

Appendix 4D

Half Year Report

for the half-year ended 31 December 2021

REA Group Ltd

ABN 54 068 349 066

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2021 ("current period")

	31 Dec 2021	% Change from 6 months ended	31 Dec 2020
	A\$M	31 Dec 2020	A\$M
Revenue from ordinary activities¹	586.9	Up 36%	430.4
Revenue from core operations²	590.4	Up 37%	430.4
Net Profit after tax from ordinary activities for the period attributable to members	215.7	Up 24%	173.5
Net Profit after tax from core operations ³	225.8	Up 31%	172.1
Net Profit after tax from ordinary activities for the period attributable to members of parent (before non-controlling interest)	221.3	Up 28%	173.4
Dividend information			
	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2021 interim dividend per share (paid 23 March 2021)	59.0	59.0	30%
2021 final dividend per share (paid 16 September 2021)	72.0	72.0	30%
2022 interim dividend per share	75.0	75.0	30%
2022 interim dividend dates			
Record date			8 March 2022
Payment date			22 March 2022
	31 Dec 2021		30 Jun 2021
	Cents		Cents
Net tangible assets per security ⁴	341.4		84.3

¹ Revenue is defined as revenue from property and online advertising and revenue from financial services less expenses from franchisee commissions, as disclosed in the Condensed Consolidated Interim Financial Statements as operating income.

² Revenue from core operations is defined as reported revenue adjusted for significant non-recurring items such as integration costs.

³ Financial results from core operations are defined as reported results adjusted for significant non-recurring items such as gain/loss on acquisitions, disposals and discontinued operations, related transaction costs and integration costs. The prior year comparative also includes a historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law).

⁴ Net tangible assets is calculated based on net assets excluding intangible and including right-of-use assets.

Details of associates and joint venture entities⁵

	% Interest 31 Dec 2021	% Interest 30 Jun 2021
Simpology Pty Ltd	33.8%	34.4%
Realtair Pty Ltd	31.7%	22.3%
Managed Platforms Pty Ltd	27.6%	27.6%
Campaign Agent Pty Ltd	26.5%	27.0%
Move, Inc.	20.0%	20.0%
ScaleUp Media Fund 2.0 Pty Ltd	16.7%	16.7%
PropertyGuru Pte Ltd	16.6%	0%
99 Group Pte Ltd	0%	27.0%

⁵ % Interest is presented on a dilutive basis.

Details of contributions to net profit are disclosed in Note 14 of the Consolidated Interim Financial Report.

Additional Appendix 4D disclosure requirements can be found in the notes to the Consolidated Interim Financial Report and the Directors' Report for the half-year ended 31 December 2021. Information should be read in conjunction with REA Group Ltd's 2021 Annual Report and the attached Consolidated Interim Financial Report.

This report is based on the Consolidated Interim Financial Report for the half-year ended 31 December 2021 which has been reviewed by Ernst & Young with the Independent Auditor's Review Report included in the Consolidated Interim Financial Report.

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REA Group Ltd

ABN 54 068 349 066

**Interim Financial Report
for the half-year ended 31 December 2021**



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Corporate Information

Directors	Hamish McLennan (Chairman) Owen Wilson (Chief Executive Officer) Nick Dowling Tracey Fellows Richard Freudenstein Michael Miller Jennifer Lambert Kelly Bayer Rosmarin (appointed 1 January 2022) Kathleen Conlon (retired 11 November 2021)
Chief Financial Officer	Janelle Hopkins
Company Secretary	Tamara Kayser
Principal registered office	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 Australia 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 Interim Financial Statements of the consolidated entity ('the Group' or 'REA'), being REA Group Ltd (the 'Company') and its controlled entities, for the half-year ended 31 December 2021 and the Independent Auditor's Review Report thereon.

Directors

The names of Directors of the Group in office during the half-year and up to the date of the report, unless stated otherwise, are as follows:

- Hamish McLennan (Chairman)
- Owen Wilson (Chief Executive Officer)
- Nick Dowling
- Tracey Fellows
- Richard Freudenstein
- Michael Miller
- Jennifer Lambert
- Kelly Bayer Rosmarin (appointed 1 January 2022)
- Kathleen Conlon (retired 11 November 2021)

Principal activities

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

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 'consumers'.
- Helping real estate agents, developers, property-related businesses and advertisers promote their services. REA refers to those who use these services 'customers'.
- Helping consumers finance their property needs through multi-channel digital and broker propositions.

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 half-year ended 31 December 2021 is set out below.

For the purposes of this report, core operations are defined as the reported results set out in the interim financial statements adjusted for significant non-recurring items such as gain/loss on acquisitions, disposals and discontinued operations, related transaction costs and integration costs. The prior year comparative also includes a historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law). The classification of significant non-recurring items is consistent with the prior comparative period.

A reconciliation of results from core operations and non-IFRS (International Financial Reporting Standards) measures compared with the reported results in the Condensed Consolidated Income Statement on page 14 is set out below. The following non-IFRS measures have not been audited but have been extracted from the financial statements.

A\$M (unless stated)	2018 HY	2019 HY	2020 HY	2021 HY	2022 HY	Growth
Operating income from core operations	406.8	469.2	440.3	430.4	590.4	37%
EBITDA ¹ from core operations ²	242.8	289.1	267.2	290.2	368.0	27%
<i>EBITDA margin</i>	<i>60%</i>	<i>62%</i>	<i>61%</i>	<i>67%</i>	<i>62%</i>	
Net profit from core operations attributable to owners of the parent ²	147.1	176.4	152.9	172.1	225.8	31%
Dividend (cents per share)	47.0	55.0	55.0	59.0	75.0	27%
Earnings per share from core operations attributable to owners of the parent ² (cents)	111.8	134.1	116.1	130.7	170.9	31%

¹ The Directors believe the EBITDA measures to be relevant and useful in measuring the financial performance of the Group. EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation. Comparatives have not been restated following the adoption of AASB 16 from 1 July 2019.

² 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.

Reconciliation of results from core operations continued

Core and reported results	2022 HY \$M	2021 HY \$M	Growth
Core operating income	590.4	430.4	37%
Trail commission integration adjustment	(3.5)	-	n/a
Reported operating income	586.9	430.4	36%
EBITDA from core operations (excluding share of gains of associates and joint ventures)*	365.8	284.6	29%
Share of gains of associates and joint ventures	1.4	5.6	(75%)
Associate restructure costs	0.8	-	n/a
EBITDA from core operations*	368.0	290.2	27%
Net gain on acquisitions, disposals and closure of subsidiaries and operations	4.0	3.1	29%
Associate restructuring costs	(0.8)	-	n/a
Trail commission integration adjustment	(3.5)	-	n/a
Integration costs	(4.7)	-	n/a
Historic tax provision	-	(3.1)	n/a
Reported EBITDA*	363.0	290.2	25%
Net profit from core operations attributable to owners of the parent	225.8	172.1	31%
Net gain on acquisitions, disposals and closure of subsidiaries and operations	4.0	3.5	14%
Associate restructuring costs	(0.8)	-	n/a
Trail commission integration adjustment	(2.5)	-	n/a
Integration costs	(5.2)	-	n/a
Historic tax provision	-	(2.2)	n/a
Reported net profit attributable to owners of the parent	221.3	173.4	28%

* 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 by 37% to \$590.4 million which includes the consolidation of REA India from 1 January 2021 and Mortgage Choice from 1 July 2021. Excluding the impact of acquisitions, core revenue increased by 25%. The Group delivered an exceptional result, with revenue growth across all major lines of business.

In Australia, the residential property market recovered despite the impact of Melbourne and Sydney lockdowns in the first quarter. The return to normal operating settings, after restrictions were lifted, saw a wave of new listings which helped fuel housing demand with national residential listings increasing 17%, Melbourne listings up 43% and Sydney listings up 14%. The increase in listings, combined with improved depth and Premiere penetration, an 8% average national contracted price rise from 1 July, and continued growth in add-on products resulted in an increase in Australian residential revenue of 31%.

The Group's EBITDA from core operations increased 27% to \$368.0 million and net profit from core operations attributable to owners of the parent increased 31% to \$225.8 million. Core operating costs, excluding acquisitions, increased by 17% which reflects a combination of continued investment to deliver strategic initiatives, which has seen higher headcount and salaries in a tight labour market and reduced operating costs in the prior period due to COVID-19 uncertainty. The strong revenue growth in add-on products such as Audience Maximiser has also driven an increase in variable costs.

Australia continues to be 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 continues to remain the clear leader in online real estate with audience metrics reaching new all-time highs during the year with average monthly visits topping 128.8 million¹, outperforming the closest competitor by 3.3 times² on average. Average monthly buyer enquiries are at an all-time high, up 42%³ year on year.

Strong operating cashflows during the half year allowed the Group to continue to invest through innovation and strategic investments, as well as continuing to provide shareholder returns in the form of dividends, resulting in a cash balance of \$194.8 million at 31 December 2021. The Group had net current assets of \$215.8 million as at 31 December 2021. The Group generated positive operating cashflows and traded profitably for the period. The Directors expect this to continue for the foreseeable future.

The Group strengthened its liquidity position by entering into a new syndicated facility, replacing the previous facility. The facility consists of two tranches, \$400 million maturing in September 2024 and \$200 million maturing in September 2025. As at 31 December 2021 the Group's total debt was \$411.7 million with \$186.3 million of the new facility undrawn. 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 11 to the interim financial statements and below:

	Interim 2022	Final 2021
Per share (cents)	75.0	72.0
Total amount (\$M)	99.1	95.1
Franked*	100%	100%
Payment date	22 Mar 2022	16 Sep 2021

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

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

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

³ Adobe Analytics, internal data, Jul 21 - Dec 21 (average) vs. Jul 20 - Dec 20 (average).

Performance by region

Half-year ended 31 December 2021	Australia		India ⁴	International	Corporate	Total
	Property & Online Advertising	Financial Services				
	\$M	\$M	\$M	\$M	\$M	\$M
Segment operating income¹						
Total segment operating income ¹	503.7	41.3	24.5	-	-	569.5
Segment operating income – other ²	21.4	-	-	-	-	21.4
Inter-segment operating income	(0.5)	-	-	-	-	(0.5)
Trail commission integration adjustment	-	(3.5)	-	-	-	(3.5)
Operating income¹	524.6	37.8	24.5	-	-	586.9
Results						
Segment EBITDA from core operations (excluding share of gains / (losses) of associates and joint ventures)	373.9	17.7	(14.8)	-	(11.0)	365.8
Share of gains / (losses) of associates and joint ventures	(1.6)	(0.6)	-	3.6	-	1.4
Associate restructuring costs ³	-	-	-	0.8	-	0.8
Segment EBITDA from core operations	372.3	17.1	(14.8)	4.4	(11.0)	368.0
Net gain on acquisitions, disposals and closure of subsidiaries and operations ⁵	-	-	-	-	4.0	4.0
Associate restructuring costs ³	-	-	-	(0.8)	-	(0.8)
Trail commission integration adjustment	-	(3.5)	-	-	-	(3.5)
Integration costs	-	-	-	-	(4.7)	(4.7)
EBITDA	372.3	13.6	(14.8)	3.6	(11.7)	363.0

¹ This represents revenue less commissions for Financial Services.

² This represents the former Asia operations, being Malaysia, Thailand and Hong Kong (Note 15), inclusive of MyFun and legacy Asia operations which is no longer a reportable segment.

³ Associate restructuring costs reflect REA's share of restructuring costs incurred by PropertyGuru.

⁴ Represents REA India, previously named Elara Technologies Pte. Ltd which was consolidated in the Group's results for the six-month period ended 31 December 2021.

⁵ Comprised of \$15.8 million gain relating to the divestment of Malaysia, Thailand and 99 Group shareholder rights and \$11.8 million loss relating to the divestment of Hong Kong assets to 28Hse, closure of Hong Kong operations and rationalisation of the remaining Asia subsidiaries.

Performance by region (continued)

Half-year ended 31 December 2020 (restated)	Australia		India ⁴	International	Corporate	Total
	Property & Online Advertising	Financial Services				
	\$M	\$M				
Segment operating income ¹						
Total segment operating income ¹	402.7	11.7	-	-	-	414.4
Segment operating income – other ²	17.4	-	-	-	-	17.4
Inter-segment operating income	(1.4)	-	-	-	-	(1.4)
Operating income ¹	418.7	11.7	-	-	-	430.4
Results						
Segment EBITDA from core operations (excluding share of gains / (losses) of associates and joint ventures)	290.3	4.4	-	-	(10.1)	284.6
Share of gains / (losses) from associates and joint ventures	(1.3)	-	(2.4)	9.3	-	5.6
Segment EBITDA from core operations	289.0	4.4	(2.4)	9.3	(10.1)	290.2
Net gain on acquisitions, disposals and closure of subsidiaries and operations	-	-	-	-	3.1	3.1
Historic tax provision ³	-	-	-	-	(3.1)	(3.1)
EBITDA	289.0	4.4	(2.4)	9.3	(10.1)	290.2

¹ This represents revenue less commissions for Financial Services.

² This represents the former Asia operations, being Malaysia, Thailand and Hong Kong (Note 15), inclusive of MyFun and legacy Asia operations which is no longer a reportable segment.

³ Historic indirect tax provision reflects potential retrospective changes to interpretation of tax law.

⁴ Represents REA India, previously named Elara Technologies Pte. Ltd which was included as an investment in associate for the six- month period ended 31 December 2020.

Performance by region (continued)

Australia

The Group operates Australia's leading residential and commercial sites, realestate.com.au⁴ and realcommercial.com.au⁵, and data and insights business, Proptrack.

Australian operating income increased by 31% to \$562.4 million during the year driven by the strong residential market, the acquisition of Mortgage Choice and growth across all Australian major lines of business.

realestate.com.au continues to be the number one property portal in Australia⁶, attracting 128.8 million visits each month on average on all platforms, increasing 12% YoY⁷. 12.6 million⁸ people visited the site each month on average, with a new record of 13.2 million⁹ in October. 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, the audience comprises high intent property seekers, making it possible for REA to deliver more leads to its customers.

More consumers are using realestate.com.au than ever before. Our audience continues to be highly engaged with a 24% increase in active members¹⁰, and 53% YoY increase in active property tracks¹¹ demonstrating the value of the personalized experience provided. When compared to other leading digital brands, realestate.com.au was Australia's seventh largest in terms of audience¹², reaching almost 60% of Australia's adult population¹³.

Property and Online Advertising

Property and Online Advertising operating income increased by 25% to \$524.6 million.

Australian residential revenue increased 31% to \$387.2 million, reflecting strong growth, benefiting from national listings growth of 17%, increased depth and Premiere penetration, an 8% average

national contracted price rise from 1 July, and continued growth in add-on products, including Audience Maximiser. Rental revenue benefited from a 6% price rise, increased depth penetration and product mix, however this was offset by a decline in rental listings, which were negatively impacted by lack of interstate and international migration during the year.

Commercial and Developer revenue increased 7%, despite the negative impact of lockdowns in Melbourne and Sydney in the first quarter. Commercial revenue increased YoY, driven by price changes from 1 July and increased depth penetration. Developer revenue was flat YoY, with benefits from the growth in project launches in FY21 and increased project profile durations, largely offset by a 24% YoY decline in project launches for the half.

realcommercial.com.au continues to be the leading commercial property app in Australia, with 20.4 times more app launches than the nearest competitor¹⁴.

Media, Data and Other revenue grew by 14% during the half. Data revenues increased by 23%, with PropTrack benefiting from new contracts and increased automated valuation model (AVM) volumes. Media revenues increased by 15% reflecting increased developer display and programmatic revenue growth. Other revenues, which is largely flatmates.com, declined YoY.

Following the divestment of the Asian operations, the remaining MyFun business, which syndicates Australian premium Residential, Commercial and Developer listings to the Chinese website MyFun, has been presented as part of the Australia – Property & Online Advertising segment. Comparative information has also been adjusted accordingly.

⁴ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Dec 21 (average), P2+, Digital (C/M), text, Real Estate/Apartments subcategory, Unique Audience.

⁵ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Dec 21 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealestate.com.au, Unique Audience.

⁶ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Dec 21, P2+, Digital (C/M), text, Real Estate/Apartments subcategory, Unique Audience.

⁷ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 -Dec 21 vs Jul 20 - Dec 20 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

⁸ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 - Dec 21 (average), P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

⁹ Nielsen Digital Media Ratings (Monthly Tagged), Oct 21, P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

¹⁰ REA internal data Jul 21 - Dec 21 vs. Jul 20 - Dec 20.

¹¹ REA internal data as at 31 Dec 21 and compared to 31 Dec 20

¹² Nielsen Digital Media Ratings (Monthly Total), Dec 21, P2+, Digital (C/M) Text, All Categories, Unique Audience.

¹³ Nielsen Digital Content Ratings (Monthly Tagged), Dec 21, P18+, Digital (C/M), text, realestate.com.au, Active Reach %.

¹⁴ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 - Dec 21 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealestate.com.au, App Launches.

Financial Services

Financial Services operating income increased by \$41 million, up 24% YoY on a proforma basis assuming REA Group owned Mortgage Choice in the prior period¹⁵. Revenues benefited from a 39% increase in settlements, driven by continued broker network growth and increased productivity in a buoyant housing market, partly offset by higher broker payout ratios. The integration of Mortgage Choice is progressing well and is expected to be completed by Q3 FY23.

India

REA India delivered an impressive performance for the half, with revenue growth of 125% to \$24.5 million on a proforma basis assuming REA Group owned REA India in the prior period¹⁶. Revenue was driven by strong growth in Housing.com's property advertising business, with increased SEO driving audience growth of 55% YoY¹⁷. Revenue also benefited from growth in lower margin adjacency products on the Housing Edge platform, such as Rent Pay, Mortgages and Property management.

International

Move, Inc. ("Move")

The International segment includes our equity accounted strategic investments comprising Move and the PropertyGuru Group ("PropertyGuru"). The Group holds a 20% investment in Move, which operates realtor.com®, a leading property provider of online real estate services in the United States. News Corp holds the remaining 80%.

Move's reported revenue growth of 19% to US\$349.4 million¹⁸ was due to continued growth in the traditional lead generation and referral model. The Group's share of Move's contribution declined \$1 million year on year to \$8 million. Lead volumes declined by 14% YoY in the half and 9% in Q2 reflecting strong prior year comparatives. Move saw higher employee and marketing costs as the business continued to reinvest to drive their core businesses and expand into agencies.

PropertyGuru

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 Owen Wilson was appointed to the board of PropertyGuru in September 2021, refer to Note 14.

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 first quarter of the 2022 calendar year. 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.

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 and India, 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. 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.

¹⁵ Proforma assuming Mortgage Choice was owned from 1 July 2020. Excludes financial planning (FinChoice).

¹⁶ Proforma assuming REA India was owned from 1 July 2020. Growth rate is based on constant currency.

¹⁷ Similarweb data, average site visits in Jul 21 – Dec 21 vs. Jul 20 – Dec 20.

¹⁸ NewsCorp's Form 10-Q stated in US Dollars for the six-month period ended 31 December 2021.

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 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 its customers and

consumers and remove any barriers for them to be able to realise, and 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 REA Group provides 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 journey.

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

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 Condensed Interim Financial Statements have been rounded off in accordance with the relief provided, to the nearest million and one decimal place, except where otherwise indicated.

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 12.

Declaration

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



Hamish McLennan

Chairman



Owen Wilson

Chief Executive Officer

Melbourne

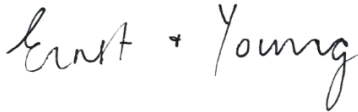
4 February 2022

Auditor's Independence Declaration to the Directors of REA Group Ltd

As lead auditor for the review of the half-year financial report of REA Group Ltd for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Alison Parker
Partner
4 February 2022

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Condensed Consolidated Income Statement
for the half-year ended 31 December 2021

	Notes	2021 \$M	2020 \$M
Revenue from property and online advertising	3	549.1	418.7
Revenue from financial services	3	182.5	47.6
Expense from franchisee commissions	3	(144.7)	(35.9)
Revenue from financial services after franchisee commissions		37.8	11.7
Total operating income		586.9	430.4
Employee benefits expenses	4	(141.0)	(92.5)
Consultant and contractor expenses		(7.8)	(3.7)
Marketing related expenses		(33.5)	(21.9)
Technology and other expenses		(33.6)	(18.8)
Operations and administration expense		(13.4)	(12.0)
Share of gains of associates and joint ventures	14	1.4	5.6
Net gain on acquisition, disposal or closure of subsidiaries and operations		4.0	3.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)		363.0	290.2
Depreciation and amortisation expense	4	(45.8)	(39.3)
Profit before interest and tax (EBIT)		317.2	250.9
Net finance expense	4	(3.4)	(2.1)
Profit before income tax		313.8	248.8
Income tax expense	6	(98.1)	(75.3)
Profit for the half-year		215.7	173.5
Profit / (loss) for the half-year is attributable to:			
Non-controlling interest		(5.6)	0.1
Owners of the parent		221.3	173.4
		215.7	173.5
Earnings per share attributable to the ordinary equity holders of REA Group Limited			
Basic earnings per share		167.5	131.6
Diluted earnings per share		167.5	131.6

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

Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2021

	2021	2020
	\$M	\$M
Profit for the half-year	215.7	173.5
Other comprehensive income		
Items that may be reclassified subsequently to the Condensed Consolidated Income Statement		
Exchange differences on translation of foreign operations, net of tax	29.6	(32.7)
Other comprehensive income / (loss) for the half-year, net of tax	29.6	(32.7)
Total comprehensive income for the half-year	245.3	140.8
Total comprehensive income / (loss) for the half-year is attributable to:		
Non-controlling interest	(2.4)	0.1
Owners of the parent	247.7	140.7
	245.3	140.8

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

Condensed Consolidated Statement of Financial Position

as at 31 December 2021

	Notes	31 Dec 2021 \$M	30 Jun 2021 \$M
ASSETS			
Current assets			
Cash and cash equivalents	7	194.8	168.9
Trade and other receivables		153.1	147.9
Commission contract assets	8	157.8	148.7
Assets held for sale		-	221.6
Total current assets		505.7	687.1
Non-current assets			
Property, plant and equipment		82.8	89.4
Intangible assets		832.2	827.7
Other non-current assets		30.1	5.0
Investment in associates and joint ventures	14	541.9	309.2
Commission contract assets	8	441.1	431.3
Total non-current assets		1,928.1	1,662.6
Total assets		2,433.8	2,349.7
LIABILITIES			
Current liabilities			
Trade and other payables		69.9	95.7
Current tax liabilities		11.5	15.1
Provisions		14.6	13.8
Contract liabilities		63.1	75.8
Interest bearing loans and borrowings	9	8.8	8.8
Commission liabilities	8	122.0	113.9
Liabilities held for sale		-	28.5
Total current liabilities		289.9	351.6
Non-current liabilities			
Other non-current payables		4.0	7.5
Deferred tax liabilities	6	32.1	32.6
Provisions		7.8	7.0
Interest bearing loans and borrowings	9	480.6	486.8
Commission liabilities	8	336.2	325.0
Total non-current liabilities		860.7	858.9
Total liabilities		1,150.6	1,210.5
Net assets		1,283.2	1,139.2
EQUITY			
Contributed equity	10	159.7	152.1
Reserves		66.3	40.4
Retained earnings		1,002.7	876.5
Parent interest		1,228.7	1,069.0
Non-controlling interest		54.5	70.2
Total equity		1,283.2	1,139.2

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

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2021

	Notes	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Parent interest \$M	Non- controlling interest \$M	Total equity \$M
Balance at 1 July 2021		152.1	40.4	876.5	1,069.0	70.2	1,139.2
Profit for the half-year		-	-	221.3	221.3	(5.6)	215.7
Other comprehensive income		-	26.4	-	26.4	3.2	29.6
Total comprehensive income for the half-year		-	26.4	221.3	247.7	(2.4)	245.3
Transactions with owners in their capacity as owners							
Share-based payment expense		-	6.4	-	6.4	-	6.4
Acquisition of treasury shares	10	(12.5)	-	-	(12.5)	-	(12.5)
Settlement of vested performance rights	10	6.9	(6.9)	-	-	-	-
Change in controlling interest	10	13.2	-	-	13.2	(13.2)	-
Dividends paid	11	-	-	(95.1)	(95.1)	(0.1)	(95.2)
Balance at 31 December 2021		159.7	66.3	1,002.7	1,228.7	54.5	1,283.2

	Notes	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Parent interest \$M	Non- controlling interest \$M	Total equity \$M
Balance at 1 July 2020		92.1	67.8	704.3	864.2	0.4	864.6
Profit for the half-year		-	-	173.4	173.4	0.1	173.5
Other comprehensive loss		-	(32.7)	-	(32.7)	-	(32.7)
Total comprehensive income for the half-year		-	(32.7)	173.4	140.7	0.1	140.8
Transactions with owners in their capacity as owners							
Share-based payment expense		-	2.1	-	2.1	-	2.1
Acquisition of treasury shares		(3.7)	-	-	(3.7)	-	(3.7)
Settlement of vested performance rights		2.1	(2.1)	-	-	-	-
Issue of new shares		59.9	-	-	59.9	-	59.9
Acquired minority interest		-	-	-	-	81.3	81.3
Dividends paid	11	-	-	(72.4)	(72.4)	(0.1)	(72.5)
Balance at 31 December 2020		150.4	35.1	805.3	990.8	81.7	1,072.5

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2021

	Notes	2021 \$M	2020 \$M
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		645.1	464.7
Payments to suppliers and employees (inclusive of GST)		(327.1)	(219.0)
		318.0	245.7
Interest received		0.6	1.5
Interest paid		(3.5)	(3.2)
Income taxes paid		(102.0)	(119.1)
Net cash inflow from operating activities		213.1	124.9
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash		-	(39.4)
Payment for investment in associates and joint ventures		(15.0)	(5.4)
Proceeds from sale of business assets		0.4	-
Payment for property, plant and equipment		(2.3)	(1.3)
Payment for intangible assets		(42.2)	(29.9)
Investment in short term funds		(16.0)	-
Payment for financial assets		(5.6)	(11.8)
Net cash outflow from investing activities		(80.7)	(87.8)
Cash flows from financing activities			
Dividends paid to company's shareholders	11	(95.1)	(72.4)
Dividends paid to non-controlling interests in subsidiaries		(0.1)	(0.1)
Payment for acquisition of treasury shares	10	(12.5)	(3.7)
Repayment of borrowings and leases	9	(4.3)	(3.1)
Net cash outflow from financing activities		(112.0)	(79.3)
Net Increase / (decrease) in cash and cash equivalents		20.4	(42.2)
Cash and cash equivalents at the beginning of the year		168.9	222.8
Cash and cash equivalents held for sale at the beginning of the year		4.9	-
Effects of exchange rate changes on cash and cash equivalents		0.6	(0.7)
Cash and cash equivalents at end of the half-year	7	194.8	179.9

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

Notes to the Condensed Consolidated Interim Financial Statements

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 Condensed Consolidated Interim Financial Statements of the Company as at and for the half-year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and equity-accounted investments.

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

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements for the half-year ended 31 December 2021 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in annual Financial Statements and should be read in conjunction with the Group’s annual Consolidated Financial Statements as at 30 June 2021.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group’s annual report for the year ended 30 June 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(a) New standards, interpretations and amendments adopted by the Group

Several new or amended accounting standards and interpretations are effective for the Group from 1 July 2021. 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.

(b) New standards, interpretations and amendments not yet adopted by the Group

New accounting standards, interpretations and amendments 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.

2. Segment information

The Group reports segment information on the same basis as its internal reporting provided to the chief operating decision maker and consistent with the information used to organise and manage the Group. The reportable segments are based on location and by function of the Group's operations. Following the divestment of the Malaysia and Thailand businesses, resulting in structural and operational changes, the Group completed a review of the reporting segments. As a result of the review, the Group's reporting segments are outlined below:

- Australia – Property & Online Advertising: includes property & online advertising across Australia and the equity investments of Campaign Agent Pty Ltd, Realtair Pty Limited and Managed Platforms Pty Ltd.
- Australia – Financial Services: includes Mortgage Choice, Smartline, REA Home Loans and equity investment of Simpology Pty Limited.
- India – includes REA India, previously named Elara Technologies Pte. Ltd.
- International – includes equity investments in Move Inc. and PropertyGuru Pte Ltd.
- Corporate – includes the costs of certain head office functions that are not considered appropriate to be allocated to the Group's operating businesses.

The following tables present operating income and results by operating segments for the half-years ended 31 December 2021 and 2020.

2. Segment information (continued)

Half-year ended 31 December 2021	Australia		India ⁴	International	Corporate	Total
	Property & Online Advertising	Financial Services				
	\$M	\$M	\$M	\$M	\$M	\$M
Segment operating income¹						
Total segment operating income ¹	503.7	41.3	24.5	-	-	569.5
Segment operating income – other ²	21.4	-	-	-	-	21.4
Inter-segment operating income	(0.5)	-	-	-	-	(0.5)
Trail commission integration adjustment	-	(3.5)	-	-	-	(3.5)
Operating income¹	524.6	37.8	24.5	-	-	586.9
Results						
Segment EBITDA from core operations (excluding share of losses of associates and joint ventures)	373.9	17.7	(14.8)	-	(11.0)	365.8
Share of gains / (losses) of associates and joint ventures	(1.6)	(0.6)	-	3.6	-	1.4
Associate restructuring costs ³	-	-	-	0.8	-	0.8
Segment EBITDA from core operations	372.3	17.1	(14.8)	4.4	(11.0)	368.0
Net gain on acquisitions disposals and closure of subsidiaries and operations ⁵	-	-	-	-	4.0	4.0
Associate restructuring costs ³	-	-	-	(0.8)	-	(0.8)
Trail commission integration adjustment	-	(3.5)	-	-	-	(3.5)
Integration costs	-	-	-	-	(4.7)	(4.7)
EBITDA	372.3	13.6	(14.8)	3.6	(11.7)	363.0
Depreciation and amortisation						(45.8)
EBIT						317.2
Net finance expense						(3.4)
Profit before income tax						313.8

¹ This represents revenue less commissions for Financial Services.² This represents the former Asia operations, being Malaysia, Thailand and Hong Kong (Note 15), inclusive of MyFun and legacy Asia operations which is no longer a reportable segment.³ Associate restructuring costs reflect REA's share of restructuring costs incurred by PropertyGuru.⁴ Represents of REA India, previously named Elara Technologies Pte. Ltd which was consolidated in the Group's results for the six-month period ended 31 December 2021.⁵ Comprised of \$15.8 million gain relating to the divestment of Malaysia, Thailand and 99 Group shareholder rights and \$11.8 million loss relating to the divestment of Hong Kong assets to 28Hse, closure of Hong Kong operations and rationalisation of the remaining Asia subsidiaries.

2. Segment information (continued)

Half-year ended 31 December 2020 (restated)	Australia		India ⁴	International	Corporate	Total
	Property & Online Advertising	Financial Services				
	\$M	\$M				
Segment operating income ¹						
Total segment operating income ¹	402.7	11.7	-	-	-	414.4
Segment operating income – other ²	17.4	-	-	-	-	17.4
Inter-segment operating income	(1.4)	-	-	-	-	(1.4)
Operating income ¹	418.7	11.7	-	-	-	430.4
Results						
Segment EBITDA from core operations (excluding share of losses of associates and joint ventures)	290.3	4.4	-	-	(10.1)	284.6
Share of gains/(losses) of associates and joint ventures	(1.3)	-	(2.4)	9.3	-	5.6
Segment EBITDA from core operations	289.0	4.4	(2.4)	9.3	(10.1)	290.2
Net gain on acquisitions, disposals and closure of subsidiaries and operations	-	-	-	-	3.1	3.1
Historic tax provision ³	-	-	-	-	(3.1)	(3.1)
EBITDA	289.0	4.4	(2.4)	9.3	(10.1)	290.2
Depreciation and amortisation						(39.3)
EBIT						250.9
Net finance expense						(2.1)
Profit before income tax						248.8

¹ This represents revenue less commissions for Financial Services.

² This represents the former Asia operations, being Malaysia, Thailand and Hong Kong (Note 15), inclusive of MyFun and legacy Asia operations which is no longer a reportable segment.

³ Historic indirect tax provision reflects potential retrospective changes to interpretation of tax law.

⁴ Represents of REA India, previously named Elara Technologies Pte. Ltd which was included as an investment in associate for the six-month period ended 31 December 2020.

3. Revenue from contracts with customers**(a) Revenue from contracts with customers reconciliation**

	Consolidated for the half-year ended 31 December 2021			
Total revenue for the Group: <i>Type of services</i>	Property & Online Advertising \$M	Financial Services \$M	India \$M	Total \$M
Revenue from property & online advertising	524.6	-	24.5	549.1
Revenue from financial services	-	182.5	-	182.5
Total revenue	524.6	182.5	24.5	731.6

	Consolidated for the half-year ended 31 December 2021			
Total revenue for the Group: <i>Timing of revenue</i>	Property & Online Advertising \$M	Financial Services \$M	India \$M	Total \$M
Services transferred at a point in time	8.1	182.5	12.6	203.2
Services transferred over time	516.5	-	11.9	528.4
Total revenue	524.6	182.5	24.5	731.6

Restated¹	Consolidated for the half-year ended 31 December 2020			
Total revenue for the Group: <i>Type of services</i>	Property & Online Advertising \$M	Financial Services \$M	India \$M	Total \$M
Revenue from property & online advertising	418.7	-	-	418.7
Revenue from financial services	-	47.6	-	47.6
Total revenue	418.7	47.6	-	466.3

Restated¹	Consolidated for the half-year ended 31 December 2020			
Total revenue for the Group: <i>Timing of revenue</i>	Property & Online Advertising \$M	Financial Services \$M	India \$M	Total \$M
Services transferred at a point in time	6.8	47.6	-	54.4
Services transferred over time	411.9	-	-	411.9
Total revenue	418.7	47.6	-	466.3

¹ Comparative information for the half year ended 31 December 2020 has been restated for the effects of changes in reportable segments.

3. Revenue from contracts with customers (continued)**Reconciliation of operating income:**

	31 Dec 2021	31 Dec 2020
	\$M	\$M
Total revenue	731.6	466.3
Expense from franchisee commissions	(144.7)	(35.9)
Total operating income	586.9	430.4

(b) Contract liabilities

As of 1 July 2021, contract liabilities amounted to \$75.8 million, of which \$73.0 million was recognised during the six months ending ended 31 December 2021. As of 1 July 2020, contract liabilities amounted to \$61.5 million, of which \$49.2 million was recognised during the six months ending 31 December 2020.

4. Expenses

	31 Dec 2021	31 Dec 2020
	\$M	\$M
Profit before income tax includes the following specific expenses:		
Employee benefits		
Salary costs	125.1	82.3
Defined contribution superannuation expense	10.0	8.1
Share based payments expense	5.9	2.1
Total employee benefits expenses	141.0	92.5
Depreciation of property, plant and equipment	8.5	8.5
Amortisation of intangibles	37.3	30.8
Total depreciation and amortisation expense	45.8	39.3
Finance (income)/expense		
Interest income	(0.7)	(1.5)
Interest expense	4.1	3.3
Foreign exchange loss - financing	-	0.3
Total finance expense	3.4	2.1
Advertising placement costs	17.0	5.4
Net foreign exchange (gain) / loss	(1.0)	1.6

5. Intangible assets and impairment

AASB 136 *Impairment of Assets* requires assets to be assessed for impairment indicators at the end of each reporting period. If any such indicators exist, the recoverable amount of the asset is estimated. No such indicators were identified at the CGU level for the half-year ended 31 December 2021.

6. Income tax

The Group calculates the half-year income tax expense using the tax rate that would be applicable to expected total annual earnings. The major components of income tax expense in the Condensed Consolidated Income Statement are:

	31 Dec 2021 \$M	31 Dec 2020 \$M
Current income tax expense	99.2	76.7
Deferred income tax expense related to origination and reversal of deferred taxes	(1.1)	(1.4)
Total income tax expense	98.1	75.3

Deferred tax classification

Deferred tax assets and liabilities are presented on a net basis where the Group intends to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered. Comparative amounts in the Condensed Consolidated Statement of Financial Position have been reclassified for consistency.

	31 Dec 2021 \$M	30 Jun 2021 \$M
Deferred tax assets	15.0	13.9
Deferred tax liabilities	(47.1)	(46.5)
Net deferred tax assets / (liabilities)	(32.1)	(32.6)

7. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	31 Dec 2021 \$M	30 Jun 2021 \$M
Cash at bank and in hand	194.3	168.4
Short-term deposits	0.5	0.5
Total cash and cash equivalents	194.8	168.9

8. Fair value measurement

This note provides an update on the judgements and estimates made in determining the fair value measurement of the Group's assets and liabilities since the last annual financial report. The table outlines the carrying value as at 31 December 2021.

	31 Dec 2021 \$M	30 Jun 2021 \$M
Future trailing commission contract assets – current	130.7	122.4
Upfront commission contract assets – current	27.1	26.3
Total current commission contract assets	157.8	148.7
Future trailing commission contract assets – non-current	441.1	431.3
Non-current financial assets	26.3	-
Future trailing commission liabilities – current	99.8	92.2
Upfront commission liabilities – current	22.2	21.7
Total current commission liabilities	122.0	113.9
Future trailing commission liabilities – non-current	336.2	325.0

a) Commissions

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 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. Any increase/decrease in the below assumptions would lead to a corresponding increase/decrease in the carrying value of the trailing commissions balance.

	31 Dec 2021	30 Jun 2021
Weighted average loan life	4.2 years	4.2 years
Weighted average discount rate	4.5 – 6.5%	4.5 – 6.5%
Percentage of commissions received paid to franchisees (10-year average)	75.7%	75.7%

b) Financial assets

In July 2021, the Group entered into a contract to sell the shareholder rights associated with the 27% interest in 99 Group and the associated convertible note, representing the non-current financial asset. The financial asset is measured at fair value and uses assumptions that are unobservable inputs categorised as Level 3 within the fair value hierarchy. The Group uses the discounted cash flow method of estimating the fair value of the financial asset and is measured on a non-recurring basis. Refer to Note 15 for further information.

9. Interest bearing loans and borrowings

In September 2021, the Group refinanced the \$520 million Bridge facility with a new \$600 million syndicated facility, split in two tranches: a \$400 million three-year facility and \$200 million four-year facility. The lenders to the new syndicated facility are National Australia Bank Limited as Lead Arranger, Australia and New Zealand Banking Group Limited, HSBC Bank Australia Limited, ING Bank (Australia) Limited and Commonwealth Bank of Australia. The facilities were recognised initially at fair value net of directly attributable transaction costs.

Facility ¹	Interest rate	Maturity	31 Dec 2021 \$M	30 Jun 2021 \$M
Syndicated facility – Tranche A	1.115%	September 2024	400.0	-
Syndicated facility – Tranche B ²	1.265%	September 2025	200.0	-
Unsecured bridge facility	BBSY +0.80%	July 2022	-	413.8

¹ The carrying value of the debt approximates fair value.

² The undrawn amount at 31 December 2021 was \$186.3 million.

Reconciliation of liabilities arising from financing activities:

	Balance at 1 July 2021 \$M	Additions \$M	Principal Payments \$M	Other \$M	Balance at 31 December 2021 \$M
Loans – current	-	-	-	-	-
Lease liabilities – current	8.8	-	(4.3)	4.3	8.8
Total interest bearing loans and borrowings - current	8.8	-	(4.3)	4.3	8.8
Loans – non-current	413.4	413.7	(413.4)	(2.0)	411.7
Lease liabilities – non-current	73.4	-	-	(4.5)	68.9
Total interest bearing loans and borrowings - non-current	486.8	413.7	(413.4)	(6.5)	480.6

10. Contributed equity

At 31 December 2021 the Group had 132,117,217 shares on issue.

	Contributed equity	Other contributed equity	Total
	\$M	\$M	\$M
Balance at 1 July 2020	102.6	(10.6)	92.0
Acquisition of treasury shares	-	(3.7)	(3.7)
Settlement of vested performance rights	-	3.7	3.7
Issue of new shares	59.9	-	59.9
Other – change in non-controlling interest	-	0.2	0.2
Balance at 30 June 2021	162.5	(10.4)	152.1
Acquisition of treasury shares	-	(12.5)	(12.5)
Settlement of vested performance rights	-	6.9	6.9
Other - change in non-controlling interest	-	13.2	13.2
Balance at 31 December 2021	162.5	(2.8)	159.7

The Group's own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share-based payments reserve.

The Group subscribed for new Class I Preference Shares in REA India, increasing its shareholding from 60.65% to 67.90% at 31 December 2021. Total funding provided was \$34.5 million, with News Corp continuing to hold a non-controlling interest in REA India.

11. Dividends

The following dividends were paid or determined to be paid by the Group:

	31 Dec 2021 \$M	31 Dec 2020 \$M
Paid during the period (fully-franked @ 30%)		
Final dividend: 72.0 cents (2020: 55.0 cents)	95.1	72.4
Proposed and unrecognised as a liability (fully-franked at 30%)		
Interim dividend: 75.0 cents (2021: 59.0 cents). Proposed dividend is expected to be paid on 22 March 2022 out of retained earnings at 31 December 2021 but is not recognised as a liability at half-year end	99.1	77.9

12. Commitments and contingencies

(a) Claims

Various claims, including tax matters, arise in the ordinary course of business against the Group and its subsidiaries. The amount of the liability (if any) at 31 December 2021 cannot be ascertained, and any resulting liability would not materially affect the financial position of the Group.

(b) Guarantees

At 31 December 2021, the Group had bank guarantees totalling \$8.8 million in respect of various property leases for offices used by the Group. In addition, committed funding of up to US\$4.7 million for 99 Group will continue to be supported by a letter of credit from the Group.

13. Business combinations

On 18 June 2021, the Group obtained control of 100% of Mortgage Choice Pty Ltd (formerly 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. Subsequent to reporting a provisional balance sheet at 30 June 2021, the Group has determined the fair value of assets and liabilities acquired as part of the business combination. This resulted in the fair value adjustment of the deferred tax liability on the Mortgage Choice trail commissions. There were no other changes to the reported purchase consideration of \$243.7 million, assets and liabilities acquired at 30 June 2021. This has led to a decrease in the provisional goodwill reported at 30 June 2021 from \$103.5 million to \$94.8 million at 31 December 2021.

Following the acquisition of Mortgage Choice, the Group has re-assessed its financial services strategy including the integration of the Mortgage Choice brand name and software. As a result, the Group has assessed that the Smartline brand no longer has an infinite useful life and has commenced accelerated amortisation on the brand names. The Group has also re-assessed the useful life of other intangible assets and commenced accelerated amortisation on software intangible assets.

14. Investment in associates and joint ventures

On 3 August 2021, the Group completed the sale of its Malaysia and Thailand entities to 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, with that appointment being made in September 2021.

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 initial public offering (IPO), which is anticipated to occur in the first quarter of the 2022 calendar year. 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. The Group's equity interest is dependent on the capital raising valuation and outcome of the business combination.

The Group holds a 20% interest in Move, which is equity-accounted. The remaining 80% interest in Move is held by News Corp.

In December 2021, the Group invested an additional \$15.0 million in Realtair to increase its shareholding from 24.71% (21.49% diluted) to 35.79% (31.73% diluted).

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

	Move		PropertyGuru		Other	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount of the investment	294.0	271.8	197.6	-	50.3	37.4

A reconciliation of the share of (gains) /losses in associates and joint ventures is provided below:

	Move		PropertyGuru		Other	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$M	\$M	\$M	\$M	\$M	\$M
Share of (gain)/losses of associate/joint venture	(8.2)	(9.3)	4.6	-	2.2	3.7

15. Divested operations

As disclosed in Note 14, the Group completed the sale of its Malaysia and Thailand entities to PropertyGuru in exchange for an 18% equity interest (16.6% diluted) of the combined PropertyGuru Group.

On 3 August 2021, 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 divested the shareholder rights associated with the investment, with a settlement period of up to 30 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. At 31 December 2021, the balance associated with 99 Group is included within other non-current assets as the settlement for this transaction is no longer expected to complete within 12 months.

The divestment of the Malaysia and Thailand businesses and the investment in 99 Group resulted in a net gain on sale of \$15.8 million. The associated assets and liabilities of the divested operations were previously classified as assets and liabilities of disposal group held for sale as at 30 June 2021. The goodwill balance previously attributed to the Asia operations was partially allocated to the disposal group and the residual Asia operations (included under the Australia – Property & Online Advertising CGU) based on their relative value.

On 15 November 2021, the Group completed the sale of the Hong Kong business assets (held by REA Hong Kong Management Co Limited) to 28Hse Ltd for \$0.4 million. On 17 December 2021, after a one-month transition period, the REA Hong Kong Management Co Limited ceased business operations. Following the completion of the disposal of the Malaysia and Thailand businesses and Hong Kong asset divestments, the Group commenced a restructure of the remaining Asia businesses resulting in a total net loss of \$11.8 million, of which \$8.7 million relates to foreign exchange loss on historic funding previously held in the foreign currency translation reserve.

16. Events after the balance sheet date

From the end of the reporting period to the date of this report, no matter or circumstance 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

For the half-year ended 31 December 2021:

The Directors of REA Group Ltd declare that in their opinion:

- (a) the Condensed Consolidated Interim Financial Statements and notes of the consolidated entity set out on pages 14 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Hamish McLennan

Chairman



Owen Wilson

Chief Executive Officer

Melbourne

4 February 2022

Independent Auditor's Review Report to the members of REA Group Ltd

Conclusion

We have reviewed the accompanying half-year financial report of REA Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The Ernst & Young logo is written in a cursive, handwritten style.

Ernst & Young

A handwritten signature in black ink, which appears to read 'Alison Parker'.

Alison Parker
Partner
Melbourne
4 February 2022