

Appendix 4E

Preliminary final report

Name of Entity: Real Estate Investar Group Limited

ACN: 141 276 959

1. Reporting period (“Current Period”) Year ended 30 June 2016
 Previous corresponding period Year ended 30 June 2015

2. Results for announcement to the market

				\$
Revenue	Up	34.41%	to	5,407,234
(Loss) from ordinary activities after tax attributable to members	Down	41.35%	to	(1,228,230)
Net (loss) for the period attributable to members	Down	41.35%	to	(1,228,230)

3. Commentary on results for the year

Review of results of operations

The 2016 Financial Year was a period of strong growth highlighted by a 34.41% growth in revenue and a reduction in the net loss to \$1.2 million, 41.35% less than the \$2.1 million loss in 2015. This report is based on accounts which are in the process of being audited.

Driving this growth was passing 200,000 members and successfully refocusing the business onto property sales. In addition, the Company acquired The Property Factory and entered into partnership agreements with Domain and APM Pricerfinder.

The net loss was largely a result of investment in executing the initial growth strategies outlined in the Prospectus and costs of the IPO.

The company acquired The Property Factory in New Zealand to strengthen its position in the overseas market and in direct property sales and the results include a gain on acquisition of a business of \$494,131. Refer to section 13 Acquisition of a Business for further details.

4. Dividends

No dividends have been paid or declared during the year or since the end of the year.

5. Dividend Reinvestment Plans

No dividend reinvestment plan is in place.

6. Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue			
Revenue and other income		5,407,234	4,022,805
Expenses			
Commissions		(1,228,575)	(446,559)
Costs of Website and Data		(1,582,604)	(1,690,744)
Employee benefits expense		(2,114,343)	(2,008,050)
Depreciation and amortisation		(425,847)	(294,999)
Occupancy		(139,935)	(126,895)
Other Expenses		(1,076,537)	(523,897)
		(6,567,841)	(5,091,144)
Finance Costs		(64,646)	(38,000)
Finance Income		30,447	994
Net finance Costs		(34,199)	(37,006)
Profit/(Loss) before income tax expense from continuing operations		(1,194,806)	(1,105,346)
Income tax benefit / (expense)		(33,424)	(988,843)
Profit/(Loss) after income tax expense for the year		(1,228,230)	(2,094,189)
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Foreign currency translation differences		15,811	2,285
Total comprehensive profit/(loss) for the year		(1,212,419)	(2,091,904)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share (cents per share)		(1.88)	(2.62)

Revenue and Other Income

	2016	2015
	\$	\$
<i>Revenue</i>		
Subscriptions	3,286,297	3,447,245
Transaction services	410,363	451,541
Property and other revenue	1,216,443	124,019
Total revenue	4,913,103	4,022,805
<i>Other income</i>		
Gain on acquisition of business	494,131	-
	5,407,234	4,022,805

7. Statement of Financial Position

As at 30 June 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents	2,271,908	128,813
Trade and other receivables	2,390,297	712,414
Total current assets	4,662,205	841,227
Non-current assets		
Trade and other receivables	558,287	-
Property, plant and equipment	88,681	45,179
Intangible assets	1,748,337	1,655,937
Deferred tax asset	163,103	119,014
Total non-current assets	2,558,409	1,820,130
Total assets	7,220,614	2,661,357
Current liabilities		
Trade and other payables	2,865,987	3,841,324
Provision for income taxation	69,875	-
Borrowings	240,730	706,300
Provision for employee entitlements	14,674	-
Total current liabilities	3,191,266	4,547,624
Non-current liabilities		
Borrowings	-	5,775
Provision for employee entitlements	12,537	15,054
Deferred tax liability	126,651	119,014
Total non-current liabilities	139,188	139,843
Total Liabilities	3,330,454	4,687,467
Net assets	3,890,160	(2,026,110)
Equity		
Issued capital	11,285,121	4,165,796
Retained profits / (loss)	(7,500,257)	(6,272,027)
Reserves	105,296	80,121
Total Equity	3,890,160	(2,026,110)

8. Statement of Changes in Equity

For the year ended 30 June 2016

	Issued Capital	Retained Profits / (Loss)	Share Based Payment Reserve	Foreign Currency Translati on Reserve	Total Equity
	\$	\$			\$
Balance at 1 July 2014	4,002,196	(4,177,839)	83,010	(5,174)	(97,806)
Profit/(loss) after income tax expense for the year	-	(2,094,189)	-	-	(2,094,189)
Other comprehensive income for the year					
Exchange difference on translation of foreign operations	-	-	-	2,285	2,285
Total comprehensive profit /(loss) for the year	-	(2,094,189)	-	2,285	(2,091,904)
<i>Transaction with owners in their capacity as owners:</i>					
Shares issued, net of transaction costs	163,600	-	-	-	163,600
Balance at 30 June 2015	4,165,796	(6,272,027)	83,010	(2,889)	(2,026,110)
Balance at 1 July 2015	4,165,796	(6,272,027)	83,010	(2,889)	(2,026,110)
Profit/(loss) after income tax expense for the year	-	(1,228,230)	-	-	(1,228,230)
Other comprehensive income for the year					
Exchange difference on translation of foreign operations	-	-	-	15,811	15,811
Total comprehensive profit /(loss) for the year	-	(1,228,230)	-	15,811	(1,212,419)
<i>Transaction with owners in their capacity as owners:</i>					
Options Issued			9,364		9,364
Shares issued, net of transaction costs	7,119,325	-			7,119,325
Balance at 30 June 2016	11,285,121	(7,500,257)	92,374	12,922	3,890,160

9. Statement of Cash Flows

For the year ended 30 June 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,498,648	3,657,153
Payments to suppliers and employees	(5,659,074)	(3,909,059)
Interest paid	(15,660)	(13,000)
Interest received	18,872	1,902
Net cash flow from operating activities	<u>(2,157,214)</u>	<u>(263,004)</u>
Cash flows from investing activities		
Payment for website development	(585,168)	(1,045,633)
Receipt of research and development claim	433,403	495,943
Payment for property, plant and equipment	(53,130)	(1,810)
Payment for acquisition of business	(143,409)	-
Net cash flow from investing activities	<u>(348,304)</u>	<u>(551,500)</u>
Cash flows from financing activities		
Repayment of borrowings	(150,123)	(6,300)
Proceeds from issue of shares	5,006,630	175,077
Payments for equity raising costs	(457,894)	(11,557)
Proceeds from issue of convertible notes	250,000	700,000
Net cash flow from financing activities	<u>4,648,613</u>	<u>857,220</u>
Net increase/(decrease) in cash and cash equivalents	2,143,095	42,716
Cash and cash equivalents at the beginning of the financial period	<u>128,813</u>	<u>86,097</u>
Cash and cash equivalents at the end of the financial period	<u>2,271,908</u>	<u>128,813</u>

Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	215,258	125,042
Call deposits	2,056,650	3,771
	<u>2,271,908</u>	<u>128,813</u>

10. Net Tangible Assets

	2016	2015
	\$	\$
Net tangible assets backing per ordinary share	0.0648	0.0125

11. Details of entities over which control has been gained or lost

n/a

12. Details of associates and joint venture entities

n/a

13. Any other Significant Information

Business acquisition

On 1 April 2016, the Group acquired the business and assets of The Property Factory Limited for NZ\$550,000. The acquisition accelerates Real Estate Investar's property sales business by providing the skills and capabilities to sell investment grade properties, in many instances at wholesale prices. The property sales business is expected to generate significant revenue growth from sales commissions and associated services.

At reporting date \$143,409 (NZ\$150,000) of the total consideration had been transferred to The Property Factory Limited. The remaining NZ\$400,000 was transferred on 6th July 2016.

For the 3-months to 30 June 2016, The Property Factory contributed revenue of \$1,109,524 and profit of \$433,598 to the Group's results. If the acquisition had occurred on 1 July 2015, management estimates that the consolidated revenue would have been \$1,850,000 and consolidated profit for the year would have been \$640,000. In determining these amounts, management has assumed that the fair values at the date of acquisition would be the same if the acquisition had occurred on 1 July 2015.

14. Accounting Standards

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

15. Results for the Period

15.1 Accounting policies, estimation methods and measurement bases

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

15.2 Earnings per security

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.

	2016 \$	2015 \$
Profit/(Loss) attributable to ordinary shareholders	(1,228,230)	(2,094,189)
Weighted average number of ordinary shares used in basic and diluted earnings per share	65,253,974	79,810,249
Earnings per share (Cents)	(1.88)	(2.62) *

* On 9 November 2015 the shares were consolidated on a basis of 1:2. Had this been effective at 30 June 2015 the FY 2015 earnings per share in cents would have been (5.24).

15.3 Returns to shareholders

n/a

15.4 Significant features of operating performances

Refer to Media Release.

15.5 Segment results

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 which is at the consolidated entity level.

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.

	Reportable Segments						Total	
	Subscriptions		Transaction Services		Property			
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenue - from external customers	3,286,297	3,447,245	410,363	451,541	1,710,574	124,019	5,407,234	4,022,805
Gross Profit	1,052,227	1,370,028	393,688	391,455	1,150,139	124,019	2,596,054	1,885,502
<i>Other segment information</i>								
Interest income	30,447	994	-	-	-	-	30,447	994
Interest expense	(64,646)	(38,000)	-	-	-	-	(64,646)	(38,000)
Depreciation and amortisation	(422,752)	(294,999)	-	-	(3,095)	-	(425,847)	(294,999)
Impairment	-	-	-	-	-	-	-	-
Segment assets	5,082,762	2,280,585	547,983	298,725	1,589,869	82,047	7,220,614	2,661,357
Additions to non-current assets (other than financial assets and deferred tax)	398,073	672,805	-	-	163,805	-	561,878	672,805
Segment liabilities	2,062,721	4,161,321	252,753	526,146	1,014,980	-	3,330,454	4,687,467

Reconciliation to EBITDA

	Consolidated Entity	
	2016	2015
	\$	\$
Gross Profit	2,596,054	1,885,502
Operating Expenses	(3,330,814)	(2,658,842)
EBITDA	(734,760)	(773,341)
Depreciation	(35,205)	(16,812)
Amortisation	(390,641)	(278,187)
Interest income	30,447	994
Interest expense	(64,646)	(38,000)
Profit/(Loss) before income tax	(1,194,806)	(1,105,346)

Geographic location

	Revenues from external customers		Non-current assets*	
	2016	2015	2016	2015
	\$	\$	\$	\$
Australia	3,627,257	3,895,882	1,676,439	1,655,937
New Zealand	1,779,977	126,923	160,580	-
Other	-	-	-	-
Total	5,407,234	4,022,805	1,837,019	1,655,937

*These non-current assets exclude financial instruments and deferred tax assets.

Major customers

During 2016, no single customer accounted for greater than 10% of the Group's revenue.

15.6 Trends in performance

Refer to Media Release.

15.7 There are no other factors which have affected the results in the period which are likely to affect the result in the future, including those where the effect could not be quantified.

16. Status of Audit

This report is based on accounts which are in the process of being audited.

There is unlikely to be an audit dispute or qualification.

Signed



Simon Baker

Chairman

Date: 31 August 2016