

ASX/Market Release
31 July 2018

Profitable SaaS Business Unit and Lower Cost Base Delivers Positive Operating Cashflow in Fourth Quarter

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX: REV), a leading provider of investment property Software as a Service (“**SaaS**”) and property transaction services to Australian and New Zealand investors, has released its Appendix 4C for the three months to 30 June 2018 (“**Q4**”).

Key Highlights for Q4

- Cash receipts from customers grew to \$1.0 million, a 28% increase over the three months to 31 March 2018 (“**Q3**”);
- Positive cash flow of \$35,000 from operating activities, a \$0.4 million improvement over Q3;
- Restructure of the cost base saving approximately \$1.5 million per annum now being fully recognised;
- The SaaS Business Unit continues to operate profitably on a contribution margin basis, with an increased focus on growing referral partner channels and SaaS revenues in FY19;
- The Property Transaction Business Unit is focused on conversion of leads to sales, with dedicated salespeople in key markets;
- The Company had cash on hand at 30 June 2018 of \$0.1 million with a commission receivable at settlement book totalling approximately \$1.1 million; and
- \$100,000 of the Directors’ line of credit of \$350,000 was drawn down to 30 June 2018, with the remaining \$250,000 available to assist the Company with cash flow requirements going forward if required.

During the fourth quarter, the Company reported cash receipts of \$972,000 with a net cash inflow from operating activities of \$35,000. Receipts from customers were up 28% on the \$759,000 reported in Q3, reflecting increases in both SaaS Business Unit cash receipts from customers and also commission receipts from the Property Transaction Business Unit.

The net operating cash inflow was a significant improvement over previous quarters and reflects the Company’s focus on significantly reducing its operating cost base. A total of \$1.5 million in annualised cost savings have now been captured.

The Company's cash balance at the end of the quarter was \$0.1 million. In addition, the Company has approximately \$1.1 million of commissions due at settlement, and access to a further \$250,000 via a Directors' line of credit.

The core SaaS Business Unit continues to operate profitably on a standalone basis. Significantly lower costs now provide scope to aggressively market the SaaS offering to a number of new referral partners and end users to grow SaaS revenues in FY19.

The Company continues to invest in its new Property Transaction Business Unit. This business unit continues to operate at a loss while skills and capabilities are being built out. In the last quarter a dedicated sales manager has been added in the key Melbourne market to focus on conversion of leads generated by the Company into sales, and the growth of the commission-based sales team across other key markets.

Clint Greaves, the CEO of the REV Group, commented: "The last quarter has seen all of the work to reduce the operating cost base deliver significant improvements with a positive operating cashflow in Q4. Pleasingly, cash receipts increased from both our SaaS Business Unit and our Property Transaction Unit, with the SaaS Business Unit continuing to operate profitably whilst we invest in growing the Property Transaction Business Unit.

"The Company drew down \$100,000 of a \$350,000 directors loan facility, with the remaining \$250,000 of this facility available to fund growth initiatives, in addition to forward commissions receivable at settlement totalling approximately \$1.1 million."

**** ENDS ****

Background

The Real Estate Investar Group Limited (ASX: REV) is a leading data driven provider of investment property analysis, tracking and transaction services to Australian and New Zealand property investors.

REV offers property investors a comprehensive suite of free online services to grow its member base and increase its knowledge of members as they engage with these services. It then monetises this base by selling investment grade property to its member base. It also monetises this base via its SaaS offering by providing members with paid memberships for advanced tools and services.



Contacts

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Real Estate Investar Group Ltd

ABN

39 141 276 959

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	972	3,782
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(541)	(2,286)
(c) advertising and marketing	(24)	(246)
(d) leased assets	-	-
(e) staff costs	(167)	(1,705)
(f) administration and corporate costs	(203)	(1,201)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(2)	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	161
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	35	(1,508)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(139)	(268)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(139)	(269)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,284
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(100)
3.5 Proceeds from borrowings	100	100
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	100	1,284

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	111	600
4.2 Net cash from / (used in) operating activities (item 1.9 above)	35	(1,508)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(139)	(269)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	100	1,284

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	107	107

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	107	91
5.2	Call deposits	-	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	107	111

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

	Current quarter \$A'000
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7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

	Current quarter \$A'000
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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	350	100
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured convertible note facility of \$350,000 provided by the entities associated with directors, Simon Baker and Joe Hanna. Interest rate is a non-cumulative coupon rate of 12% per annum. \$100k drawdown provided by CAV Investment Holdings HK 2 Limited, associated entity of Simon Baker.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(315)
9.3 Advertising and marketing	(45)
9.4 Leased assets	-
9.5 Staff costs	(320)
9.6 Administration and corporate costs	(215)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(895)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		-
10.2 Place of incorporation or registration		-
10.3 Consideration for acquisition or disposal		-
10.4 Total net assets		-
10.5 Nature of business		-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 31 July 2018.

Print name: Lee Mitchell

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.