

ASX/Market Release
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Real Estate Investar First Half Operational and Strategic Update

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX: REV), a leading provider of investment property Software as a Service (“**SaaS**”) solutions to Australian and New Zealand investors, has released its results for the six months to 31 December 2019 (“**First Half**” or “**H1**”).

First Half Highlights:

- The Company reported positive net operating cash flows of \$134k for H1 FY 2020 compared to a negative net operating cash flow of (\$541k) in the first half of FY 2019;
- Revenues from ordinary activities excluding other income decreased by 14% compared to the previous corresponding period;
- SaaS revenues increased 10% compared to the second half of FY 2019 as the company continues to increase paid subscriber numbers and average revenue per subscriber (up 11%);
- The SaaS business unit operated profitably with a contribution margin of \$52k for the first half;
- The overall EBITDA loss improved by 20% versus the previous corresponding period.
- The company had a forward property book (cash owed for previous property sales) at 31 December 2019 of \$432k;
- Cash on hand as at 31 Dec 2019 increased to \$350K; and
- The Company is still reviewing several local property technology investment opportunities.

First Half Financial Results for Continuing Operations

During H1 FY 2020, the business has started to capture the benefits of re-focusing on the SaaS business unit. SaaS revenues increased by 10% compared to H2 FY 2019. This has been driven by the continued growth of paying subscribers and the increased average revenue per subscription through the offering of auxiliary products to offer a fuller suite of tools.

Although total revenues decreased by 14% year on year, the cost savings from the Company restructure over the last 12 months has resulted in a substantial reduction of COGS by 48% (largely related to the reduction in data costs) and a further 10% reduction in operating expenses.

Overall the company's EBITDA improved by 20%, which has been the result of efforts from multiple fronts from the Real Estate Investar management team.

\$000's	H1 FY20	H1 FY19	% Change
Revenue ¹	517	600	(14%)
COGS	87	168	(48%)
Gross Profit	430	432	(0%)
<i>Gross Profit %</i>	83%	72%	11%
Operating Expenses ²	747	826	(10%)
EBITDA	(317)	(394)	(20%)
Loss After Income Tax Expense	(563)	(673)	(16%)

The business continues its efforts in reducing its cost base and increasing the profitability of the SaaS business unit.

During the first half, the SaaS business unit operated on a positive contribution margin basis of \$52k.

The business has reported **three consecutive** quarters of positive **net operating cashflow** up until 31 December 2019, which has been a combination of.

- Successfully collecting monies owed from the property book in a timely manner;
- Strict working capital processes;
- Improved SaaS business metrics by refocus of its resources;
- Continued reduction in operating expense, and
- Directors agreeing to accept between 75% and 100% of their base directors' fees in script in FY 2020 (subject to shareholders approval)

Outlook

¹ Excludes income from the discontinued Property Transaction business unit & Other Income

² Excludes expenses associated with discontinued Property Transaction business unit and depreciation and amortisation charges

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The Company will continue its focus on the SaaS business unit with the objective of increasing profitability by increasing average revenue per subscription and attracting new subscription users.

As previously indicated, the Company is investigating several investment opportunities in the Prop Tech space that can leverage its assets to help accelerate the investees growth. The Company has completed due diligence on a number of investment opportunities that it chose not to progress but is currently reviewing several local Prop Tech opportunities.

**** ENDS ****

Background

The Real Estate Investar Group Limited (ASX: REV) is a leading prop tech company that provides investment property analysis, tracking and SaaS services to Australian and New Zealand property investors.

Real Estate Investar 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 monetises this base via its SaaS offering by providing members with paid memberships for advanced tools and services.

The Company is proactively looking for opportunities to leverage its assets, including its database of property investors, to secure investment in Australian and New Zealand prop tech companies.

Contacts

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