

ASX/Market Release
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Real Estate Investar Delivers Strong Growth in Revenue, Cash Receipts and Membership During First Half of FY 2017

The Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX:REV), a leading data driven provider of investment property analysis, tracking and transaction services to Australian and New Zealand property investors, has released its half year financial report for the six months ending 31 December 2016.

Key highlights for the six months ending 31 December 2016 include:

- Revenue increased by 14.1% to \$2.2m;
- Cash receipts from customers increased by 29.2% to \$2.4m;
- Net cash outflows from operating activities decreased by 39.5% to \$0.9m;
- Total membership increased by 64.1% year on year to 250,124 as at 31st December 2016 – exceeding the Prospectus forecast; and
- The REV Group commenced promotion of a new Premium Membership to better assist members to purchase investment grade properties while generating stronger sales for the REV Group.

The REV Group started 2017 strongly with January¹ delivering a significant year on year improvement in revenue, total membership and sales of the Premium Membership products.

	Jan 2017	Jan 2016	Change
Revenue	\$488,807	\$290,695	+68.1%
EBITDA	(\$55,701)	(\$87,752)	+36.5%
Members	253,087	155,414	+62.8%

Clint Greaves, CEO of Real Estate Investar commented: “The first half of FY 2017 has seen strong growth in revenue and cash receipts from customers driven by us exceeding our

¹ Source: Management Accounts.

Prospectus forecast of 250,000 members by 31 December 2016. We have improved engagement with this membership base to better profile their property investment requirements. We now have over 1.3m data points allowing us to customise our offer on a member by member basis leading to stronger revenue growth.

“In November 2016 we launched a new Premium Membership focused on assisting members to purchase investment grade properties that meet their individual criteria. Premium Membership costs \$4,995, which is rebated if an investment grade property is purchased through the REV Group. As at 31 January 2017 we had a total of 42 Premium Members, with some investment grade properties already sold.

Mr Greaves continued, “With our new Premium Membership offering and a focus on utilising data to match investment property with high quality purchasers, we expect a strong second half to FY 2017 in terms of membership growth and, more importantly, property transaction activity.”

Half Year FY 2017 Financial Performance

Revenue from operations grew by 14.1% year on year to \$2.2m. Gross Profit increased by 32.0% to \$1.1m giving an improved Gross Profit margin of 47.8%.

The improved Gross Profit margin was the result of data cost savings for memberships and an increase in the sales mix of higher margin property transaction commissions.

<i>\$000's</i>	Half Year Dec 2016	Half Year Dec 2015	Change
Revenue	2,224	1,949	14.1%
Cost of Sales	(1,160)	(1,143)	(1.5%)
Gross Profit	1,064	806	32.0%
<i>Gross Profit %</i>	<i>47.8%</i>	<i>41.4%</i>	
Operating Expenses	(2,179)	(1,393)	(56.4%)
EBITDA	(1,115)	(587)	(89.9%)
NPAT	(1,397)	(876)	(59.5%)

Operating expenses increased by 56.4% to \$2.2m, reflecting the investment in transitioning the business to a data driven property transaction model and the additional costs associated

with being a listed entity. Operating expenses are expected to be relatively steady in the second half of FY 2017.

Cash receipts from customers improved by 29.2% to \$2.4m. Net cash used in operating activities for the period was \$0.9m representing an improvement of 39.5% from the previous corresponding period.

Cash inflows are expected to grow in line with the growth of the business, with a focus on high value Premium Memberships and commissions from property transactions.

The Company is also exploring expansion opportunities, which is likely to include REV Group seeking to raise further funds in the next 12 months.

Membership Growth and Profiling

Members are a key driver of value for the REV Group. During the first half of FY 2017 the Company grew its member base by 64.1% to 250,124 and achieved its Prospectus forecast of 250,000 members as at 31 December 2016.

The Company now has over 1.3m pieces of profiling data on its membership base. This profile and engagement data is key in driving the transition of the business to generate commission revenue by matching investment grade properties to quality purchasers.

	31 Dec 2016	31 Dec 2015	Change
Members	250,124	152,439	64.1%
Profiling Data	1,349,929	424,315	218.1%

Premium Memberships

In late 2016, the REV Group launched a new Premium Membership focused on assisting members to purchase investment grade properties based on their engagement and profile data. This new high value membership is designed to guide members through every step of the property acquisition process.

This outcome-based membership is for first time and existing property investors. It is designed to assist members in creating an acquisition plan, obtain finance pre-approval from REV Group partners e-Choice and VerdiPlus, and to then identify and facilitate the purchase of suitable investment grade properties that match the members acquisition plan.



As at 31 January 2017 the Company had successfully signed up 42 Premium Members with the first of these members already proceeding to the property acquisition stage.

Key Initiatives for Second Half FY 2017

The focus for the REV Group is now on driving revenue growth through:

1. Increasing the number of members proactively using REV Group products and services;
2. Increasing the volume of engagement and profile data captured;
3. Converting, based on profiling, high quality members into Premium Members;
4. Growing sales of investment grade property to all members to increase commission revenues;
5. Extracting complimentary property investing related services revenues; and
6. Looking for further organic and acquisitive expansion opportunities, which is likely to include REV Group seeking to raise further funds in the next 12 months.

**** ENDS ****

Background

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 Company 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 subscriptions for advanced tools, selling investment grade property and through the sale of additional products and services.

Contact Details

Real Estate Investar

Clint Greaves, CEO

clint@realestateinvestar.com.au

0435 759 109

Media Contact

James Lawrence

james.lawrence@realestateinvestar.com.au

0435 094 465