REAL ESTATE INVESTAR GROUP LIMITED

ABN 39 141 276 959

Annual Financial Statements
June 2018

real estate investar
invest better

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of Real Estate Investar Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Director Details

The names of the directors in office at any time during, or since the end of the year are:

Director	Positions Held
Simon Baker	Non-Executive Chairman
Clinton Greaves	Managing Director & Chief Executive Officer
Ian Penman	Independent Non-Executive Director
Antony Catalano	Non-Executive Director (Resigned 1 September 2017)
Joe Hanna	Independent Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Lee Mitchell BA LLM has held the position of company secretary for the year and was appointed company secretary on 31 July 2015.

He is responsible for legal services and regulatory matters. He holds a Master of Laws from the University of Melbourne. Mr Mitchell has over 20 years' experience in corporate and commercial law and is a former partner of Logie-Smith Lanyon Lawyers, practicing principally in corporate law advising on corporate and securities regulation, capital raisings, formulation and implementation of mergers and acquisitions, corporate governance and ASX compliance matters. Since May 2016, Mr Mitchell established his own practice and is the director of Convergence Legal.

Principal Activities

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

The Group 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 providing them with memberships for advanced tools and services, selling investment grade property and through the sale of additional products and services.

Operating Results

The consolidated loss of the Group after providing for income tax amounted to $2,561,898 (2017: loss of $2,222,750).

Dividends

No dividend has been declared for the financial year ended 30 June 2018 (2017: nil).

Review of operations

Revenues in FY 2018 from ordinary activities decreased 38.5% to $2,906,244 (2017: $4,729,700) as the Group transitioned its focus to data-driven property sales revenues.

The Group 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. It is delivering solid growth in lead generation and the focus now is conversion of these leads to sales.

Additionally, the Group has made significant changes to its operating structure which has resulted in a profitable Software-as-a-Service (SaaS) Business Unit on a stand-alone basis.

SaaS Business Unit

The core SaaS Business Unit provides investors with a range of analysis, decision-making, and tracking tools to optimise their investment property decisions. It is free to use an introductory set of the SaaS enabled tools.

From the 30th June 2017 to the 30th June 2018 there was a 13.7% (2017: 27.5%) growth in members. More significantly, the amount of data points from progressive profiling and engagement with members increased by 548.7% to almost 7.2 million.

	30 Jun 2018	30 Jun 2017	Change
Members	293,581	258,096	13.7 %
Member Profile Data Points	7,197,283	4,850,723	48.4 %

The Group captures up to 60 data points on each member through their use of the tools and through their interaction with the site. The Group has detailed information, more than 20 relevant data points, on over 71,000 members. These data points are used to identify which members are best to target with paid services such as premium tools and property transaction services.

The SaaS Business Unit generates revenues from the sale of subscriptions to access these premium investment property tools. Approximately 1,700 members pay between $99 and $149 per month to access these subscriptions.

Following a cost reduction exercise that generated annualised savings of approximately $1.5 million, the core SaaS Business Unit is now profitable on a standalone basis, excluding corporate overhead expenses.

Property Transaction Business Unit

The Property Transaction Business Unit focuses on selling high quality investment properties to members and the general public. Revenues in this business unit are generated from capturing some or all of the commission related to the sale of property.

This business unit is structured around four key functions:

- Sourcing listings: identify high quality investment property by leveraging the Group's expertise, channel relationships, and leading analytical tools;
- Marketing: profiling of the registered members and the execution of a broad marketing plan to target existing members and the general public with high quality investment property opportunities;
- Lead management: a coordinated approach to nurturing and managing all investment property purchase leads; and
- Sales closing: facilitating the final investment between the developer and high-quality leads to generate transaction revenue.

The key focus is now on the conversion of leads to sales. To this extent, the Group is investing in building a commission driven sales network, initially through its key markets of Melbourne and Auckland and then more broadly throughout key markets in Australia and New Zealand.

The Board believes that continued investment in this business unit is a key component of the long-term growth of the business.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting period

There are no significant events post year end 30 June 2018.

Future Developments

Over the coming year, the Group expects continued growth in member numbers and member profile data points to ultimately drive increases in both SaaS memberships and property sales activity.

Following significant cost reductions there is a focus on growing revenues whilst maintaining tight control on expenses. The SaaS Business Unit is profitable on a stand-alone basis and is expected to remain so, whilst the Property Transaction Business Unit has been structured for growth based largely on commission-based sales expenses. The Board will consider raising capital if required to ensure adequate cash reserves to fund this planned growth.

During the next fiscal year the Group will:

> continue to grow member numbers through direct and partner promotions;

> focus on deepening its understanding of members to better align profiled members to SaaS memberships or specific property opportunities using a data-driven approach;

> re-focus activity on growing the core SaaS membership base and revenues back to levels achieved historically;

> accelerate growth of the Group's transaction-focused business including investments in further marketing and sales events;

> seek to increase direct property sales revenues through targeted campaigns to existing members;

> build new revenue streams for complementary property investment related products and services; and

> consider further local or offshore market opportunities that are aligned to the Group's data-driven property transaction model.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under any law of either the Commonwealth or State or Territory of Australia.

Director Information

The following information is current at the date of this report

Simon Baker – Non-Executive Chairman		
Date of appointment	15 November 2010	
Experience and expertise	Simon is an experienced chairman with substantial commercial experience and knowledge within the global real estate technology sector gained through positions as chairman and as a significant investor in numerous businesses. Simon is currently also the independent non-executive Chairman of ASX listed Mitula Group Limited (ASX: MUA), a leading player in the global online classifieds industry. Simon is the former CEO and Managing Director of the ASX listed REA Group from 2001 through 2008. Simon was also the Chairman of ASX listed iProperty Group Limited from 2009 to 2012. Simon is an investor in many online classifieds and e-commerce companies around the world including Vivareal, Redbubble (ASX:RBL), Mitula Group (ASX:MUA), Vertical Networks Group, Fintonic, Transmit Data and CarAdvice. Simon holds a Bachelor of Science with a major in Computer Science from Monash University and a Master of Business Administration from the Melbourne Business School.	
Other Current Australian Listed Company Directorships	Simon is the non-executive chairman of Mitula Group Limited (ASX: MUA) (appointed 1 April 2015)	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the Board Member of the Audit Committee Member of the Nomination and Remuneration Committee	
Relevant Interests in shares and options	Ordinary shares – Real Estate Investar Group Limited	14,538,933
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Clint Greaves – Managing Director		
Date of appointment	24 November 2010	
Experience and expertise	Clint was appointed the Managing Director and Chief Executive Officer of Real Estate Investar Group Limited on the 19th of December 2014. Prior to this, Clint was Chief Operating Officer and Executive Director appointed 24 November 2010. He has substantial knowledge of the property investment sector having invested in real estate for over 15 years and been involved in a number of residential and commercial developments. Clint has extensive senior management experience in operational and financial roles in Australia, New Zealand and the United Kingdom. He has worked in real estate related businesses since 2002 and has been with Real Estate Investar Group since 2010. Prior to this, he worked as a Management Consultant for Ernst & Young. Clint holds a Bachelor of Commerce with a major in Marketing and International Business and a Master of Commerce with a major in Management Science and Information Systems from Auckland University.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chief Executive Officer	
Relevant Interests in shares and options	Ordinary shares – Real Estate Investar Group Limited	5,533,000
	Options over ordinary shares - Real Estate Investar Group Limited	1,000,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Directors' Report (continued)

Ian Penman – Independent Non-Executive Director		
Date of appointment	1 October 2013	
Experience and expertise	Ian also served as Chief Executive Officer and Managing Director of Real Estate Investar Group Limited from 1 February 2014 to 19 December 2014. Ian has vast senior management experience including 18 years with IBM in Australia, the US and Europe, before spending 15 years heading up Compaq Computer Corporation in Australia. More recently, Ian was the Chief Executive Officer of Volante Group Limited.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the Audit Committee Member of the Nomination and Remuneration Committee (appointed 1/9/17)	
Relevant Interests in shares and options	Ordinary shares – Real Estate Investar Group Limited	292,500
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Joe Hanna – Independent Non-Executive Director		
Date of appointment	15 October 2015	
Experience and expertise	Joe has extensive experience in online classifieds and search, and is a founder of behavioural classifieds recommendation engine Predictive Match. Joe is co-founder and current CEO of xLabs Pty Limited, a Melbourne based technology start up. Between November 2010 to October 2012, Joe consulted to the Mitula Classified, SL management team to assist in establishing a presence in key South East Asian markets and in developing product and technology strategy. Joe spent 8 years at Fairfax Media Limited in senior roles including: Product and Technology Director – Online Employment at CIO Advantate, and Emerging Business and Technology Manager at The Age. Joe holds a Bachelor of Business with a major in Computing from the University of Victoria.	
Other Current Australian Listed Company Directorships	Joe is a non-executive director of Mitula Group Limited (ASX: MUA) (appointed 11 March 2015)	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee	
Relevant Interests in shares and options	Ordinary shares – Real Estate Investar Group Limited	Nil
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Antony Catalano – Non-Executive Director		
Date of appointment	15 October 2015 (Resigned 1 Sep 2017)	
Experience and expertise	Antony has extensive experience in the Australian real estate industry, and was Chief Executive Officer of Domain Group (2013-2018). Antony is currently a Director of Metro Media Publishing (MMP), a directorship he has held since November 2013. After a long career with Fairfax Media, The Herald and The Weekly Times, Antony founded MMP in 2009, where he served as Chief Executive Officer and Publisher. Domain Group is a Fairfax Media business and is one of Australia's leading multi-platform property industry destinations. Antony's media career began as a copy boy in 1985 at HWT, where he spent 15 years as a journalist, winning two Melbourne Press Club awards. In 2001, he was appointed Director of Real Estate at The Age, General Manager of MPG and a member of The Age senior management team. In 2004, he was appointed Classified Director Real Estate, Motoring and General Classifieds, before being appointed Director Newspaper Sales and Marketing and Product Development, Fairfax Victoria, in 2005.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Member of the Nomination and Remuneration Committee (Resigned 1 Sep 2017)	
Relevant Interests in shares and options	Ordinary shares – Real Estate Investar Group Limited	Nil
	Options over ordinary shares – Real Estate Investar Group Limited	Nil
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Meetings of Directors

During the financial year 17 director meetings were held. Attendances by each director during the financial year were as follows:

Director's Name	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Simon Baker	17	17	2	2	-	-
Clinton Greaves	17	17	-	2	-	-
Ian Penman	17	17	2	2	-	-
Antony Catalano	3	3	-	-	-	-
Joe Hanna	17	17	2	2	-	-

Where:

> Column A is the number of meetings the Director was entitled to attend.

> Column B is the number of meetings the Director attended.

Shares

On 20 September 2017 the Group announced Salta Capital as a new cornerstone investor through a concurrent placement and entitlement offer. The placement raised $506,968 at an issue price of $0.04 per share with 12,674,191 ordinary shares issued. The Company also announced its intention to complete a 1-5 non-renounceable entitlement offer to be offered to shareholders at the same price as the placement to raise up to an additional $777,350.

The Company issued 17,797,236 new shares relating to applications, including applications under the Top Up Facility, lodged by eligible shareholders under the Entitlement Offer announced to ASX on 20 September 2017. The balance of the shortfall, being 1,636,523 new ordinary shares (Placement Shares), was issued to sophisticated and professional investors.

These movements in shares increase the total ordinary shares issued in Real Estate Investar Group to 116,602,554. (2017: 84,494,604).

Shares under option

The following shares were unissued in the current financial year.

Unissued ordinary shares of Real Estate Investar Group Limited under option at the date of this report are:

Grant Date	Expiry Date	Exercise Price	No of Options Issued
10 Dec 2015	31 Dec 2020	$0.20	2,500,000
28 Apr 2016	27 Apr 2021	$0.20	1,075,000
			3,575,000

All unissued shares are ordinary shares of the Company.

Remuneration Report (audited)

Introduction

This Remuneration Report for the financial year ended 30 June 2018 outlines the Group's remuneration structure in accordance with the requirements of the *Corporations Act 2001 (Cth) (the Act)* and its Regulations.

This report provides remuneration information in relation to the Group's Key Management Personnel (KMP) including the Managing Director (who is also the Chief Executive Officer (CEO)), and the Non-Executive Directors (NEDs).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

This Remuneration Report has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Key Management Personnel
2. Principles of Remuneration and Strategy
3. Non-Executive Director Remuneration Arrangements
4. Executive Remuneration Arrangements
5. Service Agreements
6. Remuneration of Key Management Personnel
7. Shareholdings of Key Management Personnel
8. Loans to Key Management Personnel
9. Option Holdings of Key Management Personnel

1. Key Management Personnel

For the purposes of this report, KMP include all Directors of the Board, executive and non-executive, who have the authority and responsibility for planning, directing and controlling the activities of the Group as outlined below for the financial year ended 30 June 2018.

Key Management Personnel	
Executive Director	
Clint Greaves	Chief Executive Officer & Managing Director
Non-Executive Directors	
Simon Baker	Chairman & Non-Executive Director
Ian Penman	Independent Non-Executive Director
Antony Catalano	Non-Executive Director (Resigned 1 September 2017)
Joe Hanna	Independent Non-Executive Director

2. Principles of Remuneration and Strategy

Nomination and Remuneration Committee

The Board established the Nomination and Remuneration Committee under the Company's constitution which operates in accordance with its charter as approved by the board.

The committee oversees the level and composition of remuneration of the non-executive directors (NEDs) and executives.

The Nomination and Remuneration Committee objectives are to assist the board in ensuring the Company:

a) has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;

b) has coherent remuneration policies and practices to attract and retain non-executive directors who will create value for shareholders; and

c) observes those remuneration policies and practices.

In performing its responsibilities in relation to remuneration, the Nomination and Remuneration Committee must give appropriate consideration to the Company's position as an externally managed investment company where containment of costs is an important consideration.

The responsibilities of the Nomination and Remuneration Committee include:

a) review the remuneration of non-executive directors for serving on the Board and any committee (both individually and in total);

b) recommend to the Board the remuneration, retirement and termination policies for non-executive directors having regard to market trends and shareholder interests; and

c) review any insurance premiums or indemnities for the benefit of directors.

The Remuneration and Nomination Committee meets periodically during the year. Executives are not present at meetings of the Committee except by invitation.

The Remuneration and Nomination Committee is made up of members of the board, each of which are NEDs for the year ended 30 June 2018:

> Joe Hanna acted as Chair of the Committee; and

> The following directors served as members of the Committee - Simon Baker, Antony Catalano (until resignation 1st September 2017) and Ian Penman from appointment 1st September 2017.

Remuneration Strategy

Real Estate Investar Group's remuneration strategy is designed to attract and retain high quality directors and executives and to motivate high quality senior executives by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Group's reward framework are to ensure that remuneration practices:

> are aligned to the Group's business strategy,

> offer competitive remuneration benchmarked against the external market, and

> provide strong linkage between individual and Group performance and rewards and align the interests of executives with shareholders.

Where relevant, the remuneration framework will incorporate at risk components through STI and LTI arrangements tailored to the particular executive by reference to both financial and other metrics which generate value for shareholders. In 2018 no KMPs were provided with an at risk component that was linked to Group performance.

3. Non-Executive Director Remuneration Arrangements

In accordance with best practice corporate governance, the structure of NED and executive remuneration is separate and distinct.

The remuneration of NEDs consists of director fees and committee fees (where applicable). Under the current policy NEDs are not entitled to receive performance related remuneration. Remuneration levels are to be reviewed by the Board annually.

NEDs are paid up to a maximum of the aggregate Director's fees as outlined in the Constitution and to be approved by shareholders at the inaugural annual general meeting. The annual current limit is $500,000, to be divided among them as agreed by the Board.

The total fees paid to Directors during the year did not exceed the approved limit. The following table sets out the current approved fee structure:

Role	Per Annum $
Board Chair	55,000
Chair – Nomination & Remuneration Committee	5,000
Chair – Audit Committee	5,000
Board Member	35,000

The remuneration of NEDs for the year is detailed in the table 'Remuneration of Key Management Personnel' in Section 6.

4. Executive Remuneration Arrangements

The Group aims to reward executives with a level and mix of remuneration that is commensurate with their position and responsibilities within the Group and is aligned with market practice.

Elements of Remuneration

In 2018, the executive remuneration framework consisted of the following components:

> fixed remuneration; and

> variable remuneration for eligible staff comprising of short term incentives only.

Fixed Remuneration

Executive contracts do not include any guaranteed base pay increases. Fixed remuneration levels are set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed at least annually by the Remuneration and Nomination Committee and the process consists of a review of the Group's performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices. Employees receive their fixed remuneration in cash. The Board's policy is to ensure that fixed remuneration is market competitive having regard to industry peers and companies of similar financial size.

No external advice was obtained during the current or previous financial year.

Variable Remuneration – Short Term Incentive (STI)

The Group does not currently operate a formal STI program other than in respect of executives.

For eligible executive staff, the Group awards STI payments each financial year currently comprising of a cash bonus only, the quantum of which is determined by the achievement of a pre-defined set of Group and individual KPIs.

The following financial and non-financial components constitute the three key KPIs of the executive STI:

> targeted group revenue amount;

> targeted group EBITDA amount; and

> operational performance.

4. Executive Remuneration Arrangements (continued)

Variable Remuneration – Short Term Incentive (STI) (continued)

Key Performance Indicators (KPIs) are individually tailored by the Board, based on recommendations and input from the Remuneration & Nomination Committee in advance for each executive each year, and reflect an assessment of how that executive can fulfil his or her particular responsibilities in a way that best contributes to Group's performance and shareholder wealth in that year with close alignment to the role and responsibility within the organisation and in conjunction with the strategic objectives of the Group.

The Remuneration and Nomination Committee is yet to determine the specific weightings of these components at the current time for the year ending 30 June 2019.

The Remuneration and Nominations Committee reviews annually the ongoing appropriateness of the STI policy including individual KPIs, weighting of KPIs, performance hurdles, and assessment of performance and reward outcomes.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the CEO as appropriate. No payments or accruals have been made or provided for, for the year ended 30 June 2018.

The Group may refine its STI plan and extend to the non-executive employees in the coming year. Any such changes would take effect only from date of the agreement, and hence not relate to any period prior to 30 June 2018.

Variable Remuneration – Long Term Incentive (LTI)

The Group does not currently have a Long Term Incentive plan but may seek to introduce one in the coming year.

Employee Share Option Plan (ESOP)

REI Group has established the ESOP to assist in the motivation, retention and reward of executives and employees. The ESOP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for eligible employees (including any person who is a full-time or permanent part-time employee or officer) to receive an equity interest in the Group through the granting of Options.

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) was approved on 13 November 2015 and gives all staff the opportunity to participate in the plan. The company granted 1.45 million share options to employees under the ESOP to eligible employees during FY2016, no further options have been granted in FY2017 and FY2018.

There is a net reduction of 100,000 (2017: 275,000) employee shares under option due to staff who have ceased employment with REI and their options have lapsed.

5. Service Agreements

Service agreements are entered into by the Group with key management personnel, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses and entitlements to options under the Real Estate Group Limited Employee Share Option Plan.

Performance related entitlements are yet to be set. These agreements do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Nomination and Remuneration Committee to align with changes in job responsibilities and market salary expectations.

Chief Executive Officer

The services of the CEO, Clint Greaves are provided by way of a formalised employment agreement along with other terms of employment. An overview of these remuneration arrangements are included in the table below.

	Base Salary	Super - annuation [1]	Term of Agreement	Notice Period	Restraint Period	
Name	$	$	$		Mths	Region
Clint Greaves	225,000	9.5%	Ongoing	12 weeks by either party	12	Australia
					9	New Zealand
					6	Asia

1. Paid up to the maximum super contributions base

6. Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each KMP of the Company and the Group is set out in the table below:

	Short Term Employee Benefits	Post Employment Benefit	Share Based Payments		
FY 2018	**Cash Salary Inc Annual Leave & Fees $**	**Super - annuation $**	**Options $**	**Total $**	**Performance Based % of Remuneration**
Executive Director					
Clint Greaves, CEO & Managing Director	225,000	19,890	22,592	267,482	0.00%
Non-Executive Directors					
Simon Baker, Non-Executive Chair	55,000	-	11,296	66,296	0.00%
Ian Penman, Independent Non-Executive	40,008	-	11,296	51,304	0.00%
Antony Catalano, Non-Executive [1]	5,833	-	(39,605)	(33,772)	0.00%
Joe Hanna, Independent Non-Executive	40,000	-	11,296	51,296	0.00%
Total **-**	**365,841**	**19,890**	**16,875**	**402,606**	**0.00%**

1. Antony Catalano – Share based payments expense was written back for share options lapsed on resignation on 1 September 2017 prior to 500,000 options vesting.

	Short Term Employee Benefits	Post Employment Benefit	Share Based Payments		
FY 2017	**Cash Salary Inc Annual Leave & Fees $**	**Super - annuation $**	**Options $**	**Total $**	**Performance Based % of Remuneration**
Executive Director					
Clint Greaves, CEO & Managing Director	225,000	19,616	50,900	295,516	0.00%
Non-Executive Directors					
Simon Baker, Non-Executive Chair	55,000	-	25,450	80,450	0.00%
Ian Penman, Independent Non-Executive	40,006	-	25,450	65,456	0.00%
Antony Catalano, Non-Executive	35,000	-	25,450	60,450	0.00%
Joe Hanna, Independent Non-Executive	40,000	-	25,450	65,450	0.00%
Total	**395,006**	**19,616**	**152,700**	**567,322**	**0.00%**

Cash Bonuses

No bonuses were paid or included in remuneration of Key Management Personnel during the financial year ended 30 June 2018.

7. Shareholdings of Key Management Personnel

Details of equity instruments (other than options and rights) in Real Estate Investar Group Limited held directly, indirectly or beneficially by key management personnel are as follows:

FY 2018	Balance 1 July 2017	Granted as Compen-sation	Received on Exercise of Options	Other Changes [1]	Balance 30 June 2018	Balance Held Nominally
Simon Baker	12,115,776	-	-	2,423,157	14,538,933	14,538,933
Clint Greaves	5,390,000	-	-	143,000	5,533,000	5,533,000
Ian Penman	292,500	-	-	-	292,500	292,500
Antony Catalano	-	-	-	-	-	-
Joe Hanna	-	-	-	-	-	-
Total	**17,798,276**	**-**	**-**	**2,566,157**	**20,364,433**	**20,364,433**

1. Other changes included the purchase of additional shares under entitlement offer.

FY 2017	Balance 1 July 2016	Granted as Compen-sation	Received on Exercise of Options	Other Changes [2]	Balance 30 June 2017	Balance Held Nominally
Simon Baker	12,115,776	-	-	-	12,115,776	12,115,776
Clint Greaves	4,980,000	-	-	410,000	5,390,000	5,390,000
Ian Penman	292,500	-	-	-	292,500	292,500
Antony Catalano	-	-	-	-	-	-
Joe Hanna	-	-	-	-	-	-
Total	**17,388,276**	**-**	**-**	**410,000**	**17,798,276**	**17,798,276**

2. Other changes include the purchase of additional shares.

Shareholdings of key management personnel include those of close family members and entities over which the key management person or their close family members have direct or indirect control, joint control or significant influence.

8. Loans to Key Management Personnel

On 13 November 2015 Real Estate Investar Group Limited issued 2,000,000 Shares to South Mapleton Pty Limited for an aggregate subscription price of $320,000 ($0.16 per Share). South Mapleton Pty Limited is the corporate trustee for the South Mapleton Trust of which Annette Greaves (the wife of Clint Greaves) is the sole director and shareholder. Clint Greaves is the settlor of the South Mapleton Trust.

The subscription price was funded by way of a loan provided by REI to South Mapleton Pty Limited. The loan to South Mapleton Pty Limited carries an interest rate of 5.25% (2017: 5.65%) based on FBT Benchmark rates, was due to be repaid in full on or before 31 March 2018. As at 30 June 2018 the loan to South Mapleton Pty Limited was not repaid and accordingly a provision has been made during the reporting period for the full balance outstanding until such time as the loan is either repaid or its collection terms are amended.

8. Loans to Key Management Personnel (continued)

The Aggregate loan to key management personnel and their related party is as follows:

FY 2018	Balance 1 July 2017	Interest Paid & Payable on Loan [1]	Interest Not Charged	Write-downs & Doubtful Debts Allowance [2]	Balance 30 June 2018	Highest Indebtedness During the Year
Clint Greaves	350,496	18,720	-	(369,216)	-	369,216

1. Interest revenue of $18,720 (2017: $18,921) was recognised on loans granted to key management personnel.
2. An impairment of $369,216 (2017:Nil) was recognised on loans granted to key management personnel.

FY 2017	Balance 1 July 2016	Interest Paid & Payable on Loan [1]	Interest Not Charged	Write-downs & Doubtful Debts Allowance	Balance 30 June 2017	Highest Indebtedness During the Year
Clint Greaves	331,575	18,921	-	-	350,496	350,496

9. Option Holdings of Key Management Personnel

As a one-off allocation, the Group granted 3 million share options to the Directors upon the ASX listing on 10 December 2015. These options vested on 31 December 2017. Antony Catalano's share options lapsed on 1 September 2017, the date of his resignation.

All options refer to options over ordinary shares of the Group, which are exercisable on a one to one basis. All options remain subject to vesting criteria and do not carry any dividend or voting rights.

	Grant Date	Options Granted	Exercisable Date	Expiry Date	Value per Option at Grant Date	Total Value of Option at Grant Date	Exercise Price per Option
Simon Baker	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Clint Greaves	10-Dec-15	1,000,000	31-Dec-17	31-Dec-20	$0.10	$100,000	$0.20
Ian Penman	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Antony Catalano	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Joe Hanna	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20

9. Option Holdings of Key Management Personnel (continued)

Details of options over ordinary shares of Real Estate Investar Group Limited, held directly or beneficiary by key management personnel are as follows.

FY 2018	Balance 1 July 2017	Granted during year	Exercised during year	Lapsed during year [1]	Vested during year	Balance 30 June 2018 Unexercisable	Balance 30 June 2018 Vested and Exercisable
Simon Baker	500,000	-	-	-	500,000	-	500,000
Clint Greaves	1,000,000	-	-	-	1,000,000	-	1,000,000
Ian Penman	500,000	-	-	-	500,000	-	500,000
Antony Catalano	500,000	-	-	(500,000)	-	-	-
Joe Hanna	500,000	-	-	-	500,000	-	500,000
Total	**3,000,000**	**-**	**-**	**(500,000)**	**2,500,000**	**-**	**2,500,000**

1. Lapse of share options effective on resignation of director.

FY 2017	Balance 1 July 2016	Granted during year	Exercised during year	Lapsed during year	Vested during year	Balance 30 June 2017 Unexercisable	Balance 30 June 2017 Vested and Exercisable
Simon Baker	500,000	-	-	-	-	500,000	-
Clint Greaves	1,000,000	-	-	-	-	1,000,000	-
Ian Penman	500,000	-	-	-	-	500,000	-
Antony Catalano	500,000	-	-	-	-	500,000	-
Joe Hanna	500,000	-	-	-	-	500,000	-
Total	**3,000,000**	**-**	**-**	**-**	**-**	**3,000,000**	**-**

10. Additional Information

The earnings of the consolidated entity since IPO and listing on the ASX on the 10th of December 2015 is as follows:

	2018 $	2017 $	2016 $
Loss for the year attributable to ordinary shareholders	(2,561,898)	(2,222,750)	(1,365,347)
Earnings per share for the year (cents per share)	(2.38)	(2.63)	(2.09)

End of Remuneration Report (audited)

Indemnification of Officers and Auditors

During the financial year, Real Estate Investar Group Limited paid a premium in respect of a contract insuring directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-Audit Services

During the financial year, there were no non-audit services paid or payable to the auditor, RSM Australia Partners or their related practices.

Auditor's Independence Declaration

There were no former partners or directors of RSM Australia Partners, the Company's auditor, who are or were at any time during the financial year an officer of the Company. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19 and forms part of this Directors' Report.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors dated 26 September 2018.

Simon Baker

Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Real Estate Investar Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 26 September 2018
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Revenue	3	2,906,244	4,729,700
Expenses			
Commissions		(950,245)	(1,517,804)
Costs of website and data		(847,131)	(1,217,607)
Employment expense	23	(1,696,639)	(2,455,356)
Depreciation and amortisation		(496,495)	(484,860)
Occupancy		(149,659)	(148,185)
Marketing		(229,161)	(328,541)
IT and legal		(151,700)	(165,686)
Bad debts and provision for doubtful debts		(73,561)	(11,816)
Impairment expense		(369,216)	-
Other Expenses		(496,591)	(618,944)
		(5,460,398)	**(6,948,799)**
Finance costs		(27,731)	(27,622)
Finance income		19,987	23,971
Net Finance Costs		**(7,744)**	**(3,651)**
Loss before income tax expense from continuing operations		**(2,561,898)**	**(2,222,750)**
Income tax expense	4	-	-
Loss after income tax expense for the year		**(2,561,898)**	**(2,222,750)**
Other comprehensive income			
Items that will be reclassified to profit or loss in future periods:			
Foreign currency translation differences		(6,360)	(3,472)
Total comprehensive loss for the year		**(2,568,258)**	**(2,226,222)**

		Cents	Cents
Earnings per share			
Basic and diluted loss per share (cents per share)	5	(2.38)	(2.63)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	8	107,444	599,823
Receivables	9	1,415,639	1,650,819
Prepayments	9	96,406	132,781
Total current assets		**1,619,489**	**2,383,423**
Non-current assets			
Receivables	9	78,243	1,000,966
Property, plant and equipment	10	32,390	56,656
Intangible assets	11	923,101	1,287,301
Total non-current assets		**1,033,734**	**2,344,923**
Total Assets		**2,653,223**	**4,728,346**
Liabilities			
Current liabilities			
Trade and other payables	12	1,759,295	2,268,054
Current tax liabilities	4	-	22
Borrowings	13	334,955	234,955
Provision for employee entitlements	23	114,785	127,944
Total current liabilities		**2,209,035**	**2,630,975**
Non-current liabilities			
Trade and other payables	12	23,959	321,135
Provision for employee entitlements	23	31,543	22,421
Total non- current liabilities		**55,502**	**343,556**
Total Liabilities		**2,264,537**	**2,974,531**
Net Assets		**388,686**	**1,753,815**
Equity			
Contributed equity	14	12,469,579	11,285,121
Accumulated losses		(12,422,022)	(9,860,124)
Reserves	17	341,129	328,818
Total Equity		**388,686**	**1,753,815**

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 2018

	Note	Contributed Equity $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total Equity $
Balance at 1 July 2016		**11,285,121**	**(7,637,374)**	**92,374**	**8,298**	**3,748,419**
Loss after income tax expense for the year		-	(2,222,750)	-	-	(2,222,750)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		-	-	-	(3,472)	(3,472)
Total comprehensive loss for the year		**-**	**(2,222,750)**	**-**	**(3,472)**	**(2,226,222)**
Transaction with owners in their capacity as owners:						
Options issued	15			231,618		231,618
Shares issued, net of transaction costs	14	-	-	-	-	-
Balance at 30 June 2017		**11,285,121**	**(9,860,124)**	**323,992**	**4,826**	**1,753,815**
Balance at 1 July 2017		**11,285,121**	**(9,860,124)**	**323,992**	**4,826**	**1,753,815**
Loss after income tax expense for the year		-	(2,561,898)	-	-	(2,561,898)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		-	-	-	(6,360)	(6,360)
Total comprehensive loss for the year		**-**	**(2,561,898)**	**-**	**(6,360)**	**(2,568,258)**
Transaction with owners in their capacity as owners:						
Options vesting	15	-	-	18,671	-	18,671
Shares issued, net of transaction costs	14	1,184,458	-	-	-	1,184,458
Balance at 30 June 2018		**12,469,579**	**(12,422,022)**	**342,663**	**(1,534)**	**388,686**

The above 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 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,782,460	5,045,955
Payments to suppliers and employees (inclusive of GST)		(5,438,656)	(6,229,834)
Income tax paid		(22)	(69,854)
Interest paid		(14,148)	(14,948)
Interest received		1,267	5,050
Net cash flow used in operating activities	22	**(1,669,099)**	**(1,263,631)**
Cash flows from investing activities			
Payment for website development		(267,662)	(306,509)
Receipt of research and development claim		160,742	288,842
Payment for property, plant and equipment		(818)	(3,580)
Proceeds from disposal of property, plant and equipment		-	992
Payment for acquisition of business	6	-	(382,424)
Net cash flow used in investing activities		**(107,738)**	**(402,679)**
Cash flows from financing activities			
Repayment of borrowings		-	(5,775)
Proceeds from borrowings		100,000	-
Proceeds from issue of shares		1,284,318	-
Payments for equity raising costs		(99,860)	-
Net cash flow from / (used in) financing activities		**1,284,458**	**(5,775)**
Net decrease in cash and cash equivalents		(492,379)	(1,672,085)
Cash and cash equivalents at the beginning of the financial period		599,823	2,271,908
Cash and cash equivalents at the end of the financial period	8	**107,444**	**599,823**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. General Information

The financial report covers Real Estate Investar Group Limited ("the parent entity") and the entities it controlled (the "**Consolidated Group**", the "**Group**" or "**Consolidated Entity**"). The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

The financial report consists of the consolidated financial statements, notes to the consolidated financial statements and the directors' declaration.

Real Estate Investar Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The address of the registered office is:
Suite 810 Level 8
2 Queen St
Melbourne VIC 3000

The address of the principal place of business is:
40 Commercial Drive
Ashmore QLD 4214

The financial report was authorised for issue, in accordance with a resolution of directors, on 26 September 2018. The directors have the power to amend and reissue the financial report.

B. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities and the *Corporations Act 2001*. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical Cost Convention

The financial statements have been prepared under the historical cost convention.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

The consolidated group has incurred a loss after tax of $2,561,898 (2017: $2,222,750) and had net operating cash outflows of $1,669,099 (2017: $1,263,631) from operations. At 30 June 2018, current liabilities exceeded current assets by $589,546. Included in current liabilities is income in advance of $252,101 and included in current assets are prepayments of $96,406. Excluding these items, current liabilities exceed current assets by $433,851.

The various matters detailed above give rise to the existence of a material uncertainly that casts significant doubt on the ability of the Group to continue as a going concern.

Notwithstanding this, the Directors are satisfied that the Group will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cash flow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the group has the ability to meet its debts as and when they fall due. The Directors believe there are sufficient funding strategies and alternatives to meet working capital requirements should the need arise including:

> The Group has access to a directors' loan facility of $350,000 to meet payment obligations as they fall due, of which $100,000 has been drawn down at balance date leaving a remaining available facility of $250,000. These amounts will not be required to be paid until such time as the Group has improved cash flows from trading activities;

> Amounts owed to related parties include directors' fees of $86,628 and licencing fees of $30,800. These are not currently required to be paid until such time as the Group has improved cash flows from trading activities;

> Included in current liabilities is a balance of $234,955 which relates to convertible debt as disclosed in Note 13. Management are in discussions with the counterparty to this loan to obtain a deferment of repayment for beyond 12 months from the anticipated date of signing of the financial statements;

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

B. Basis of Preparation (continued)

Going concern (continued)

> The business completed a restructure in FY 2018 which resulted in significant fixed cost reductions in key areas including data and listings feed services and employment costs. The next 12 months will see the full impact of this on operational cash flows, resulting in material savings;

> The Software-as-a-Service business is now operating profitably on a standalone basis;

> The costs of the transaction business are predominantly variable based on actual sales commissions generated; and

> The cash flows prepared by management support the going concern basis in the preparation of the financial statements without a need for a further fund raise in the next 12 months from signing, but if required, additional funds may be sought.

If for any reason the group is unable to continue as a going concern then this could have an impact on the Group's ability to realise assets at their recognised values and settle its liabilities in the normal course of business at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities which might be necessary should the Group not be able to continue as a going concern.

C. New, revised or amending Australian Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These did not have a material impact on the financial report.

D. Basis of Consolidation

These consolidated financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

Subsidiaries are entities over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

E. Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group and the amount of any non-controlling interest in the acquiree which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

F. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

G. Revenue

Subscription revenue

Revenue is recognised at the fair value of the consideration received or receivable, and is recognised over the period which the services are provided to the customer.

Property transaction revenue

Property commission fees are recognised when the agreement to sell the property, or any part of it, becomes unconditional and binding on the purchaser. 50% of the commissions are payable on the contracts becoming unconditional and 50% on settlement of the contract. Based on historical data, management estimate all unconditional contracts to have a high probability of settlement (see note 1X), thus recognise 100% of the commissions once the contracts are unconditional based on no further services needing to be performed.

Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

H. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures 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.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

I. Impairment Non-Financial Assets

Non-financial assets are assessed for indicators of impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

J. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

K. Trade and Other Receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

L. Accrued Income

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises accrued income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The main source of accrued income is property commission fees: recognised when the agreement to sell the property, or any part of it, becomes unconditional and binding on the purchaser.

M. Property, Plant and Equipment

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life, as follows:

> office equipment: 3–10 years

> leasehold Improvements: 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

N. Intangible Assets

Website

Costs incurred in acquiring and developing the website that will contribute to future financial period benefits are capitalised as intangible assets. These intangible assets have finite lives and are subject to amortisation on a straight-line basis over 5 years.

Costs incurred on development, relating to the design and testing of new or improved services, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including cost of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure that does not meet this criteria is expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as an intangible asset and are amortised from the point at which the asset is ready for use.

Acquired intangible assets

Intangible assets acquired in a business combination (customer lists) that qualify for separate recognition are recognised as intangible assets at their fair values (see Note E. Business Combination).

All intangible assets are subsequently accounted for under the cost model, whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in 'Impairment' above.

The following useful lives are applied:

> website: 5 years

> customer lists: 4 years

O. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end, which are unpaid at balance date. These amounts are unsecured and typically have 30 day payment terms.

P. Borrowings

Convertible notes can be settled, at the option of the noteholder, by making a cash payment to the noteholder or by the issue of shares. The liability and embedded derivative components of the convertible note are initially measured at fair value and are subsequently measured at fair value through profit or loss at the end of each reporting period.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

Q. Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be wholly settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is recognised when leave is taken, and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

R. Share Based Payments

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). The following plan is currently in place to provide these benefits:

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) provides benefits to senior executives, and employees.

The fair value of options granted under the Real Estate Investar Limited Employee Share Option Plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve).

The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuator using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Group ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

S. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

T. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

U. Foreign currency translation

The financial report is presented in Australian dollars, which is the Group's functional and presentational currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period.

All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

V. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted earnings per share does not assume the conversion of potential ordinary shares that have an antidilutive effect on earnings per share.

W. Fair Value measurement

Fair values may be used for financial and non-financial asset and liability measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

X. Use of estimates and judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition – Property Sale Commissions

There is judgment involved in determining the probability of settlement of the unconditional property sales. Since the Group uses standard terms for its property sales, management considers its property sales portfolio probability of settlement of the unconditional property sales based upon historical data for all property sales, reliable evidence supporting this judgment. The Group maintains data which demonstrates that unconditional property sales have a high probability of settlement, thus the Group believes that historical data is a relatively accurate proxy for future trends and circumstances.

Recognition of Deferred Tax Assets

Deferred tax assets, comprising of tax losses and temporary differences, have not been recognised as an asset on the basis that it is not expected that sufficient taxable income will be generated within the next twelve months to utilise the losses or to offset the temporary differences. At the point where it is more certain that sufficient taxable income will be generated to utilise the losses and to offset the temporary differences, the deferred tax asset will be recognised as an asset.

Impairment review

The consolidated entity assesses impairment of non-financial assets and other indefinite life intangible assets at each reporting date by evaluation conditions specific to the consolidated Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value in use calculations, which incorporate a number of key estimates and assumptions.

Y. Change of accounting policy

During the year there have been no changes of accounting policy.

Z. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial period.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

AA. New Accounting Standards issued but not yet effective

A number of new standards and amendments to standards have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Group. The Group's assessment of the impact is set out below.

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
AASB 15 Revenue from Contracts with Customers	The standard requires contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; a determination of the transaction price, adjusted for the time value of money excluding credit risk; an allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct service provided, and the recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For services, the performance obligation will be satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. AASB 15 applies to the Group for the year ending 30 June 2019.	The Group has assessed the potential impact on its consolidated financial statements resulting from the application of AASB 15 and our current revenue recognition policy takes account of this new standard. The Group does not consider that the application of this standard is likely to be material to its overall results, but is finalising its impact assessment.
AASB 16 Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. AASB 16 applies to the Group for the year ending 30 June 2020.	As the value of the consolidated entity's leases is not material, there is no material impact expected from the application of this standard. The consolidated entity notes that EBITDA results will be improved – albeit not materially – as the operating lease expense will be replaced by interest expense and depreciation in profit or loss under AASB 16.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

AA: New Accounting Standards issued but not yet effective (continued)

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
AASB 9 Financial Instruments	This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and introduces new classification and measurement models for financial instruments. Financial assets are to be measured at amortised cost if it is held within a business model with an objective to hold assets to collect contractual cash flows which arise on specified dates and are solely of principal and interest. All other financial assets are to be classified and measured at fair value through profit or loss, unless the entity makes an irrevocable election on initial recognition to present gains and losses in other comprehensive income ('OCI'). For financial liabilities, the portion of the change in fair value relating to the entity's own credit risk is to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. A new method of accounting for impairment of financial assets will become effective, using an 'expected credit loss' ('ECL') model: impairment will be measured under a 12-month ECL method, unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method shall be adopted. The standard also introduces additional new disclosures.	The consolidated entity will adopt this standard from 1 July 2018. While its adoption is likely to result in increased provisions for impairment of receivables when calculated using the ECL method, this impact is expected to be immaterial to the consolidated entity.

Note 2. Segment Reporting

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board.

Accordingly, management currently identifies the consolidated entity as having the following operating segments:

Reportable Segments	Operation
Subscriptions	Online subscription services offering tools, resources and news services to property investors to assist in the identification, analysis, acquisition, tracking and accounting of residential investment property.
Transaction Services	Casual non-subscription services provided to members via a paid marketing referral model with accredited partners, including real estate transaction services, finance and mortgage brokerage, insurance brokerage, accounting and SMSF services, financial and estate planning, depreciation reports, and courses and education.
Property	Facilitating sales of newly built and off-the-plan properties from developers or project marketers to investors.

Notes to the Consolidated Financial Statements (continued)

Note 2. Segment Reporting (continued)

	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
2018	$	$	$	$
Segment Revenue - from external customers	2,288,996	12,740	604,508	2,906,244
Gross Profit	**841,974**	**12,740**	**254,154**	**1,108,868**
Other segment information				
Interest income	19,987	-	-	19,987
Interest expense	(27,731)	-	-	(27,731)
Depreciation and amortisation	(386,594)	-	(109,901)	(496,495)
Bad debts and provision for doubtful debts	-	(73,561)	-	(73,561)
Unallocated Expenses				
Impairment	-	-	-	(369,216)
Other operating expenses				(2,723,750)
Net Loss				**(2,561,898)**

	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
2018	$	$	$	$
Assets				
Segment assets	967,939	83,187	1,494,653	2,545,779
Unallocated Assets:				
Cash and cash equivalents				107,444
Total Assets				**2,653,223**
Additions to non-current assets	108,564	-	818	109,382
Liabilities				
Segment liabilities	1,465,924	-	463,658	1,929,582
Unallocated Liabilities:				
Borrowings				334,955
Total Liabilities				**2,264,537**

Notes to the Consolidated Financial Statements (continued)

Note 2. Segment Reporting (continued)

	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
2017	$	$	$	$
Segment Revenue - from external customers	3,229,617	213,497	1,286,586	4,729,700
Gross Profit	**1,380,264**	**193,975**	**420,050**	**1,994,289**
Other segment information				
Interest income	23,971	-	-	23,971
Interest expense	(27,622)	-	-	(27,622)
Depreciation and amortisation	(330,416)	(22,068)	(132,376)	(484,860)
Bad debts and provision for doubtful debts	-	-	(11,816)	(11,816)
Unallocated Expenses				
Other operating expenses				(3,716,712)
Net Loss				**(2,222,750)**

	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
2017	$	$	$	$
Assets				
Segment assets	1,571,152	230,597	2,326,774	4,128,523
Unallocated Assets:				
Cash and cash equivalents				599,823
Total Assets				**4,728,346**
Additions to non-current assets	141,993	-	2,395	144,388
Liabilities				
Segment liabilities	1,646,287	-	1,093,267	2,739,554
Unallocated Liabilities:				
Current tax liabilities				22
Borrowings				234,955
Total Liabilities				**2,974,531**

Geographic Information	Revenues from External Customers		Non-Current Assets [1]	
	2018	**2017**	**2018**	**2017**
	$	$	$	$
Australia	2,528,338	3,361,271	934,797	1,309,023
New Zealand	377,906	1,368,429	20,694	34,934
Total	**2,906,244**	**4,729,700**	**955,491**	**1,343,957**

1 These non-current assets exclude financial instruments.

Major customers –

During 2018 and 2017, no single customer accounted for greater than 10% of the Group's revenue.

Notes to the Consolidated Financial Statements (continued)

Note 3. Revenue and Other Income

Revenue and other income	2018 $	2017 $
Revenue		
Subscriptions	2,288,996	3,229,617
Transaction services	12,740	213,497
Property and other income	604,508	1,286,586
Total revenue	**2,906,244**	**4,729,700**

Note 4. Income Tax

Income Tax	2018 $	2017 $
Total income tax expense in profit or loss	-	-
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Profit/(loss) from continuing operations before income tax expense	(2,561,898)	(2,222,750)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	704,522	611,256
Non-deductible expenses:		
- Impairment expense on related party loan	(101,534)	-
- Share based expense	(5,135)	(63,695)
- Other	(1,898)	(30,898)
Non-assessable income R & D rebate	33,685	24,935
Tax effect of deferred tax assets not brought to account	(629,640)	(541,598)
Income tax expense at effective tax rate of 27.5% (2017: 27.5%)	-	-

Income Tax	2018 $	2017 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in the statement of financial position for the following items:		
Unused tax losses	8,811,014	6,714,234
Deductible temporary differences	871,144	1,081,545
	9,682,158	**7,795,779**
Potential benefit at 27.5% (2017: 27.5%)	**2,662,593**	**2,143,839**

The deferred tax asset has not been brought to account on the basis that it is not expected that sufficient taxable income will be generated within the next twelve months to utilise the losses or to offset the temporary differences. At the point where it is more probable that sufficient taxable income will be generated to utilise the losses and to offset the temporary differences, the deferred tax asset will be recognised as an asset. There is no expiry date on the future deductibility of the unused tax losses.

Notes to the Consolidated Financial Statements (continued)

Note 5. Earnings Per Share

Both the calculation of the basic and the diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares.

Earnings per share		2018 $	2017 $
Profit/(Loss) attributable to ordinary shareholders		(2,561,898)	(2,222,750)
Weighted average number of ordinary shares used in basic and diluted earnings per share [1]		107,507,230	84,494,604
Earnings per share	**(Cents)**	**(2.38)**	**(2.63)**
Diluted Earnings per share	**(Cents)**	**(2.38)**	**(2.63)**

1 The weighted average number of ordinary shares for FY2018 was updated to reflect new issues of shares between September and October 2017.

Note 6. Acquisition of a Business

On 1 April 2016, the Group acquired the business of The Property Factory Limited for NZ$550,000 and paid $143,409 (NZ$150,000) prior to 30 June 2016 with the remaining balance of $382,424 (NZ$400,000) paid on 6th July 2016.

The following table summarises the consideration paid.

Consideration transferred	Currency	2018 $	2017 $
Total Consideration paid	AUD	-	(382,424)
Total Consideration paid	NZD	-	(400,000)

Note 7. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners (2017: BDO Audit Pty Limited) and its related practices:

Remuneration of auditors	2018 $	2017 $
Audit services		
Audit and review of the financial statements by RSM Australia Partners	46,000	-
Audit and review of the financial statements by BDO Audit Pty Ltd	16,366	121,385
Other services - Lee & Lee Accountants		
Trust account compliance	950	-
	63,316	**121,385**

Note 8. Cash and Cash Equivalents

Cash and cash equivalents	2018 $	2017 $
Cash at bank and in hand	107,426	526,986
Call deposits	18	72,837
	107,444	**599,823**

Cash at bank and in hand are non-interest bearing. Deposits at call bear floating interest rates between 0.50% and 0.60% (2017: 0.60% and 0.95%).

Notes to the Consolidated Financial Statements (continued)

Note 9. Trade and Other Receivables

Trade and Other Receivables	2018 $	2017 $
Current		
Trade and other receivables		
Trade receivables	577,553	908,095
Provision for doubtful debts	(73,561)	-
Other debtors	14,700	-
	518,692	**908,095**
Accrued income		
Research and development claim	159,098	164,516
Subscriptions	5,317	6,241
Transaction services	-	10,613
Property transactions	732,532	561,354
	896,947	**742,724**
Total current receivables	**1,415,639**	**1,650,819**
Prepayments	96,406	132,781
Total current prepayments	**96,406**	**132,781**
Non Current		
Trade and other receivables		
Other debtors	2,218	14,700
Loan - South Mapleton Pty Ltd	369,216	350,496
Provision for impairment	(369,216)	-
	2,218	**365,196**
Accrued income		
Property sales commissions	76,025	635,770
	76,025	**635,770**
Total non-current receivables	**78,243**	**1,000,966**

The South Mapleton Pty Limited loan relates to a loan provided to a related party. This loan was outstanding as at 30 June 2018 and accordingly a provision has been made during the reporting period for the full balance outstanding until such time as the loan is either repaid or its collection terms amended. Refer to Note 24 for further details.

Non-current accrued income relates to property transaction commissions that are earned however the payment terms are such that they are not due for payment until property settlement which is scheduled in a future period greater than 12 months.

Notes to the Consolidated Financial Statements (continued)

Note 9. Trade and Other Receivables (continued)

Current	2018 $	2017 $
Movement in provision for doubtful debts		
Opening balance	-	30,000
New provisions recognised	73,561	-
Debts written off	-	(30,000)
Closing balance	**73,561**	**-**

Non Current		
Movement in provision for impairment		
Opening balance	-	-
New provisions recognised	(369,216)	-
Closing balance	**(369,216)**	**-**

A provision has been recognised in the current reporting period for $73,561 being 50% of a receivable totalling $147,122 that is past due. The Group will endeavour to collect this receivable in full in FY 2019 but deem the provision prudent and reasonable given the current status of the receivable.

The following table details the Group's trade receivables exposed to credit risk with ageing analysis and impairment provided for thereon.

Maturity Analysis 2018	Gross Amount $	0-3 Months $	3-6 Months $	6-12 Months $	1-3 Years $
Trade receivables - not past due	26,273	26,273	-	-	-
Trade receivables - past due and impaired	147,123	-	-	36,300	110,823
Trade receivables - past due but not impaired	404,157	366,177	22,580	15,400	-
	577,553	**392,450**	**22,580**	**51,700**	**110,823**

Maturity Analysis 2017	Gross Amount $	0-3 Months $	3-6 Months $	6-12 Months $	1-3 Years $
Trade receivables - not past due	11,693	11,693	-	-	-
Trade receivables - past due and impaired	-	-	-	-	-
Trade receivables - past due but not impaired	896,402	330,390	417,076	129,906	19,030
	908,095	**342,083**	**417,076**	**129,906**	**19,030**

Trade receivables that are neither past due nor impaired relate mainly to property developers in New Zealand that have a history of completing property developments.

Trade receivables that are past due and have not been impaired are still expected to be received in full based on updated completion dates for property development projects related to these receivables.

Notes to the Consolidated Financial Statements (continued)

Note 10. Property, Plant and Equipment

Property, plant and equipment	2018 $	2017 $
Office Equipment	108,144	177,208
Less: Accumulated depreciation	(75,856)	(121,076)
	32,288	**56,132**
Leasehold Improvements	6,780	6,780
Less: Accumulated depreciation	(6,678)	(6,256)
	102	**524**
Total property, plant and equipment	**32,390**	**56,656**

Movements in property, plant and equipment:

2018	Office Equipment $	Leasehold Improvement $	Total $
Carrying amount at beginning of financial year	56,132	524	56,656
Additions	818	-	818
Depreciation expense	(23,818)	(422)	(24,240)
Foreign exchange translation difference	(844)	-	(844)
Carrying amount at end of financial year	**32,288**	**102**	**32,390**

2017	Office Equipment $	Leasehold Improvement $	Total $
Carrying amount at beginning of financial year	87,270	1,411	88,681
Additions	3,580	-	3,580
Disposals	(1,185)	-	(1,185)
Depreciation expense	(33,552)	(887)	(34,439)
Foreign exchange translation difference	19	-	19
Carrying amount at end of financial year	**56,132**	**524**	**56,656**

Notes to the Consolidated Financial Statements (continued)

Note 11. Intangible Assets

Intangible assets	2018 $	2017 $
Website at cost	2,632,854	2,525,184
Less: Accumulated amortisation	(1,714,628)	(1,251,748)
	918,226	**1,273,436**
Contracts Database	23,785	24,834
Less: Accumulated amortisation	(18,910)	(10,969)
	4,875	**13,865**
Total intangible assets	**923,101**	**1,287,301**

Movements in intangible assets:

2018	Website Platform $	Contracts database $	Total $
Carrying amount at beginning of period	1,273,436	13,865	1,287,301
Additions	267,662	-	267,662
R & D Rebate	(159,098)	-	(159,098)
Amortisation expense	(463,774)	(8,480)	(472,254)
Foreign exchange translation difference	-	(510)	(510)
Carrying amount at end of period	**918,226**	**4,875**	**923,101**

2017	Website Platform $	Contracts database $	Total $
Carrying amount at beginning of period	1,573,170	22,686	1,595,856
Additions	306,509	-	306,509
R & D Rebate	(164,516)	-	(164,516)
Amortisation expense	(441,727)	(8,694)	(450,421)
Foreign exchange translation difference	-	(127)	(127)
Carrying amount at end of period	**1,273,436**	**13,865**	**1,287,301**

Notes to the Consolidated Financial Statements (continued)

Note 12. Trade and Other Payables

Trade and other payables	2018 $	2017 $
Current		
Trade creditors	1,005,957	1,129,729
Accruals	469,561	668,612
Income in advance	252,101	451,110
Other payables	31,676	18,603
	1,759,295	**2,268,054**
Non Current		
Accruals - Property Sales Commissions	23,959	321,135
	23,959	**321,135**

Trade creditors are unsecured and are normally settled within 30 to 60 days.

Note 13. Borrowings

Borrowings	2018 $	2017 $
Current		
Convertible notes (related parties)	100,000	-
Convertible notes	234,955	234,955
	334,955	**234,955**

The convertible notes related parties were issued by Real Estate Investar Group Limited as an unsecured convertible note facility of $350,000 provided by entities associated with directors, Simon Baker and Joe Hanna. As at 30 June 2018, $100,000 has been drawn down. This convertible note matures in May 2019 with interest rate on a non-cumulative coupon rate of 12% per annum. Refer to Note 24 for further details.

Convertible notes totalling $234,955 were issued to Australian Property Monitors Pty Ltd on 10 December 2015 and originally had a maturity date of 10 December 2016 or any earlier date on which the Principal Amount of the Note is required to be repaid. The facility repayment or conversion date was extended by a deed of mutual agreement to 30 June 2018 and has verbally been extended further subject to written agreement between Real Estate Investar Group Limited and the noteholder. The facility is on an unsecured basis and interest accrues at 5% per annum.

Notes to the Consolidated Financial Statements (continued)

Note 14. Contributed Equity

Contributed Equity	2018 $	2017 $
Ordinary shares - fully paid	13,244,899	11,960,581
Equity raising costs	(775,320)	(675,460)
	12,469,579	**11,285,121**

The share capital of the consolidated group consists only of fully paid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Real Estate Investar Group Ltd.

Movement in Ordinary Share Capital:	2018 Shares	2017 Shares	2018 $	2017 $
Balance at 1 July	84,494,604	84,494,604	11,285,121	11,285,121
Issue of shares Private Placement 20 Sep 17	12,674,191	-	506,968	-
Issue of shares Rights Issue 27 Oct 17	17,797,236	-	711,889	-
Issue of shares Rights Issue Shortfall 27 Oct 17	1,636,523	-	65,461	-
Capital raising costs	-	-	(99,860)	-
Total contributed equity at 30 June	**116,602,554**	**84,494,604**	**12,469,579**	**11,285,121**

Note 15. Share Based Payments

Director Options

The Company granted 3 million share options to the Directors upon the ASX listing on 10 December 2015. These Options vested 31 December 2017.

The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued Share for each Option held. The Options have been granted for nil consideration and have an exercise price $0.20 per Option. The Options are exercisable after 31 December 2017 and lapse on 31 December 2020. No options have been exercised in the reporting period.

The options do not carry any dividend or voting rights.

Notes to the Consolidated Financial Statements (continued)

Note 15. Share Based Payments (continued)

Employee Share Option Plan

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) was approved on 13th November 2015 and gives all staff the opportunity to participate in the plan. Options vest 2 years after grant date if the staff member is still employed by the Real Estate Investar Group Limited.

The company granted 1,450,000 share options to employees under the ESOP to eligible employees.

The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued Share for each Option held. The Options have been granted for nil consideration and have an exercise price $0.20 per Option. The Options were exercisable from 27 April 2018 and lapse on 27 April 2021.

The options do not carry any dividend or voting rights.

Share based payment expense for options	2018 $	2017 $
Share-based payment expense recognised during the financial year:		
Vesting of Options issued to employees	1,796	2,774
Vesting of Options issued to directors	16,875	228,844
	18,671	**231,618**

FY2018 Grant Date	Exercise Price	Balance at beginning of year	Granted during year	Lapsed during year	Exercised during year	Exercisable at end of year	Outstanding at end of year
10-Dec-15	$0.20	3,000,000	-	(500,000)	-		2,500,000
28-Apr-16	$0.20	1,175,000	-	(100,000)	-	-	1,075,000
		4,175,000	**-**	**(600,000)**	**-**	**-**	**3,575,000**

FY2017 Grant Date	Exercise Price	Balance at beginning of year	Granted during year	Lapsed during year	Exercised during year	Exercisable at end of year	Outstanding at end of year
10-Dec-15	$0.20	3,000,000	-	-	-	-	3,000,000
28-Apr-16	$0.20	1,450,000	-	(275,000)	-	-	1,175,000
		4,450,000	**-**	**(275,000)**	**-**	**-**	**4,175,000**

Options Lapsed

There is a net reduction of 500,000 director shares under option due to the resignation of a director and a net reduction of 100,000 (2017: 275,000) employee shares under option due to staff who have ceased employment with REI and their options have lapsed. Where options have lapsed the share based payment total expensed to date is derecognised as an expense in the period in which they lapse.

Fair value of options granted

The fair value at grant date was determined using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, vesting and performance criteria, the impact of dilution, the fact that the options are not tradeable. The volatility calculations were provided by an external advisor.

Notes to the Consolidated Financial Statements (continued)

Note 15. Share Based Payments (continued)

Fair value of options granted (continued)

The inputs used for the Black-Scholes option pricing model for options granted during the year ended 30 June 2016 were as follows:

> **grant date: 10 Dec 15**

> options are granted for nil consideration, have a 3 year life and are exercisable after 2 years

> share price at grant date: $0.20

> exercise price: $0.20

> expected volatility: 70%

> expected dividend yield: 0%

> risk free rate: 2%

> **grant date: 28 Apr 16**

> options are granted for nil consideration, have a 3 year life and are exercisable after 2 years

> share price at grant date: $0.06

> exercise price: $0.20

> expected volatility: 50%

> expected dividend yield: 0%

> risk free rate: 2%

Note 16. Capital Risk Management

The Board's policy is to maintain a strong base so to maintain investor, creditor and market confidence and to sustain future development of the business. The Group does not establish a return on capital.

Capital management requires the maintenance of strong cash balance to support on-going website development and growth of the business.

Note 17. Reserves

Nature and purpose of reserves

The share based payment reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The foreign currency translation reserve arises as a result of translating financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect rate at the last measurement date.

	Share Based Payment Reserve		Foreign Currency Translation Reserve		Total	
	2018	2017	2018	2017	2018	2017
Movement in Reserves:	$	$	$	$	$	$
Balance at 1 July	323,992	92,374	4,826	8,298	328,818	100,672
Recognition of Director Share Options	16,875	228,844	-	-	16,875	228,844
Recognition of Employee Share Options	1,796	2,774	-	-	1,796	2,774
Recognition of Exchange Differences	-	-	(6,360)	(3,472)	(6,360)	(3,472)
Balance at 30 June	**342,663**	**323,992**	**(1,534)**	**4,826**	**341,129**	**328,818**

Notes to the Consolidated Financial Statements (continued)

Note 18. Subsidiaries

Parent entity and subsidiaries

The parent entity of the group is Real Estate Investar Group Limited. The group's subsidiaries are as follows:

Subsidiary Name	Place of Incorporation	Ownership Interest Held by the Group 2018 %	2017 %
Real Estate Investar Australia Pty Ltd	Australia	100	100
Real Estate Investar Accounting Services Pty Ltd	Australia	100	100
Property Investor Developments Pty Ltd	Australia	100	100
Company Number 355 Pty Ltd [1]	Australia	-	100
Real Estate Investar Holdings Pty Ltd [2]	Australia	-	100
Real Estate Investar Ltd	New Zealand	100	100
0953117 B.C. Ltd	Canada	100	100

[1] Company Number 355 Pty Ltd was deregistered on 8 February 2018 as this entity had not traded and was not required based on future growth plans. The effect of deregistration of the company is not material to the financial report.

[2] Real Estate Investar Holdings Pty Ltd was deregistered on 20 September 2017 as this entity had not traded and was not required based on future growth plans. The effect of deregistration of the company is not material to the financial report.

Note 19. Parent Entity Information

The following information relates to the parent entity, Real Estate Investar Group Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

Real Estate Investar Group Ltd - Statement of Financial Position	2018 $	2017 $
Financial position		
Current assets	50,004	444,186
Non-current assets	9,461,624	8,516,588
Total assets	**9,511,628**	**8,960,774**
Current liabilities	567,335	425,284
Non-current liabilities	-	-
Total liabilities	**567,335**	**425,284**
Net assets	**8,944,293**	**8,535,490**
Shareholders' equity		
Issued capital	12,469,579	11,285,121
Accumulated loss	(3,867,949)	(3,073,623)
Reserves	342,663	323,992
Total equity	**8,944,293**	**8,535,490**

Comprehensive Loss for the Year	2018 $	2017 $
Loss for the year	(794,326)	(682,842)
Total comprehensive loss for the year	**(794,326)**	**(682,842)**

Notes to the Consolidated Financial Statements (continued)

Note 19. Parent Entity Information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments

The parent entity had no capital commitments as at 30 June 2018 and 30 June 2017.

Note 20. Financial Instruments

Financial risk management objectives

The consolidated entity's directors monitor and manage the financial risks relating to the operation of the Group. These risks include credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Group's cash at bank is deposited with Westpac Bank and ASB.

The Group has a number of receipts from property transactions due to be received in FY 2019 relating to sales already completed in prior years. These receipts are due on settlement and to date the Group has not experienced settlement failures and does not expect to in future, given the detailed screening and qualification that is done on both developers and end purchasers including borrowing capacity and finance pre-approvals prior to entering into contracts.

The consolidated entity manages its credit risk in relation to sales commission by:

> Performing reference checks on developers to assess past credit history.

> Assessing on a monthly basis, past due amounts to determine factors impacting their recoverability.

> Selecting a diversity of property developments to limit significant credit risk exposure to a single developer.

Other than this the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

Note 20. Financial Instruments (continued)

The following are the contractual maturities of financial liabilities:

Maturity Analysis 2018	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6-12 Months $	1-3 Years $
Trade payables	1,005,957	1,005,957	841,380	83,817	80,760
Other payables	31,676	31,676	31,676	-	-
Accruals	469,561	469,561	432,893	-	36,668
Convertible notes (related parties)	100,000	100,000	-	100,000	-
Convertible notes	234,955	234,955	234,955	-	-
	1,842,149	**1,842,149**	**1,540,904**	**183,817**	**117,428**

Maturity Analysis 2017	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6-12 Months $	1-3 Years $
Trade payables	1,129,729	1,129,729	1,044,749	84,980	-
Other payables	18,603	18,603	18,603	-	-
Accruals	668,612	668,612	668,612	-	-
Convertible notes (related parties)	-	-	-	-	-
Convertible notes	234,955	234,955	234,955	-	-
	2,051,899	**2,051,899**	**1,966,919**	**84,980**	**-**

Cash flows in the maturity analysis are not expected to occur significantly earlier, or at significantly different amounts.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has put in place a policy requiring group entities to manage their foreign exchange risk against their functional currency. The group companies are required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts.

Notes to the Consolidated Financial Statements (continued)

Note 20. Financial Instruments (continued)

Market risk (continued)

Foreign Currency Sensitivity Analysis

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in NZ dollars (NZD). The amounts shown are those translated into $AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into $AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Assets Below are Currently in NZD Denominations and Have Been Translated to AUD	AUD $	Strengthening AUD + 10% Profit or (Loss) $	Weakening AUD - 10% Profit or (Loss) $
30 June 2018			
Financial assets	1,132,640	(102,967)	125,849
Financial liabilities	1,117,122	(101,557)	124,125
Total exposure	**15,518**	**(1,410)**	**1,724**
30 June 2017			
Financial assets	2,370,066	(215,461)	263,341
Financial liabilities	2,185,011	(198,637)	242,779
Total exposure	**185,055**	**(16,824)**	**20,562**

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

It is the group's policy to eliminate interest rate risk over the cash flows on its long-term debt finance through the use of fixed rate instruments. The group currently has convertible notes with fixed rate interest (refer to note 13). The group holds its surplus cash in bank deposits with floating interest rates. The group analyses its interest rate exposure on an ongoing basis.

Currently there are no assets or liabilities that are materially exposed to variations in interest rate changes.

Note 21. Fair Value Measurement

There are various methods used in estimating the fair value of a financial instrument. The methods comprise:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

> Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

> Level 3 – Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Due to their short-term nature the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the consolidated statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Notes to the Consolidated Financial Statements (continued)

Note 22. Reconciliation of Cash Flows From Operating Activities With Operating Results

Reconciliation of Cashflows from Operating Activities	2018 $	2017 $
Loss for the period	(2,561,898)	(2,222,750)
Non cash flows in operating result:		
Depreciation	496,495	484,860
Loss on disposal of equipment	-	84
Share based payments expense	18,671	231,618
Doubtful debts expense	73,561	-
Impairment expense	369,216	-
Movements in operating assets and liabilities:		
Decrease in trade and other receivables	713,482	53,453
Decrease in prepayments	36,375	33,435
Increase/(decrease) in trade and other payables	(610,986)	445,893
Decrease in income in advance	(199,008)	(286,967)
Decrease in foreign translation reserve	(5,007)	(3,257)
Net cash outflows from operating activities	**(1,669,099)**	**(1,263,631)**

Note 23. Employment Expense

Employee Benefits Expense

Expenses recognised for employee benefits are analysed below:

Employee Benefits Expense	2018 $	2017 $
Short-term employee benefits	1,711,554	2,163,836
Post employment benefits	136,734	172,053
Other long term benefits	2,986	15,566
Termination benefits	-	11,539
Equity-settled share-based payments	18,671	231,618
Capitalised salaries & oncosts to website	(234,575)	(254,812)
Total employee benefits expense	**1,635,370**	**2,339,800**
Other employment related costs	61,269	115,556
Total employment expense	**1,696,639**	**2,455,356**

Notes to the Consolidated Financial Statements (continued)

Note 23. Employment Expense (continued)

Share Based Employee Remuneration

Refer to Note 15

Employee Liabilities

Liabilities recognised for employee benefits are analysed below:

Employee Liabilities	2018 $	2017 $
Current		
Short-term employee benefits	89,937	96,736
Post employment benefits	21,417	34,969
	111,354	**131,705**
Provision for employee entitlements	114,785	127,944
Total current employee benefits	**226,139**	**259,649**
Non-current		
Provision for employee entitlements	31,543	22,421
Total non-current employee benefits	**31,543**	**22,421**

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months and its accrued annual leave liabilities and current accrued long service leave.

Note 24. Related Parties

Parent entity

Real Estate Investar Group Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are disclosed in Note 18.

Key management personnel compensation

Key management personnel are identified as being the directors and the CEO of the Group.

KMP Compensation	2018 $	2017 $
Short-term employee benefits	365,841	395,006
Post employment benefits	19,890	19,616
Equity-settled share-based payments	16,875	228,844
Total remuneration	**402,606**	**643,466**

Notes to the Consolidated Financial Statements (continued)

Note 24. Related Parties (continued)

Key management personnel transactions

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Balances Owing To/From KMPs	2018 $	2017 $
Licencing fees incurred with Transmit Data Pty Ltd	30,800	19,800
Directors fees payable	86,628	87,250
Property sales commission fee receivable	(27,415)	(28,624)
	90,013	**78,426**

Fees due to directors are for consultancy, licensing and director's fees owing, and are paid on normal commercial terms and are included in the remuneration report. All are non-interest bearing and unsecured.

Property sales commission fee is due for a NZ property sale to director Clint Greaves that is paid on normal commercial property developer contract terms.

The following balances are for amounts recognised during the reporting period as a result of transactions with related parties, excluding employee benefits which are disclosed above:

Transactions Recognised During the Year	2018 $	2017 $
Licencing fees incurred with Transmit Data Pty Ltd	46,200	96,800
Property sales commission receivable	-	(28,624)
International portal conference fees	1,940	3,692
	48,140	**71,868**

The group uses the services of Transmit Data Pty Limited, a company controlled by director Simon Baker. Contract terms are based on standard business terms.

Property sales commissions receivable is for a property sale to director Clint Greaves recognised in the previous reporting period. The sale was at the market rate and the commission earned was based on the standard terms for Real Estate Agency services entered into in the Vendor contract.

The group attended a property portal conference that is promoted by Property Portal Watch Pty Limited, a company controlled by director Simon Baker.

Loans to directors and their related entities

KMP Loan	2018 $	2017 $
South Mapleton Pty Ltd Loan Agreement		
Principal component of loan	320,000	320,000
Accrued interest	49,216	30,496
Write-downs & Provision for impairment	(369,216)	-
Balance outstanding at the end of the year	**-**	**350,496**

Notes to the Consolidated Financial Statements (continued)

Note 24. Related Parties (continued)

Key management personnel transactions (continued)

On the 13 November 2015 Real Estate Investar Group Limited issued 2,000,000 shares to South Mapleton Pty Limited for an aggregate subscription price of $320,000 under a subscription agreement with South Mapleton Pty Limited, a company owned and controlled by Mr Clint Greaves. The subscription price was funded by way of a loan provided by Real Estate Investar Group Limited to South Mapleton Pty Limited. The loan to South Mapleton Pty Limited carries an interest rate of 5.65% which if unpaid at the end of each quarter is capitalised. This loan is on based on usual and customary commercial terms. The loan was repayable in full on or before 31 March2018.

As at 30 June 2018 the loan to South Mapleton Pty Limited was not repaid and accordingly a provision has been made during the reporting period for the full balance outstanding until such time as the loan is either repaid or its collection terms amended.

Loans from directors and their related entities

KMP Loan	2018 $	2017 $
CAV investment Holdings HK 2 Ltd Convertible Note Facility		
Principal component of loan	100,000	-
Accrued interest	395	-
Balance outstanding at the end of the year	**100,395**	**-**

Real Estate Investar Group Limited issued an unsecured convertible note facility of $350,000 provided by the entities associated with directors, Simon Baker and Joe Hanna. This convertible note matures in May 2019, with interest rate on a non-cumulative coupon rate of 12% per annum.

As at 30 June 2018, the loan of $100,000 was provided by CAV Investment Holdings HK 2 Limited, an associated entity of Simon Baker.

Note 25. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2018 (2017: Nil).

Note 26. Commitments

The Group leases premises under non-cancellable operating leases expiring within 1 year for the Australian premises and 2 years for the New Zealand Office. Office equipment is leased under non-cancellable operating leases for 2 year and 5 year periods. The leases have terms which allow for annual renewal and have annual CPI escalation clauses.

The commitments below do not include any commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of Real Estate Investar Group Limited and its subsidiaries from borrowing further funds or paying dividends.

Commitments	2018 $	2017 $
- due within one year	16,095	67,781
- due after one year and within five years	5,239	3,675
- due after five years	-	-
	21,334	**71,456**

Note 27. Subsequent events

There have been no events subsequent to balance date that require disclosure in the financial report.

Directors' Declaration

For the year ended 30 June 2018

The directors of the Company declare that:

The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:

- *a) comply with Australian Accounting Standards; and*
- *b) give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.*
- *c) The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;*
- *d) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.*

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Simon Baker

Director

Date: 26 September 2018

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INDEPENDENT AUDITOR'S REPORT
To the Members of Real Estate Investar Group Limited

Opinion

We have audited the financial report of Real Estate Investar Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) 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 Company 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $2,561,898 and had net operating cash outflows of $1,669,099 during the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by $589,546. As stated in Note 1 B., these conditions, along with other matters as set forth in Note 1 B., indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 3 in the financial statements	
Revenue recognition is considered to be a key audit matter, as it involves significant management judgements and estimates. These include, among other matters: • An assessment of the likely timing of settlement of property transactions and a determination of the appropriate recognition criteria for these transactions, which may take a long period of time to settle; • determination of when risk and reward have passed to the customer; and • the consideration of the appropriate treatment of revenue transactions which are exchanges for services. There is potential for voluntary or involuntary errors when exercising the required judgements and estimates. Revenue could be materially misstated as a result.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards • Evaluating and testing the operating effectiveness, of management's controls related to revenue recognition for subscription revenues. • A detailed analytical review to assess the completeness and accuracy of subscription revenue by reference to membership numbers and fees; • Consideration of the appropriateness of recognition as revenue of subscriptions given to customers in exchange for marketing services provided by them; • Inspection of sales contracts and settlement documentation, and review of the recognition of revenue from property transactions in line with the terms of the contracts; and • Review of sales transactions settled before and after year-end to ensure that revenue was recognised in the correct period.

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying value of Intangible Assets
Refer to Note 11 in the financial statements</td></tr>
<tr><td>The Group has an internally generated intangible asset amounting to $923,101 relating to the development, over the past 3 years, of its web-tool system. As the Group has experienced recurring operating cash losses, there exists indicators that the intangible asset may be impaired.

We identified this area as a Key Audit Matter due to the size of the balance, and because the directors' assessment of the 'value in use' of the intangible asset involves judgements about the future underlying cash flows relating to the asset, and the discount rates applied to them.

For the year ended 30 June 2018 management have performed an impairment assessment over the intangible balance by:
• calculating the value in use for the intangible asset using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) generated from and required to sustain the intangible asset, for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC); and
• comparing the resulting value in use to the carrying value of the asset.
Management also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (underlying cashflows, growth rates, terminal growth rate and WACC) to assess the impact on the valuations.</td><td>Our audit procedures in relation to management's impairment assessment and review included:
• Assessing management's determination that the intangible asset should be allocated to a single Cash Generating Unit (CGU) based on the nature of the Group's business and the ability of this CGU to generate largely independent cash inflows from other assets held by the Group.
• Assessing management's determination of cashflows which are directly related to the intangible asset being subject to the impairment review;
• Assessing the valuation methodology used;
• Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used;
• Checking the mathematical accuracy of the cash flow model; and
• Reconciling input data to supporting evidence, such as approved budgets, updated contracts where key costs were projected to significantly decrease, and considering the reasonableness of these budgets.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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.

Other Information (continued)

If, based on the work we have performed, 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Real Estate Investar Group Limited, for the year ended 30 June 2018, 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.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 26 September 2018
Melbourne, Victoria