Add: goodwill	**103,548**
Net assets	**243,745**
Cash flows on acquisition	
Cash consideration	**243,745**
Less: cash acquired	**(16,395)**
Outflow of cash	**227,350**

The goodwill acquired is attributable to Mortgage Choice's strong market position and the expected future growth. Goodwill is not deductible for tax purposes. The Group has provisionally identified intangible assets including brand, franchisee relationships and software that have been provisionally separated from goodwill, net of deferred taxes.

(iii) Acquisition related costs

Acquisition related costs of $5.0 million were accounted for as expenses within Operations and Administration expenses and Consultant and Contractor expenses in the period in which they were incurred.

(iv) Revenue and profit before tax from continuing operations

There is no material revenue or profit contributions arising from the Mortgage Choice acquisition included in the continuing operations of the Group for the year ended 30 June 2021. If the business combination had occurred on 1 July 2020, the Mortgage Choice acquisition would have contributed $43.8 million to total revenue and $2.7 million to profit before tax from continuing operations of the Group.

(b) Elara Technologies Pte. Ltd.

In December 2020, the Group completed the acquisition of a majority stake in Elara Technologies Pte. Ltd. ("Elara"), a digital real estate classifieds and transaction services company. The acquisition was achieved in stages through a combination of subscribing for new preference shares and the acquisition of the existing shareholdings of certain minority shareholders. The Group held a 59.65% shareholding on acquisition and subsequently increased its interest to 60.65% as at the reporting date.

(i) Purchase consideration

The total purchase consideration and fair value of each class of consideration is detailed below:

	$'000
Cash paid	49,091
Shares issued	56,588
Total purchase consideration	**105,679**

Cash consideration paid was $48.9 million (US$34.5 million) on 17 December 2020 with a further $0.2 million paid in January 2021. The consideration included newly issued REA shares with a total consideration value of $56.6 million. The Group issued 318,323 new REA shares on 17 December 2020 and made a subsequent issue of 84,195 shares on 30 December 2020. The fair values of the REA shares issued were based on the listed share price of the Company at 17 December 2020 and 30 December 2020.

(ii) Fair value of Elara

News Corp also subscribed for US$34.5 million of preference shares in Elara. Following the subscription of preference shares by REA and News Corp, Elara's debt facility was repaid.

As at 30 June 2021, News Corp held a non-controlling interest in Elara at 39.13% and minority interests held the remaining 0.22%. The non-controlling interest was calculated using the fair value approach. This value was based on the fair value of consideration paid and the total number of Elara shares outstanding. This resulted in a share price at completion date which was used to determine the fair value of the non-controlling interest. The Group determined the non-controlling interest to be $81.3 million on acquisition date.

	$'000
Purchase consideration	105,679
Fair value of previously held equity interest	10,853
Non-controlling interest	81,336
Fair value of Elara	**197,868**

(iii) Goodwill on acquisition

	$'000
Fair value of Elara	197,868
Less: Net identifiable assets and liabilities acquired	(34,436)
Goodwill	**163,432**

The Goodwill acquired is attributable to Elara's established digital real estate business market position and the high long-term growth potential of this market. Goodwill is not deductible for tax purposes. The Group has identified intangible assets including software and brands that have been separated from goodwill, net of deferred taxes.

(iv) Details of net assets and liabilities acquired

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognised on acquisition $'000
Current assets	
Cash and cash equivalents	9,498
Trade and other receivables	6,990
Total current assets	**16,488**
Non-current assets	
Property, plant and equipment	1,081
Intangible assets	40,057
Other non-current assets	864
Total non-current assets	**42,002**
Current liabilities	
Trade and other payables	5,812
Provisions	1,256
Contract liabilities	4,950
Total current liabilities	**12,018**
Non-current liabilities	
Deferred tax liabilities	9,946
Provisions and other payables	2,090
Total non-current liabilities	**12,036**
Net identifiable assets acquired	34,436
Add: goodwill	163,432
Net assets	**197,868**
Cash flows on acquisition	
Cash consideration	49,091
Less: cash acquired	(9,498)
Outflow of cash	**39,593**

The fair value of trade and other receivables is $7.0 million and includes trade receivables with a fair value of $3.2 million. The gross contractual amount of trade receivables due is $5.7 million. An expected credit loss of $2.5 million has been disclosed for contractual cash flows not expected to be collected.

(v) Acquisition related costs

The fair value of the equity interest in Elara held by REA immediately before the acquisition date was $10.9 million. The investment was remeasured immediately before the acquisition resulting in a fair value gain of $1.1 million which was recognised in the Consolidated Income Statement. As part of the acquisition accounting a $7.1 million foreign exchange gain relating to the original investment was transferred from foreign currency translation reserve to the Consolidated Income Statement.

A net gain on acquisition was recognised in the Consolidated Income Statement of $3.1 million. This comprised $7.1 million gain from the release of the historic foreign exchange reserve, $1.1 million fair value gain on the original Elara investment, $3.7 million compensation expense relating to historic management incentives and other transaction related costs of $1.4 million. Acquisition related costs have been recognised in the gain/loss on acquisition in the Consolidated Income Statement.

(vi) Revenue and profit before tax from continuing operations

From the date of acquisition, the Elara acquisition contributed $17.3 million to total revenue and ($19.1) million to profit before tax from continuing operations of the Group. If the business combination had occurred on 1 July 2020, the Elara acquisition would have contributed $28.4 million to total revenue and ($33.1) million to profit before tax from continuing operations of the Group.

(vii) Commitments

REA has agreed to provide ongoing funding to Elara for a minimum of 18 months from the date of acquisition, on terms consistent with the RCF previously held by Elara. Funding will be provided in any combination of equity and debt as may be determined at REA's discretion to be utilised by Elara for business operations.

In July 2021 the Group subscribed for new Class I Preference Shares increasing its shareholding from 60.65% to 65.49%. Total funding provided was $20.8 million, with News Corp continuing to hold a non controlling interest in Elara of 34.3%. This has been disclosed as a subsequent event in Note 27.

(viii) Non-controlling interest

	2021 $'000
Elara Technologies Pte Ltd	**39.35%**

As at 30 June 2021, News Corp held a non-controlling interest ('NCI') in Elara at 39.13% and minority interests held the remaining 0.22%. Refer to below table for movements in Elara NCI during the current period:

	2021 $'000
Opening balance 1 July 2020	**-**
Additions through business combination	**81,336**
Change in shareholding	**(1,595)**
Share of profit / (losses)	**(9,924)**
Closing balance 30 June 2021	**69,817**

As at 30 June 2021, Elara had current assets of $17.7 million, non-current assets of $203.8 million, current liabilities of $22.8 million and non-current liabilities of $14.1 million (all reported pre-intercompany eliminations). Revenue and profit of the group is disclosed in section (vi) above.

20. Assets and liabilities held for sale

Accounting policies

Non-current assets, or **disposal groups comprising assets and liabilities**, are classified as **held for sale** if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of sale. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit and loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

In May 2021, the Group announced that it had entered into a binding agreement to transfer ownership of its Malaysia and Thailand entities to PropertyGuru Pte Ltd ("PropertyGuru"), a leading digital proptech company operating marketplaces in Asia, in exchange for an 18% equity interest in PropertyGuru (16.6% diluted). The transaction completed on 3 August 2021, refer to Note 27. As part of the agreement, the Group entered into a contract to sell the 27% interest in 99 Group Pte. Ltd. ("99 Group") and associated convertible note prior to completion. Accordingly, the Malaysia and Thailand entities and 99 Group investment and associated convertible note are presented as a disposal group held for sale at 30 June 2021.

(a) Assets and liabilities of disposal group held for sale

At 30 June 2021, the disposal group was stated at the lower of their carrying amount and fair value less costs of sale and comprised the following assets and liabilities[1].

	Notes	2021 $'000
Cash and cash equivalents		**4,888**
Trade and other receivables		**2,031**
Property, plant and equipment	23	**2,101**
Intangible assets[2]	6	**191,468**
Other non-current assets		**11,671**
Investment in associates and joint ventures		**9,406**
Assets of disposal group held for sale		**221,565**
Trade and other payables		**4,588**
Current tax liabilities / (assets)		**(103)**
Provisions		**421**
Contract liabilities		**3,960**
Interest bearing loans and borrowings		**1,064**
Deferred tax liabilities	7	**18,528**
Liabilities of disposal group held for sale		**28,458**
Net assets of disposal group held for sale		**193,107**

1 Financial assets and liabilities are measured at historical cost, except for other non-current assets which include convertible note receivables of $11.5 million (2020: $ nil) measured at fair value through the profit or loss.
2 The Asia goodwill balance has been allocated between the disposal group and the residual Asia operations based on their relative value.

(b) Cumulative income or expenses included in OCI

There is $3.7 million relating to historical foreign exchange losses included in OCI relating to the disposal group.

21. Investment in associates and joint ventures

Accounting policies

The Group's interest in equity accounted investees comprise interests in associates and joint ventures. **Associates** are those entities in which the Group has significant influence, but no control or joint control over the financial or operating policies. **Joint ventures** are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date of significant influence or joint control ceases.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is **impaired**. If there is such evidence, the Group recognises the loss as an impairment expense in the Consolidated Income Statement.

Key estimate and judgement	The Group determined that the arrangement with 99 Group was an investment in associate. The structure of the arrangement provided the Group with significant influence over the financial and operating policies of 99 Group. The arrangement was reclassified from an investment in associate to held for sale in June 2021, refer to Note 20.

(i) Move, Inc.

The Group has a 20% interest in Move, Inc. ("Move"), which is equity-accounted in the Group financial statements. The remaining 80% of Move is held by News Corp who granted the Group a put option to require News Corp to purchase the Group's interest in Move, which can be exercised at any time beginning two years from the date of acquisition at fair value, which has been assessed to be greater than the carrying value at 30 June 2021.

(ii) Elara Technologies Pte. Ltd.

In December 2020, the Group completed the acquisition of a majority stake in Elara Technologies Pte. Ltd. ("Elara"), a digital real estate classifieds and transaction services company. The acquisition was achieved in stages through a combination of subscribing for new preference shares and the acquisition of the existing shareholdings of certain minority shareholders. On completion, Elara moved from equity accounted to a fully consolidated subsidiary of the Group. The Group holds a controlling interest of 60.65% in Elara at 30 June 2021.

(iii) 99 Group Pte. Ltd.

The Group holds a 27% interest in 99 Group Pte. Ltd. ("99 Group"), which was equity accounted until June 2021, and subsequently reclassified as held for sale, refer to Note 20. On 30 November 2020, the Group subscribed for US$8.7 million ($11.8 million) of convertible notes issued by 99 Group. The convertible notes earn 4% interest per annum and matures on 30 November 2023. Share of associates' losses during the period was $2.9 million (2020: $1.4 million).

In May 2021 the Group committed to sell its 27% shareholding in 99 Group, refer to Note 20. As the sale is highly probable and expected to complete within 12 months, the Group's investment in 99 Group of $9.4 million has been reclassified from an investment in associate to an asset held for sale in the Consolidated Balance Sheet as at 30 June 2021.

The related convertible note receivable of $11.5 million was also classified to Assets Held for Sale in the Consolidated Balance Sheet as at 30 June 2021.

(iv) Managed Platforms Pty Ltd

The Group has a 27.6% share in Managed Platforms Pty Ltd, a cloud-based property management and investment platform business, for agency customers to manage residential rent rolls more efficiently, and at lower cost. The Group equity-accounts for the investment as it is deemed to have significant influence.

(v) Realtair Pty Limited

On 1 December 2020, the Group acquired a 17.9% share in Realtair Pty Limited ("Realtair"). The purchase price of the investment was $6.4 million cash consideration, of which $1.0 million is deferred until 1 December 2022. The Group subsequently increased its holding on 27 January 2021 and 11 March 2021 to 22.33% for an aggregated cash consideration of $2.1 million. Realtair is a proptech platform that provides an end-to-end real estate sales solution. This allows agents to pitch, sign, automate and streamline the steps from property appraisal to settlement through mobile, easy to use technology. The investment is equity accounted as the Group is deemed to have significant influence holding 1 out of 5 board seats with equal voting rights.

(vi) Campaign Agent Pty Ltd

In February 2021, the Group acquired a 27.0% share in Campaign Agent Pty Ltd ("Campaign Agent"). The purchase price of the investment was $13.3 million. Campaign Agent is a financing company that provides financing of the vendor marketing schedule and agent commissions with the residential property market. The investment is equity accounted as the Group is deemed to have significant influence holding 1 out of 5 board seats with equal voting rights.

(vii) Simpology Pty Limited

In June 2021, the Group acquired a 34.37% share in Simpology Pty Limited ("Simpology"). The purchase price of the investment was $15.2 million cash consideration. Simpology is an end-to-end digital platform solution for electronic loan lodgements designed to improve the mortgage application process. The investment is equity accounted as the Group is deemed to have significant influence holding 2 out of 7 board seats with equal voting rights.

A reconciliation of the carrying amounts of investments in associates and joint ventures is provided below:

	Move		**Elara**		**Other**	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
Carrying amount of the investment	**271,748**	279,425	**-**	10,095	**37,447**	15,390

The following illustrates the summarised financial information of the Group's material investments in associates:

	Move	
	2021 (adjusted) $'000	2020 (adjusted) $'000
Current assets	**270,793**	139,226
Non-current assets	**1,425,527**[1]	1,577,149[1]
Current liabilities	**(268,359)**	(242,826)
Non-current liabilities	**(69,221)**	(76,426)
Equity	**1,358,740**	1,397,123
Proportion of the Group's ownership	**20.0%**	20.0%
Carrying amount of the investment	**271,748**	279,425
Revenue	**857,081**	717,520
Other operating costs	**(688,539)**	(677,920)
Interest/dividend income	**174**	868
Interest expense	**(17)**	(627)
Depreciation and amortisation[2]	**(62,110)**	(70,216)
Other	**22,712**	(10,914)
Income tax (expense)/benefit	**(32,526)**	10,467
Profit/(loss) for the year from continuing operations	**96,775**	(30,822)
Total comprehensive profit/(loss)	**96,775**	(30,822)
Share of gain/(loss) of associates	**19,355**	(6,164)

1 Amount includes fair value uplift of intangible assets acquired and other adjustments
2 Inclusive of amortisation of fair value uplift on acquisition of associates.

22. Parent entity financial information

Accounting policies

The financial information for the parent entity has been prepared on the same basis as the Consolidated Financial Statements, except as set out below.

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from associates and joint ventures are recognised in the parent entity's Income Statement, rather than being deducted from the carrying amount of these investments.

In addition to its own current and deferred tax amounts, REA Group Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred taxes relating to unused tax losses or unused tax credits that are transferred to REA Group Ltd under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Where the parent entity has provided **financial guarantees** in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

The individual Financial Statements for the parent entity, REA Group Ltd show the following aggregate amounts:

	2021 $'000	2020 $'000
Current assets	**6,448**	45,876
Non-current assets	**455,978**	395,530
Total assets	**462,426**	441,406
Current liabilities	**20,666**	59,688
Non-current liabilities	**-**	-
Total liabilities	**20,666**	59,688
Net assets	**441,760**	381,718
Contributed equity	**150,028**	90,178
Reserves	**5,071**	3,078
Retained earnings	**286,661**	288,462
Total shareholders' equity	**441,760**	381,718
Profit and other comprehensive income of the parent entity	**148,591**	152,823

REA Group Ltd had net current liabilities of $14.2 million as at 30 June 2021 (2020: $13.8 million), driven by intercompany balances with its subsidiaries. REA Group Ltd intends to repay these balances as they fall due.

(a) Guarantees entered into by the parent entity

The parent entity has not provided unsecured financial guarantees in respect of loans of subsidiaries (2020: $nil).

Refer to Note 24 for further information relating to the Deed of Cross Guarantee.

(b) Commitments and contingencies

Refer to Note 16(b) for commitments held by the parent entity.

Various claims arise in the ordinary course of business against REA Group Ltd. The amount of the liability (if any) at 30 June 2021 cannot be ascertained, and any resulting liability is not expected to materially impact the REA Group Ltd's financial position.

OTHER DISCLOSURES

This section includes other balance sheet and related disclosures not included in the other sections, for example fixed assets, related parties, remuneration of auditors, other significant accounting policies and subsequent events.

23. Property, plant and equipment

Accounting policies

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life of leasehold improvements is the lease term; plant and equipment is over two to five years; and right of use assets is over two to 12 years. An asset which generates independent cash flows is written down immediately if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Income Statement.

Key estimate and judgement	The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. The estimation of useful lives of assets has been based on historic experience, lease terms and turnover policies. Any changes to useful lives may affect prospective depreciation rates and asset carrying values. Assets other than goodwill and intangible assets that have an indefinite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

	Plant and equipment $'000	Leasehold improvements $'000	Property[3] $'000	Total $'000
Year ended 30 June 2021				
Opening net book amount	**4,939**	**14,266**	**82,372**	**101,577**
Additions[1]	**3,879**	**89**	**250**	**4,218**
Other business combinations[2]	**914**	**602**	**2,374**	**3,890**
Disposals (net of accumulated depreciation)	**-**	**(11)**	**(314)**	**(325)**
Depreciation charge	**(4,135)**	**(3,596)**	**(9,641)**	**(17,372)**
Transferred to assets held for sale	**(470)**	**(609)**	**(1,022)**	**(2,101)**
Transfers	**2,533**	**(2,533)**	**-**	**-**
Exchange differences (net)	**(118)**	**(146)**	**(254)**	**(518)**
Closing net book amount	**7,542**	**8,062**	**73,765**	**89,369**
At 30 June 2021				
Cost	**26,430**	**26,292**	**92,979**	**145,701**
Accumulated depreciation	**(18,888)**	**(18,230)**	**(19,214)**	**(56,332)**
Net book amount	**7,542**	**8,062**	**73,765**	**89,369**
Year ended 30 June 2020				
Opening net book amount	7,985	9,163	-	17,148
Additions	2,046	8,784	93,630	104,460
Disposals (net of accumulated depreciation)	(589)	(141)	(2,191)	(2,921)
Depreciation charge	(4,540)	(3,567)	(9,163)	(17,270)
Exchange differences (net)	37	27	96	160
Closing net book amount	4,939	14,266	82,372	101,577
At 30 June 2020				
Cost	24,403	28,881	91,239	144,523
Accumulated depreciation	(19,464)	(14,615)	(8,867)	(42,946)
Net book amount	4,939	14,266	82,372	101,577

1 Additions include $0.7 million in non-cash items relating to right of use assets, and $0.8 million in other plant and equipment
2 Acquisitions of Mortgage Choice and Elara
3 Property comprises of right of use assets, refer to Note 10 for further details.

No items of plant and equipment have been impaired during the year ended 30 June 2021 (2020: nil).

24. Related parties

(a) Transactions with related parties

	2021 $	2020 $
Ultimate parent entity (News Corp) and group entities		
Sale of goods and services	**1,724,841**	1,874,807
Purchase of goods and services	**5,645,684**	6,452,014
Dividends paid	**92,485,723**	95,740,780
Management fee	**155,000**	155,000
Amounts receivable from parent entity	**33,555**	486,041
Amounts owing to parent entity	**3,657,237**	3,128,661
Key management personnel		
Short term employee benefits	**5,303,496**	4,562,997
Post-employment benefits	**142,825**	141,053
Long term employee benefits	**67,381**	35,700
Deferred Short Term Incentive Plan (STI Plan)	**793,663**	100,000
Long Term Incentive Plan (LTI Plan)	**1,706,854**	(64,611)

(i) Parent entities

The parent entity within the Group is REA Group Ltd. The ultimate parent entity of the Group is News Corp, a resident of the United States of America, which owns 61.42% of REA Group Ltd via its wholly owned subsidiary News Australia Pty Limited. News Corp is listed on the New York Stock Exchange.

During the year, the Group sold advertising space at arm's length terms to News Corp (or one of its related entities) and recharged promotional costs. The Group also utilised advertising and support services of News Corp (or one of its related entities) on commercial terms and conditions.

In addition to the above, insurance premium recharges were paid to News Corp (or one of its related entities) and News Corp (or one of its related entities) recharged the Group relating to the use of IT content delivery services. The Group has entered certain agreements with independent third parties under the same terms and conditions as those negotiated by News Corp.

(ii) Key management personnel

For a list of key management personnel and additional disclosures, refer to the Remuneration Report.

During the year, the Group sold residential subscriptions and other advertising products, and provided training sponsorships at arm's length terms, normal terms and conditions to the franchisees and offices of the Jellis Craig Group (Director-related entity).

(iii) Commitments

Refer to Note 16 for details.

(iv) Associates

On 30 November 2020, the Group subscribed for US$8.7 million ($11.8 million) of convertible notes issued by 99 Group. The convertible notes earn 4% interest per annum and matures on 30 November 2023. Refer to Note 21 for further information on the 99 Group.

(b) Investment in subsidiaries, associates and joint ventures

Accounting policies

Subsidiaries are all those entities which the Group controls. Control exists if the Group has:

- Power over the investee (i.e. ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. A change in ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

The Financial Statements of subsidiaries are prepared for the same reporting period as the parent company, with the exception of certain Asian entities with a financial reporting period ending 31 December and Elara Group with a financial reporting period ending 31 March. All subsidiaries apply consistent accounting policies to their Financial Statements.

The consolidated Financial Statements incorporate the assets, liabilities and results of the following subsidiaries and associates of REA Group Ltd as at 30 June 2021 in accordance with the above accounting policy.

Name of entity	Country of incorporation	Equity Holding 2021 %	Equity Holding 2020 %
REA US Holding Co. Pty Ltd	Australia	**100**	100
realestate.com.au Pty Limited	Australia	**100**	100
1Form Online Pty Ltd	Australia	**100**	100
Austin Rollco Pty Limited[1]	Australia	**-**	100
Flatmates.com.au Pty Ltd	Australia	**100**	100
REA Austin Pty Ltd[1]	Australia	**-**	100
PropTrack Pty Ltd (previously Hometrack Australia Pty Limited)	Australia	**100**	100
realestate.com.au Home Loans Mortgage Broking Pty Ltd	Australia	**100**	100
NOVII Pty Ltd	Australia	**56.2**	56.2
Ozhomevalue Pty Ltd[2]	Australia	**56.2**	56.2
REA Financial Services Holding Co. Pty Ltd[3]	Australia	**100**	-
Mortgage Choice Limited[4]	Australia	**100**	-
FinChoice Pty Limited[4]	Australia	**100**	-
Help Me Choose Pty Limited[4]	Australia	**100**	-
REA Asia Holding Co. Pty Ltd[5]	Australia	**100**	-
Smartline Home Loans Pty Ltd	Australia	**100**	100
Smartline Operations Pty Limited	Australia	**100**	100
Austin Bidco Pty Ltd	Australia	**100**	100
iProperty Group Pty Ltd	Australia	**100**	100
iProperty Group Asia Pte. Ltd	Singapore	**100**	100
IPGA Management Services Sdn Bhd	Malaysia	**100**	100
iProperty.com Events Sdn Bhd	Malaysia	**100**	100
iProperty.com Malaysia Sdn Bhd	Malaysia	**100**	100
Brickz Research Sdn Bhd	Malaysia	**100**	100
Think iProperty Sdn Bhd	Malaysia	**100**	100
REA Hong Kong Management Co Limited	Hong Kong	**100**	100
GoHome HK Co Limited	Hong Kong	**100**	100
Finance18.com Limited[6]	Hong Kong	**-**	100
House18.com Services Limited[6]	Hong Kong	**-**	100
SMART Expo Limited	Hong Kong	**100**	100
Big Sea International Limited	Macau	**100**	100
GoHome Macau Co Ltd	Macau	**100**	100
iProperty (Thailand) Co., Ltd[7]	Thailand	**100**	100
Prakard IPP Co., Ltd[8]	Thailand	**100**	100
Kid Ruang Yu Co., Ltd[9]	Thailand	**100**	100
Flagship Studio Co., Ltd[10]	Thailand	**-**	100
Prakard.com (Hong Kong) Limited[11]	Hong Kong	**-**	100
REA Group Hong Kong Ltd	Hong Kong	**100**	100
Primedia Limited[11]	Hong Kong	**-**	100
REA HK Co Limited	Hong Kong	**100**	100
REA Group Consulting (Shanghai) Co. Limited	China	**100**	100
Elara Technologies Pte. Ltd.[12]	Singapore	**60.7**	13.5
Locon Solutions Private Limited[13]	India	**60.7**	-
IREF Solutions Private Limited[13]	India	**60.7**	-
Realty Business Intelligence Private Limited[13]	India	**60.7**	-
Sadanika Solutions Private Limited[13]	India	**60.7**	-
PropTiger Marketing Services Private Limited[13]	India	**60.7**	-
Aarde Technosoft Private Limited[13]	India	**60.7**	-
Makaan.com Private Limited[13]	India	**60.7**	-
Oku Tech Private Limited[14]	India	**60.7**	-

Associates and joint ventures:			
Move, Inc.[15]	United States	**20**	20
Managed Platforms Pty Ltd[16]	Australia	**27.6**	27.8
99 Group Pte. Ltd[17]	Singapore	**27**	27
ScaleUp Media Fund 2.0 Pty Limited[18]	Australia	**16.7**	16.7
Realtair Pty Limited[19]	Australia	**22.3**	-
Campaign Agent Pty Ltd[20]	Australia	**27**	-
Simpology Pty Limited[21]	Australia	**34.4**	-

1 Deregistered on 15 July 2020.
2 Ozhomevalue Pty Ltd is 100% owned by NOVII Pty Ltd.
3 Incorporated on 16 April 2021.
4 Acquired on 18 June 2021 (legal completion as of 1 July 2021)
5 Incorporated on 8 June 2021.
6 Deregistered on 6 November 2020.
7 iProperty (Thailand) Co., Ltd is 50.5% owned by All Excellence Ltd. (a nominee shareholder of iProperty Group Asia Pte. Ltd.).
8 iProperty Group Pty Ltd and iProperty Group Asia Pte. Ltd. each hold one share in Prakard IPP Co., Ltd. and Flagship Studio Co., Ltd.
9 iProperty Group Pty Ltd holds one share, iProperty Group Asia Pte. Ltd. holds 4,899 shares and iProperty (Thailand) Co., Ltd holds 5,100 shares in Kid Ruang Yu Co., Ltd.
10 Deregistered on 26 April 2021.
11 Deregistered on 20 November 2020.
12 Equity Holding increased to 59.65% on acquisition and subsequently increased to 60.45% in January 2021 and then to 60.65% in March 2021. Refer to Note 19 Business Combinations for further details.
13 100% owned by Elara Technologies Pte. Ltd.
14 80.09% owned by Elara Group (7.73% held by Locon Solutions Private Limited and 72.36% held by Oku Tech Private Limited). Balance owned by external parties.
15 Investment is held by REA US Holding Co. Pty Ltd.
16 Investment is held by realestate.com.au Pty Limited. Shareholding decreased to 27.58% in August 2020.
17 Investment is held by iProperty Group Asia Pte. Ltd.
18 Investment is held by realestate.com.au Pty Limited.
19 Investment is held by realestate.com.au Pty Limited and 17.9% was initially acquired on 1 December 2020. Investment subsequently increased to 19.9% on 27 January 2021 and 22.33% on 12 March 2021.
20 Investment is held by realestate.com.au Pty Limited and was acquired on 4 February 2021.
21 Investment is held by realestate.com.au Pty Limited and was acquired on 15 June 2021.

(c) Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to realestate.com.au Pty Limited, Austin Bidco Pty Ltd, PropTrack Pty Ltd (previously Hometrack Australia Pty Limited), Flatmates.com.au Pty Ltd, Smartline Home Loans Pty Ltd, Smartline Operations Pty Limited and iProperty Group Pty Ltd (the 'Closed Group') from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of separate Financial Statements.

As a condition of the Class Order, REA Group Ltd and realestate.com.au Pty Limited entered into a Deed of Cross Guarantee (the 'Deed') on 26 May 2009, with all other entities added to the Deed during the 2019, 2020 and 2021 financial years. The effect of the Deed is that REA Group Ltd guarantees to each creditor payment in full of any debt in the event of winding up of the aforementioned entities under certain provisions or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that any other party to the Deed is wound up or if it does not meet its obligations under the terms of overdrafts, leases or other liabilities subject to the guarantee.

The summarised Consolidated Income Statement, Consolidated Statement of Financial Position and Retained Earnings of the Closed Group are below.

Consolidated Income Statement	2021 $'000	2020 $'000
Profit from continuing operations before income tax	**505,671**	396,710
Income tax expense	**(156,577)**	(120,669)
Profit for the year	**349,094**	276,041
Summary of movements in consolidated retained earnings		
Retained earnings at beginning of the financial year	**1,429,019**	1,297,575
Earnings for the year	**349,094**	276,041
Other	**(39,866)**	10,826
Dividends provided for or paid during the year	**(150,392)**	(155,423)
Retained earnings at end of the financial year	**1,587,855**	1,429,019

Consolidated Statement of Financial Position	2021 $'000	2020 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**160,994**	203,940
Trade and other receivables	**589,882**	413,242
Total current assets	**750,876**	617,182
Non-current assets		
Plant and equipment	**84,649**	95,758
Intangible assets	**99,282**	91,502
Deferred tax assets	**12,971**	10,167
Other non-current assets	**282,834**	200,518
Investment in associates and joint ventures	**37,447**	11,941
Investment in subsidiaries	**682,346**	1,150,229
Total non-current assets	**1,199,529**	1,560,115
Total assets	**1,950,405**	2,177,297
LIABILITIES		
Current liabilities		
Trade and other payables	**307,064**	105,053
Current tax liabilities	**29,303**	79,537
Provisions	**11,454**	7,375
Contract liabilities	**69,961**	55,051
Interest bearing loans and borrowings	**6,691**	75,040
Total current liabilities	**424,473**	322,056
Non-current liabilities		
Deferred tax liabilities	**6,992**	5,731
Provisions	**4,756**	4,407
Other non-current liabilities	**188,859**	169,393
Interest bearing loans and borrowings	**485,212**	248,243
Total non-current liabilities	**685,819**	427,774
Total liabilities	**1,110,292**	749,830
Net assets	**840,113**	1,427,467
EQUITY		
Contributed equity	**(782,934)**	(30,824)
Reserves	**35,192**	29,272
Retained earnings	**1,587,855**	1,429,019
Total Equity	**840,113**	1,427,467

25. Remuneration of auditors

Services provided by the auditor of the parent entity and its related practices, as well as non-EY audit firms, are categorised as below:

- Category 1: Fees paid or payable to the auditor of the parent entity for auditing the statutory financial report of the parent covering the group, and for auditing statutory financial reports of any controlled entities;
- Category 2: Fees paid or payable for assurance services that are required by legislation, and are required by that legislation to be provided by the auditor of the parent entity;
- Category 3: Fees paid or payable for other assurance and agreed-upon procedures services that are required by legislation or other contractual arrangements, where there is discretion as to whether the service is provided by the auditor of the parent or another non-EY audit firm; and
- Category 4: Fees paid or payable for other services (including tax compliance).

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices, as well as non-EY audit firms, split for the categories described above:

	EY Australia		Related practices of EY Australia		Non EY Audit Firms[1]	
	2021 $	2020 $	**2021 $**	2020 $	**2021 $**	2020 $
Category 1 fees	**1,682,027**	1,166,534	**695,575**	263,400	**196,620**	10,000
Category 2 fees	**12,000**	-	**-**	-	**-**	-
Category 3 fees	**10,000**	7,800	**-**	-	**304,105**	186,824
Category 4 fees	**280,650**	240,853	**42,503**	110,862	**1,141,468**	407,524
Total auditor's remuneration	**1,984,677**	1,415,187	**738,078**	374,262	**1,642,193**	604,348

1 Non EY Audit Firms are not the group auditors

26. Other significant accounting policies

Accounting policies

Foreign currency translation

The consolidated Financial Statements are presented in Australian dollars, which is the Group's **presentation currency.** Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environments in which the entity operates ("the functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the Income Statement on a net basis within operations and administration expenses.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the Income Statement as part of the fair value gain or loss. Translation differences on non-monetary assets are included in the fair value reserve in equity.

The results and financial position of all the **Group entities** (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows, with all resulting exchange differences are recognised in OCI:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position; and

- Income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

New and amended Accounting Standards and Interpretations

New standards effective from 1 July 2021: The Group has not adopted any new or amended Accounting Standards or Interpretations this year that have had a material impact on the Group.

New standards and interpretations not yet adopted: There are a number of new accounting standards, amendments and interpretations that have been issued but are not yet effective, however these are not considered relevant to the activities of the Group nor are they expected to have a material impact on the financial statements of the Group.

27. Events after the Statement of Financial Position date

Completion of sale of Malaysia and Thailand businesses and investment in Property Guru Pte Ltd

On 3 August 2021, the Group completed the sale of its Malaysia and Thailand entities (which operate iProperty.com.my and Brickz.my in Malaysia and thinkofliving.com and Prakard.com in Thailand) to PropertyGuru Pte Ltd ("PropertyGuru"). In exchange, the Group received an 18% equity interest (16.6% diluted) of the combined PropertyGuru group and the right to appoint one Director to the PropertyGuru board.

The PropertyGuru transaction completed after the Group entered into a contract to sell the 27% interest in 99 Group Pte. Ltd. ("99 Group") and associated convertible note, which had a combined book value of $21 million at 30 June 2021. As part of the contractual arrangement, the Group has divested the shareholder rights associated with the investment, with a settlement period of up to 36 months. In the unlikely event that the sale proceeds are not settled within that period, a market sale process would be initiated to recover the funds. In addition, committed funding of up to US$8.7 million for 99 Group will continue to be supported by a letter of credit from the Group.

The transactions are expected to result in an overall net gain of approximately A$12 million.

On 24 July 2021, PropertyGuru announced a business combination with the special purpose acquisition company Bridgetown 2 Holdings Limited, through which the PropertyGuru business plans to list on the New York Stock Exchange (NYSE). REA has committed to subscribe for US$52 million of equity in the listed entity subject to completion of the business combination, which is anticipated to occur in the fourth quarter of the 2021 calendar year, or the first quarter of 2022. After taking into account the capital raising conducted concurrently with the business combination, REA expects to hold a 15.8% (14.9% diluted) equity interest in the listed entity and will nominate REA CEO Owen Wilson to the board.

Increase in Elara shareholding

In July the Group subscribed for new Class I Preference Shares increasing its shareholding from 60.65% to 65.49%. Total funding provided was $20.8 million, with News Corp continuing to hold a non controlling interest in Elara of 34.3%.

Except for those items disclosed above, from the end of the reporting period to the date of this report, no matters or circumstances have arisen which have significantly affected the operations of the Group, the results of the operations or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

a) the Financial Statements and notes of the consolidated entity for the financial year ended 30 June 2021 set out on pages 40 to 101 are in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

b) The Basis of Preparation note confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021; and

e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

This declaration is made in accordance with a resolution of the Directors.

Mr Hamish McLennan
Chairman

Mr Owen Wilson
Chief Executive Officer

Melbourne
6 August 2021

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Independent Auditor's Report to the Members of REA Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of REA Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Property and online advertising revenue recognition and its reliance on automated processes and controls

Why significant	How our audit addressed the key audit matter
The Group recognised $903.8m in Property and Online advertising revenue for the year ended 30 June 2021. The recognition of this revenue was considered a key audit matter due to the significance of revenue to the financial report and level of audit effort required, with the associated disclosures found in Note 3. The Group's revenue recognition processes are heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions. These processes include a combination of manual and automated controls. The understanding and testing of the IT systems and controls that process revenue transactions is a key part of our audit.	We assessed the effectiveness of relevant controls over the capture, recording and recognition of revenue transactions, including the relevant IT systems. We examined the processes and controls over the capture and determination of the revenue recognition in line with the satisfaction of performance obligations and tested a sample of transactions to supporting evidence. We tested the Group's controls over IT systems relevant to revenue transaction initiation and revenue recognition. We performed data analysis procedures over the revenue transactions and the relationship of these transactions against the contract liability, trade receivables and cash accounts. We also assessed the timing, aging profile and nature of the transactions. We assessed the Group accounting policies set out in Note 3, for compliance with the revenue recognition requirements of Australian Accounting Standards.

Acquisition accounting

Why significant	How our audit addressed the key audit matter
During the year ended 30 June 2021, the Group made a number of acquisitions as detailed in Note 19. The most significant acquisitions were 100% of Mortgage Choice Ltd and a further 47.15% of Elara Technologies Pte Ltd to reach 60.65% for a total consideration of $243.7m and $105.7m respectively. The determination and recognition of the fair value of the intangibles was considered a key audit matter due to the size of the acquisition and the significant judgement required in identifying and allocating the purchase price to the fair values of the assets and liabilities acquired.	Our audit procedures involved the following: ▶ Read the sale and purchase agreements to obtain an understanding of the transaction and key terms; ▶ Assessed whether the appropriate accounting treatment has been applied to these transactions; in regards to date of control, acquirer and purchase consideration ▶ Assessed the valuation for the considerations paid and traced shares issued to the share register. ▶ Tested the identification and fair valuation of the intangible assets and other assets acquired and liabilities assumed as part of the acquisitions. ▶ Assessed the competence, qualifications and objectivity of the experts engaged by the Group to assist with the identification and valuation of intangible assets acquired. ▶ Engaged our internal specialist to assist us in reviewing the valuation methodologies used by management and the external valuation expert in the fair valuation of acquired assets and liabilities. ▶ Assessed the key assumptions and valuation methodology used by the Group against external market data, which involved the input of our valuation specialists. ▶ Assessed the adequacy of the Group's disclosures in the financial report in respect of the acquisitions, including the contingent consideration and the related estimates.

Assets held for sale

Why significant	How our audit addressed the key audit matter
On 30 May 2021, the Group signed the share purchase agreement ('SPA') for the sale of its Malaysia and Thailand operations ('the Panama Group') to PropertyGuru (PG). Completion date is 3 August 2021 and therefore the assets and liabilities of the Panama Group are classified as held for sale at 30 June 2021. Refer to Note 20. In connection to the Panama Group sale, the Group has also commenced the process to sell its 27% share in 99.co as a condition precedent. The investment in 99.co will be classified as held for sale in the financial statements at 30 June 2021. Due to the significant judgement involved in classifying and valuing the assets and liabilities of the disposal group as held for sale, we considered this a key audit matter.	Our audit procedures involved the following: ▶ Evaluating the Directors' intent and assessing their judgements made in classifying the businesses as held for sale against the relevant accounting standard. This included assessing whether the disposal was highly probable to occur within twelve months and the business was available for immediate sale in its present condition. Our evaluation included discussions with Directors and management as well as a review of supporting documentation such as Board minutes and signed transaction documents. ▶ Agreeing the carrying amounts of the identified assets and liabilities of the disposal group to underlying accounting records and assessing the methodology used to apportion goodwill to the disposal group. ▶ We considered the fair value less costs to sell assessment undertaken by the Group, including assessment of key assumptions and transaction documents. ▶ Assessed the adequacy of the disclosures made in the financial report.

Information Other than the Financial report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Building a better working world

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 38 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of REA Group Ltd for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

David McGregor

David McGregor
Partner
Melbourne, Australia
6 August 2021

Historical Results

A$'000 (except where indicated)	2021	2020	2019	2018	2017
Consolidated Results:					
Revenue from continuing operations	927,811	820,269	874,949	807,678	671,206
Profit before interest and tax (EBIT)	473,029	239,256	252,571	390,474	156,379
Profit before income tax	468,360	233,694	244,954	377,697	150,687
Profit for the year attributable to owners of the parent	322,677	112,373	104,997	252,779	206,066
Earnings per share from continuing operations (cents)	244.6	85.3	79.7	191.9	36.1
Return on average shareholders' equity (% p.a.)	31%	13%	11%	24%	27%
Dividend and distribution	150,392	155,423	154,106	129,070	112,616
Dividend per ordinary share (cents)	131.0	110.0	118.0	109.0	91.0
Dividend franking (% p.a)	100%	100%	100%	100%	100%
Dividend cover (times)	2.08	0.72	0.68	1.96	1.83
Financial Ratios:					
Net tangible asset backing per share ($)	0.84	1.63	0.93	(0.01)	0.39
Net EBITDA (continuing operations) interest cover (times)	262.36	68.14	30.02	37.67	14.05
Gearing (debt / debt and shareholders' equity) (%)	30%	27%	26%	31%	38%
Financial Statistics:					
Income from dividends and interest	2,179	2,878	2,153	4,590	3,727
Depreciation and amortisation provided during the year	82,612	78,620	59,573	48,702	37,816
Net finance expense / (income)	4,669	5,562	7,617	12,777	5,692
Net cash inflow from operating activities	321,451	419,146	364,054	326,345	296,816
Capital expenditure and acquisitions	381,524	101,172	64,736	372,103	128,264
Balance Sheet Data as at 30 June:					
Current assets	687,012	373,144	306,961	289,601	458,184
Non-current assets	1,685,274	1,217,379	1,274,770	1,438,496	1,120,629
Total Assets	**2,372,286**	**1,590,523**	**1,581,731**	**1,728,097**	**1,578,813**
Current liabilities	351,568	317,776	444,930	311,063	379,095
Non-current liabilities	881,497	408,254	231,366	476,265	394,988
Total Liabilities	**1,233,065**	**726,030**	**676,296**	**787,328**	**774,083**
Net Assets	**1,139,221**	**864,493**	**905,435**	**940,769**	**804,730**
Shareholders' Equity					
Contributed equity	152,140	92,050	89,544	91,325	95,215
Reserves	40,358	67,805	68,120	52,517	36,323
Retained profits	876,547	704,262	747,312	796,421	672,712
Shareholders' equity attributable to REA	**1,069,045**	**864,117**	**904,976**	**940,263**	**804,250**
Non-controlling interests in controlled entities	70,176	376	459	506	480
Total Shareholders' equity	**1,139,221**	**864,493**	**905,435**	**940,769**	**804,730**
Other data as at 30 June:					
Fully paid shares (000's)	132,117	131,715	131,715	131,715	131,715
REA share price:					
– year's high ($)	173.11	117.30	97.37	93.20	67.97
– year's low ($)	102.95	62.05	69.23	62.17	47.50
– close ($)	169.03	107.88	96.04	90.87	66.40
Market capitalisation ($000,000)	22,332	14,209	12,650	11,969	8,746
Employee numbers (continuing operations)	2,931	1,496	1,642	1,519	1,423
Number of shareholders	20,842	19,155	14,359	12,985	12,324