

# 2017 Appendix 4E

## Preliminary Final Report

Entity Name: Real Estate Investar Group Limited

ACN:141 276 959

Under ASX Listing Rule 4.3A

Reporting period ("Current Period") Year ended 30 June 2017

Previous corresponding period Year ended 30 June 2016

Results for announcement to the market

Revenue from ordinary activities	Down	3.5 %	to	4,729,700
(Loss) from ordinary activities after tax attributable to members	Up	62.8 %	to	(2,222,750)
Net (Loss) for the period attributable to members	Up	62.8 %	to	(2,222,750)

### Commentary on results for the year

The 2017 Financial Year was a period of heavy investment in transitioning the business from a traditional SaaS subscription model to a transaction based model. Revenues in FY 2017 from ordinary activities decreased 3.5% over the previous corresponding period to \$4.7 million (FY 2016: \$4.9 million) and the net loss increased to \$2.2 million (FY 2016: \$1.4 million) as the Company invested in transitioning to data driven property sales revenues.

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

The commentary on the interim unaudited results for the period is contained in the Market Release accompanying this 4E report.

### Dividends

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

### Dividend Reinvestment Plans

No dividend reinvestment plan is in place.

### Returns to shareholders -

n/a

# Unaudited accounts

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Revenue		4,729,700	4,903,614
Other income		-	393,517
	3	<b>4,729,700</b>	<b>5,297,131</b>
<b>Expenses</b>			
Commissions		(1,517,804)	(1,228,575)
Costs of website and data		(1,217,607)	(1,582,604)
Employee benefits expense	4	(2,455,356)	(2,114,343)
Depreciation and amortisation		(484,860)	(416,409)
Occupancy		(148,185)	(139,935)
Marketing		(328,541)	(359,044)
IT and legal		(165,686)	(171,489)
Other Expenses		(630,760)	(546,004)
		<b>(6,948,799)</b>	<b>(6,558,403)</b>
Finance costs		(27,622)	(64,646)
Finance income		23,971	30,447
<b>Net finance Costs</b>		<b>(3,651)</b>	<b>(34,199)</b>
<b>Loss before income tax expense from continuing operations</b>		<b>(2,222,750)</b>	<b>(1,295,471)</b>
Income tax expense		-	(69,876)
<b>Loss after income tax expense for the year</b>		<b>(2,222,750)</b>	<b>(1,365,347)</b>
<b>Other comprehensive income</b>			
Items that will be reclassified to profit or loss:			
Foreign currency translation differences		(3,472)	11,187
<b>Total comprehensive loss for the year</b>		<b>(2,226,222)</b>	<b>(1,354,160)</b>
<b>Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share (cents per share)	17	(2.63)	(2.09)

## Consolidated Statement of Financial Position

**As At 30 June 2017**

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	599,823	2,271,908
Trade and other receivables	7	908,095	909,612
Accrued income	7	742,724	977,362
Prepayments	7	132,781	166,216
<b>Total current assets</b>		<b>2,383,423</b>	<b>4,325,098</b>
<b>Non-current assets</b>			
Trade and other receivables	7	365,196	346,275
Accrued income	7	635,770	596,313
Deferred tax asset		100,727	100,727
Property, plant and equipment	8	56,656	88,681
Intangible assets	9	1,287,301	1,595,856
<b>Total non-current assets</b>		<b>2,445,649</b>	<b>2,727,852</b>
<b>Total Assets</b>		<b>4,829,072</b>	<b>7,052,950</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	2,375,642	2,561,826
Current tax liabilities		22	69,876
Borrowings	11	234,955	240,730
Provision for employee entitlements	5	20,356	14,674
<b>Total current liabilities</b>		<b>2,630,975</b>	<b>2,887,106</b>
<b>Non-current liabilities</b>			
Trade and other payables	10	321,135	304,161
Deferred tax liability		100,727	100,727
Provision for employee entitlements	5	22,421	12,537
<b>Total non-current liabilities</b>		<b>444,283</b>	<b>417,425</b>
<b>Total Liabilities</b>		<b>3,075,257</b>	<b>3,304,531</b>
<b>Net Assets</b>		<b>1,753,815</b>	<b>3,748,419</b>
<b>Equity</b>			
Contributed equity	12	11,285,121	11,285,121
Accumulated losses		(9,860,124)	(7,637,374)
Reserves	14	328,818	100,672
<b>Total Equity</b>		<b>1,753,815</b>	<b>3,748,419</b>

## Consolidated Statement of Changes in Equity

### For the year ended 30 June 2017

	Note	Contributed Equity \$	Retained Profits / (Loss) \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
<b>Balance at 1 July 2015</b>		4,165,796	(6,272,027)	83,010	(2,889)	(2,026,110)
Loss after income tax expense for the year		-	(1,365,347)	-	-	(1,365,347)
<b>Other comprehensive income for the year</b>						
Exchange difference on translation of foreign operations		-	-	-	11,187	11,187
<b>Total comprehensive loss for the year</b>		-	(1,365,347)	-	11,187	(1,354,160)
<b>Transaction with owners in their capacity as owners:</b>						
Options issued				9,364		9,364
Shares issued, net of transaction costs		7,119,325	-	-	-	7,119,325
<b>Balance at 30 June 2016</b>		11,285,121	(7,637,374)	92,374	8,298	3,748,419
<b>Balance at 1 July 2016</b>		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)
<b>Other comprehensive income for the year</b>						
Exchange difference on translation of foreign operations		-	-	-	(3,472)	(3,472)
<b>Total comprehensive loss for the year</b>		-	(2,222,750)	-	(3,472)	(2,226,223)
<b>Transaction with owners in their capacity as owners:</b>						
Options issued	13	-	-	231,618	-	231,618
Shares issued, net of transaction costs		-	-	-	-	-
<b>Balance at 30 June 2017</b>	12	11,285,121	(9,860,124)	323,992	4,826	1,753,815

## Consolidated Statement of Cash Flows

### For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,045,955	3,861,963
Payments to suppliers and employees		(6,229,834)	(6,022,389)
Income tax paid		(69,854)	-
Interest paid		(14,948)	(15,660)
Interest received		5,050	18,872
<b>Net cash flow used in operating activities</b>	15	<b>(1,263,631)</b>	<b>(2,157,214)</b>
<b>Cash flows from investing activities</b>			
Payment for website development		(306,509)	(585,168)
Receipt of research and development claim		288,842	433,403
Payment for property, plant and equipment		(3,580)	(53,130)
Proceeds from disposal of property, plant and equipment		992	-
Payment for acquisition of business	16	(382,424)	(143,409)
<b>Net cash flow used in investing activities</b>		<b>(402,679)</b>	<b>(348,304)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(5,775)	(150,123)
Proceeds from issue of shares		-	5,006,630
Payments for equity raising costs		-	(457,894)
Proceeds from issue of convertible notes		-	250,000
<b>Net cash flow used in financing activities</b>		<b>(5,775)</b>	<b>4,648,613</b>
Net increase / (decrease) in cash and cash equivalents		(1,672,085)	2,143,095
Cash and cash equivalents at the beginning of the financial period		2,271,908	128,813
<b>Cash and cash equivalents at the end of the financial period</b>	6	<b>599,823</b>	<b>2,271,908</b>

## Notes to the accounts

### 1. 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.

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.

### 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
<b>Subscriptions</b>	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
<b>Transaction Services</b>	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.
<b>Property</b>	Facilitating sales of newly built and off-the-plan properties from developers or project marketers to investors.

	Reportable Segments							
	Subscriptions		Transaction Services		Property		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Segment Revenue - from external customers	3,229,617	3,286,297	213,497	410,363	1,286,586	1,600,471	4,729,700	5,297,131
<b>Gross Profit</b>	<b>1,380,264</b>	<b>1,052,227</b>	<b>193,975</b>	<b>393,688</b>	<b>420,050</b>	<b>1,040,036</b>	<b>1,994,289</b>	<b>2,485,951</b>
<b>Other segment information</b>								
Interest income	23,971	30,447	-	-	-	-	23,971	30,447
Interest expense	(27,622)	(64,646)	-	-	-	-	(27,622)	(64,646)
Depreciation and amortisation	(471,654)	(413,314)	-	-	(13,206)	(3,095)	(484,860)	(416,409)
Impairment	-	-	-	-	-	-	-	-
<b>Assets</b>								
Segment assets	1,976,828	2,400,783	167,210	230,929	1,984,484	2,048,603	4,128,522	4,680,315

## Note 2. Segment Reporting (continued)

	Reportable Segments							
	Subscriptions		Transaction Services		Property		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Unallocated Assets:</b>								
Cash and cash equivalents							599,823	2,271,908
Deferred tax asset							100,727	100,727
<b>Total Assets</b>							<b>4,829,072</b>	<b>7,052,950</b>
Additions to non-current assets (other than financial assets and deferred tax)	141,993	350,882	-	-	2,395	49,077	144,387	399,959
<b>Liabilities</b>								
Segment liabilities	1,646,286	1,878,218	-	-	1,093,267	1,014,980	2,739,553	2,893,198
Current tax liabilities							22	69,876
Deferred tax liability							100,727	100,727
Borrowings							234,955	240,730
<b>Total Liabilities</b>							<b>3,075,257</b>	<b>3,304,531</b>

	Reconciliation of Gross Profit to Loss before Income Tax		Consolidated Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Gross profit</b>	<b>1,994,289</b>	<b>2,485,951</b>		
Operating expenses	(3,728,528)	(3,330,814)		
Depreciation	(34,439)	(35,205)		
Amortisation	(450,421)	(381,204)		
Interest income	23,971	30,447		
Interest expense	(27,622)	(64,646)		
<b>Loss before income tax</b>	<b>(2,222,750)</b>	<b>(1,295,471)</b>		

Geographic Information	Revenues from External Customers		Non-Current Assets <sup>1</sup>	
	2017	2016	2017	2016
	\$	\$	\$	\$
Australia	3,361,271	3,627,257	1,309,023	1,638,684
New Zealand	1,368,429	1,669,874	34,934	45,853
<b>Total</b>	<b>4,729,700</b>	<b>5,297,131</b>	<b>1,343,957</b>	<b>1,684,537</b>

<sup>1</sup> These non current assets exclude financial instruments and deferred tax assets

### Major customers

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

### 3. Revenue and Other Income

	2017	2016
	\$	\$
<b>Revenue and other income</b>		
<b>Revenue</b>		
Subscriptions	3,229,617	3,286,297
Transaction services	213,497	410,363
Property and other income	1,286,586	1,206,954
<b>Total revenue</b>	<b>4,729,700</b>	<b>4,903,614</b>
<b>Other income</b>		
Gain on acquisition of business	-	393,517
	<b>4,729,700</b>	<b>5,297,131</b>

### 4. Employee benefits expense

	2017	2016
	\$	\$
<b>Employee Benefits Expense</b>		
Short-term employee benefits	2,279,392	2,266,335
Post-employment benefits	172,053	173,510
Other long term benefits	15,566	12,157
Termination benefits	11,539	37,462
Equity-settled share-based payments	231,618	9,364
Capitalised salaries & on-costs to website	(254,812)	(384,485)
<b>Total remuneration</b>	<b>2,455,356</b>	<b>2,114,343</b>

Short term employee benefits include payroll on costs and employment related expenses. Superannuation expense for the year ended 30 June 2017 amounted to \$172,053 (2016: \$173,510).

### 5. Provision for Employee Entitlements

	2017	2016
	\$	\$
<b>Employee Liabilities</b>		
<b>Current</b>		
Short-term employee benefits	204,324	290,008
Post employment benefits	34,969	45,212
Other long term benefits	20,356	14,674
Termination benefits	-	-
Equity-settled share-based payments	-	-
<b>Total current employee benefits (included in trade and other payables)</b>	<b>259,649</b>	<b>349,894</b>
<b>Non current</b>		
Other long term benefits	22,421	12,537
<b>Total non current employee benefits</b>	<b>22,421</b>	<b>12,537</b>

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.



## 6. Cash and Cash Equivalents

	2017	2016
	\$	\$
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	526,986	215,258
Call deposits	72,837	2,056,650
	<b>599,823</b>	<b>2,271,908</b>

## 7. Trade and Other Receivables

	2017	2016
	\$	\$
<b>Trade and Other Receivables</b>		
<b>Current</b>		
<b>Trade and other receivables</b>		
Trade receivables	908,095	939,612
Provision for doubtful debts	-	(30,000)
	<b>908,095</b>	<b>909,612</b>
<b>Prepayments</b>	<b>132,781</b>	<b>166,216</b>
	<b>1,040,876</b>	<b>1,075,828</b>
<b>Accrued income</b>		
Research and development claim	164,516	288,842
Subscriptions	6,241	15,613
Transaction services	10,613	22,743
Property transactions	561,354	650,164
	<b>742,724</b>	<b>977,362</b>
<b>Non Current</b>		
<b>Trade and other receivables</b>		
Other debtors	14,700	14,700
<sup>1</sup> Loan - South Mapleton Pty Ltd	350,496	331,575
	<b>365,196</b>	<b>346,275</b>
<b>Accrued income</b>		
Property sales commissions	<b>635,770</b>	<b>596,313</b>

<sup>1</sup> The South Mapleton Pty Ltd loan is repayable in full on or before 31 March 2018 and is identified and reported as a related party transaction.

## 8. Property, Plant and Equipment

	2017	2016
	\$	\$
<b>Property, plant and equipment</b>		
Office Equipment	177,208	174,862
Less: Accumulated depreciation	(121,076)	(87,592)
	<b>56,132</b>	<b>87,270</b>
Leasehold Improvements	6,780	6,780
Less: Accumulated depreciation	(6,256)	(5,369)
	<b>524</b>	<b>1,411</b>
<b>Total Property, plant and equipment</b>	<b>56,656</b>	<b>88,681</b>

## 9. Intangible Assets

	2017	2016
	\$	\$
<b>Intangible assets</b>		
Website at cost	2,525,184	2,383,191
Less: Accumulated amortisation	(1,251,748)	(810,021)
	<b>1,273,436</b>	<b>1,573,170</b>
Contracts Database	24,834	24,884
Less: Accumulated amortisation	(10,969)	(2,198)
	<b>13,865</b>	<b>22,686</b>
<b>Total intangible assets</b>	<b>1,287,301</b>	<b>1,595,856</b>

## 10. Trade and Other Payables

	2017	2016
	\$	\$
<b>Trade and other payables</b>		
<b>Current</b>		
Trade creditors	732,302	775,009
Accruals	776,200	537,502
Income in advance	451,110	738,077
GST and other statutory liabilities	222,447	122,287
ATO	174,980	-
Other payables	18,603	6,527
Balance due for The Property Factory acquisition	-	382,424
	<b>2,375,642</b>	<b>2,561,826</b>
<b>Non Current</b>		
Accruals - Property Sales Commissions	321,135	304,161
	<b>321,135</b>	<b>304,161</b>

## 11. Borrowings

	2017	2016
	\$	\$
<b>Current Borrowings</b>		
Finance lease	-	5,775
Convertible notes	234,955	234,955
	<b>234,955</b>	<b>240,730</b>

Real Estate Investar Group Ltd issued \$234,955 of convertible notes as part of the settlement of a payable to Australian Property Monitors Pty Ltd under the Equity Participation Agreement. This facility is on an unsecured basis and has interest payable at 5% per annum. The convertible notes had a maturity date of the 10 December 2016, no notice has been received to convert the note or require repayment at the time of the preparation of these financial statements.

## 12. Contributed Equity

	2017	2016
	\$	\$
Ordinary shares - fully paid	11,960,581	11,960,581
Equity raising costs	(675,460)	(675,460)
	<b>11,285,121</b>	<b>11,285,121</b>

## Note 12 Contributed Equity (continued)

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.

<b>Movement in Ordinary Share Capital:</b>	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July	84,494,604	80,542,605	11,285,121	4,165,796
Issue of ordinary shares Jul to Sep	-	66,360	-	6,636
Share consolidation 1 for 2 Oct 15	-	(40,304,466)	-	-
Issue of shares on exercise of options Nov 15	-	2,000,000	-	320,000
Issue of shares IPO Dec 15	-	25,000,000	-	5,000,000
Issue of shares to APM Dec 15	-	10,576,125	-	1,250,000
Issue shares to convertible note holders Dec 15	-	6,613,980	-	950,000
Interest payable to convertible note holders	-	-	-	50,589
Capital raising costs	-	-	-	(457,900)
<b>Total contributed equity at 30 June</b>	<b>84,494,604</b>	<b>84,494,604</b>	<b>11,285,121</b>	<b>11,285,121</b>

### 13. 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 do not vest until 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.

The options do not carry any dividend or voting rights

#### 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 are exercisable after 27 April 2018 and lapse on 27 April 2021.

The options do not carry any dividend or voting rights.

<b>Share-based payment expense recognised during the financial year:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Options issued – employees	2,774	579
Options issued – directors	228,844	8,785
	<b>231,618</b>	<b>9,364</b>

#### 14. Reserves

The share based payment reserve is used to recognise the value of equity settled share-based payments provided 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.

#### 15. Reconciliation of Cash Flows from Operating Activities to Operating results

	2017 \$	2016 \$
Loss for the period	(2,222,750)	(1,365,347)
<b>Non cash flows in operating result:</b>		
Depreciation	484,860	416,409
Loss on disposal of equipment	84	-
Share based payments expense	231,618	9,364
Gain on acquisition of business	-	(393,517)
<b>Movements in operating assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	53,453	(1,173,333)
(Increase)/decrease in prepayments	33,435	(49,214)
(Increase)/decrease in deferred tax balances	-	-
(Increase)/decrease in trade and other payables	445,893	630,056
(Increase)/decrease in income in advance	(286,967)	(231,632)
(Increase)/decrease in foreign translation reserve	(3,257)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,263,631)</b>	<b>(2,157,214)</b>

#### 16. Acquisition of a Business

On 1 April 2016, the Group acquired the business of The Property Factory Ltd 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.

Consideration transferred	Currency	2017 \$	2016 \$
Total Consideration paid	AUD	(382,424)	(143,409)
Total Consideration paid	NZD	400,000	150,000

#### 17. Earnings Per Share

Earnings per share		2017	2016
Profit/(Loss) attributable to ordinary shareholders		(2,222,750)	(1,365,347)
Weighted average number of ordinary shares used in basic and diluted earnings per share		84,494,604	65,253,974
<b>Earnings per share</b>	<b>Cents</b>	<b>(2.63)</b>	<b>(2.09)</b>

## Net tangible assets backing per ordinary share

		2017	2016
Net tangible assets backing per ordinary share	Cents	0.0055	0.0255

## Details of entities over which control has been gained or lost

n/a

## Details of associates and joint venture entities

n/a

## Any other Significant Information

Refer to Media Release.

## Trends in performance

Refer to Media Release.

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.

## Status of Audit

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

The audit report is likely to contain an emphasis of matter regarding the material uncertainty relating to going concern on a similar basis as the audited annual June 2016 accounts and the December 2016 interim accounts.

There is unlikely to be an audit dispute or qualification.

Signed



Simon Baker

Chairman

Date: 31 August 2017