real estate investar group limited

ACN 141 276 959

ANNUAL REPORT

2017

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Chairman's Letter

On behalf of the Board of Directors and the team at Real Estate Investar, I would like to welcome you to our second Annual Report as an Australian Securities Exchange (ASX) listed company.

The 12 months to 30 June 2017 was an important time for the Company as we transitioned from a traditional Software as a Service business to a high value transaction based business generating commission revenues from the sale of investment grade properties to our 250,000 strong member base.

Highlights for the year include:

- ✓ a 31% year on year growth in cash receipts to AUD 5.0 million;
- ✓ a 27% year on year increase in members to over 250,000;
- ✓ an increase in member data points to 4.9 million which drive the matching of members to investment grade properties; and
- ✓ the growth of our property sales division within the Company.

Real Estate Investar has positioned itself to take advantage of the main trend in online real estate - the data driven matching of buyers to the right property.

Real Estate Investar is focused on the growth of its membership base, learning as much as it can about them, and then leveraging this data to match the right investment grade properties to the engaged and qualified members.

Successfully doing this will enable Real Estate Investar to grow transaction based revenues through commissions from property developers along with secondary transaction services including mortgages and insurance.

Key achievements in this transition to a data driven property transaction model include the establishment of a Premium Membership service and the continued growth of the licensed real estate sales teams in Australia and New Zealand. This enables the Company to provide a comprehensive, outcome oriented service for its members that is tailored to their specific property investment requirements.

During the financial year, revenue related to the sale of investment property to our members was 27.2% of our total revenue. We expect this to grow and become the majority of total revenue in FY 2018.

I would like to thank my fellow Board members, our CEO Clint Greaves, and the Real Estate Investar team for their hard work in FY 2017. Finally, I would like to thank all of our shareholders, partners and customers for their continued support.

Simon Baker

Chairman

CEO's Report

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

Company Overview

The Real Estate Investar 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.

With over 250,000 member investors now registered for free online services, the Real Estate Investar Group has firmly established itself as an essential resource for both the serious and first-time property investor. The Group will continue to grow its membership base, and is focused on utilising data and its online presence to build a strong relationship with property investors, to capture data about who they are and what they want, to pre-qualify them, and to match them with the right investment grade properties.

2017 Performance

Highlights for the 12-months ended 30 June 2017 include:

> Cash receipts from customers of $5.0m, a 31% increase year on year;

> Revenues from operating activities of $4.7m, a slight decrease of 3.5% year on year as the Group transitioned from a traditional Software as a Service subscription model to a higher value data driven property transaction model;

> Membership growth of 27.5% year on year with 258,096 members as at 30 June 2017; and

> Total member data points of almost 4.9m from progressive profiling and engagement with members, an increase of 549% year on year.

Data Driven Property Sales Model

Our strategy is to be a data driven facilitator of property transactions by matching high value, pre-qualified investors with investment grade properties to generate commissions. Over the last three years, the Group has invested in developing a unique data driven member engagement and progressive profiling process that allows it to deeply understand its members and, for those that are pre-qualified, offer them early access to high quality investment grade new developments ahead of the general public.

To deliver this strategy, the Group has invested heavily in transitioning from a predominantly subscription revenue service with some referral transaction revenues, to a data driven property sales service.

The transition from traditional subscription sales generating $99 to $149 per subscriber per month, to property sales transactions that generate commissions of $15,000 to $30,000 per sale provides significant revenue growth potential for the Group.

Future Developments

The Group expects continued growth in member numbers, member profile data points and Premium Members, to ultimately drive increases in property sales activity.

During the next fiscal year the Group expects to:

- Continue to grow member numbers through direct and partner promotions;
- Focus on deepening its understanding of members to better align profiled members to specific property opportunities using a data driven approach;
- Accelerate growth of the transaction-focused business including investments in further marketing, sales events and sales personnel;
- Increase direct property sales revenues through targeted campaigns to existing members;
- Build new revenue streams for complimentary property investment related products and services; and
- Consider further local or offshore market opportunities that are aligned to the data driven property transaction model.

I would like to thank the Board for their support and guidance throughout the year, my team, and all of our shareholders, partners and customers. We have an exciting year ahead as we continue to make the shift to data driven transaction services.

Clint Greaves

Managing Director &

CEO

Board of Directors

The Directors bring to the Board relevant experience and skills including commercial and industry knowledge, financial management and corporate governance.

Simon Baker
Non-Executive Chairman

Simon Baker was appointed Chairman of REIG in November 2010.

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.

Clint Greaves
Chief Executive Officer and Managing Director

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 17 years senior management experience in operational and financial roles in Australia, New Zealand and the United Kingdom. He has worked in real estate related businesses for the last 13 years, the last 7 of which have been with Real Estate Investar Group. 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.

Antony Catalano
Non-Executive Director

Antony Catalano was appointed as a Non-Executive Director of REIG in October 2015 and resigned on the 1st of September 2017.

Antony has extensive experience in the Australian real estate industry, and is Chief Executive Officer of Domain Group and a Director of Metro Media Publishing, positions 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 at HWT began as a copy boy in 1985, 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.

Joe Hanna
Independent Non-Executive Director

Joe Hanna was appointed as a Non-Executive Director of REIG in October 2015 and serves as Chairman of the Nomination and Remuneration Committee.

Joe is currently also a non-executive director of ASX listed Mitula Group Limited (ASX: MUA), a leading player in the global online classifieds industry.

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 Chief Executive Officer of xLabs Pty Ltd, 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.

Ian Penman
Independent Non-Executive Director

Ian Penman was appointed as a Non-Executive Director of REIG in October 2013 and serves as Chairman of the Audit Committee. Prior to this, Ian served for 10 months as REIG's Chief Executive Officer and Managing Director.

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.

Corporate Governance Statement as at 30 June 2017

The Corporate Governance Statement (**Statement**) for Real Estate Investar Group Limited (**REV** or **Company**), has been adopted by the Board of directors (**Board**) of the Company and is current as at 31 August 2017.

The Board is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (**CGC**) published guidelines (3rd edition) as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of REV on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board is committed to conducting the Company's business in accordance with the highest standards of corporate governance to create and deliver value for Shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes in the business of the Company.

A copy of these charters, procedures and policies are available on the corporate governance page of the website: http://www.rei-group.com.au.

REV has assessed its governance practices against the CGC guidelines, which set out recommended governance practices which are likely to achieve good governance outcomes for ASX listed entities in most situations. The ASX Principles are not mandatory, and where the Company has not adopted a recommendation, this statement will explain why.

REV's corporate governance practices were in place for the entirety of the year ended 30 June 2017.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by REV, refer to our website: http://www.rei-group.com.au.

Financial Statements

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 2017.

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 Chairman since 15 November 2010
Clinton Greaves	Managing Director & Chief Executive Officer Director since 24 November 2010 Appointed Chief Executive Officer 19 December 2014
Ian Penman	Independent Non-Executive Director Director since 1 October 2013
Antony Catalano	Non-Executive Director Director since 15 October 2015 (resigned 1 September 2017)
Joe Hanna	Independent Non-Executive Director Director since 15 October 2015

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 $2,222,750, (2016: $1,365,347).

Dividends

No dividend has been declared for the financial year ended 30 June 2017 (2016: nil).

Review of operations

Revenues in FY 2017 from ordinary activities decreased 3.5% to $4,729,700 (2016: $4,903,614) as the Group transitioned its focus to data driven property sales revenues.

Data Driven Property Sales Strategy

The Group's strategy is to be a data driven facilitator of property transactions by matching high value, pre-qualified investors with investment grade properties to generate commissions. Over the last three years, the Group has invested in developing a unique data driven member engagement and progressive profiling process that allows it to deeply understand its members and, for those that are pre-qualified, offer them early access to high quality investment grade new developments ahead of the general public.

To deliver this strategy, the Group has invested heavily in transitioning from a predominantly subscription revenue service with some referral transaction revenues, to a data driven property sales service.

The transition from traditional SaaS subscription sales generating $99 to $149 per subscriber per month, to property sales transactions that generate commissions of $15,000 to $30,000 per sale provides significant revenue growth potential for the Group.

Membership KPI Growth

Members and the progressive profiling data that we capture are key drivers of value for the Group. Members are offered a free set of online tools and services to help them analyse and assess investment properties. The Group then monetises these members through Premium Membership and Property Sales services.

From the 30th June 2016 to the 30th June 2017 there was a 27.5% (2016: 48.0%) growth in members. More significantly, the amount of data points from progressive profiling and engagement with members increased by 548.7% to almost 4.9 million.

	30 Jun 2017	30 Jun 2016	Change
Members	258,096	202,423	27.5%
Member Profile Data Points	4,850,723	747,778	548.7%

Member growth is being driven by digital marketing and channel partner marketing activities. The focus for management is to significantly increase the number of members purchasing a Premium Membership and then to increase the volume of property sales completed with these members.

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

On 1 September 2017 Mr Antony Catalano gave notice of his resignation as a Director of the Company effective immediately. Mr Catalano indicated that his increasing commitments with the Domain Real Estate Media group required his time and attention.

On 11 September 2017 the Group released a Company Update to the market. 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. 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.

Future Developments

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

The Board believes that following this capital raising activity the Group will have adequate cash reserves to fund growth and does not envisage, at this time, a requirement for additional capital beyond this round of capital raising.

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 specific property opportunities using a data driven approach;

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

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

> build new revenue streams for complimentary 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	12,115,776
	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 17 years senior management experience in operational and financial roles in Australia, New Zealand and the United Kingdom. He has worked in real estate related businesses for the last 13 years, the last 7 of which have been with Real Estate Investar Group. 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

Clint Greaves – Managing Director (continued)

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	5,390,000
	Options over ordinary shares - Real Estate Investar Group Limited	1,000,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

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 Ltd 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	
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

Antony Catalano – Non-Executive Director

Date of appointment	15 October 2015
Experience and expertise	Antony has extensive experience in the Australian real estate industry, and is Chief Executive Officer of Domain Group and a Director of Metro Media Publishing, positions 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 at HWT began as a copy boy in 1985, 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

Directors Report' (continued)

Antony Catalano – Non-Executive Director (continued)		
Special responsibilities	Member of the Nomination and Remuneration 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

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 Ltd, 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

Meetings of Directors

During the financial year 13 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	13	13	2	2	1	1
Clinton Greaves	13	13	-	2	-	1
Ian Penman	13	10	2	1	-	1
Antony Catalano	13	11	-	2	1	1
Joe Hanna	13	13	2	2	1	1

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

There have been no movements in ordinary share capital during the year ended 30 June 2017. The total ordinary shares issued in Real Estate Investar Group is 84,494,604. (2016: 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	3,000,000
28 Apr 2016	27 Apr 2021	$0.20	1,450,000
			4,450,000

All unissued shares are ordinary shares of the Company.

Remuneration Report (audited)

Introduction

This Remuneration Report for the financial year ended 30 June 2017 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 2017.

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
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 intotal);

(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 2017:

> Joe Hanna acted as Chair of the Committee; and

> Simon Baker and Antony Catalano served as members of the Committee.

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 2017 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 2017, 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 and 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.

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 18.

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 2017.

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 2017.

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.

There is a net reduction of 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 2017	**Cash Salary & Fees $**	**Non Monetary Benefits $**	**Super - annuation $**	**Options $**	**Total $**	**Performance Based Percentage of Remuneration**
Executive Director						
Clint Greaves, CEO & Managing Director	203,365	21,635	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	**373,371**	**21,635**	**19,616**	**152,700**	**567,322**	**0.00%**

	Short Term Employee Benefits		Post Employment Benefit	Share Based Payments		
FY 2016	**Cash Salary & Fees $**	**Non Monetary Benefits $**	**Super - annuation $**	**Options $**	**Total $**	**Performance Based Percentage of Remuneration**
Executive Director						
Clint Greaves, CEO & Managing Director	203,365	21,635	19,308	29,166	273,474	0.00%
Non-Executive Directors						
Simon Baker, Non-Executive Chair	51,250	-	-	14,583	65,833	0.00%
Ian Penman, Independent Non-Executive	56,241	-	-	14,583	70,824	0.00%
Antony Catalano, Non-Executive [1]	26,250	-	-	14,583	40,833	0.00%
Joe Hanna, Independent Non-Executive [2]	28,333	-	-	14,583	42,916	0.00%
Total	**365,439**	**21,635**	**19,308**	**87,498**	**493,880**	**0.00%**

1. Antony Catalano – Appointed 15 October 2015
2. Joe Hanna – Appointed 15 October 2015

Cash Bonuses

No bonuses were paid or included in remuneration of Key Management Personnel during the financial year ended 30 June 2017.

7. Shareholdings of Key Management Personnel

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

FY 2017	Balance 1 July 2016	Granted as Compen-sation	Received on Exercise of Options or Rights	Other Changes [1]	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	-	-	-	-	-	-
	17,388,276	**-**	**-**	**410,000**	**17,798,276**	**17,798,276**

1. Other changes include the purchase of additional shares.

FY 2016	Balance 1 July 2015	Granted as Compen-sation	Received on Exercise of Options or Rights	Other Changes [1]	Balance 30 June 2016	Balance Held Nominally
Simon Baker	18,019,872	-	2,431,514	(8,335,610)	12,115,776	12,115,776
Clint Greaves	5,670,000	-	2,000,000	(2,690,000)	4,980,000	4,980,000
Ian Penman	585,000	-	-	(292,500)	292,500	292,500
Antony Catalano	-	-	-	-	-	-
Joe Hanna	-	-	-	-	-	-
	24,274,872	**-**	**4,431,514**	**(11,318,110)**	**17,388,276**	**17,388,276**

1. Other changes included a 1 for 2 share consolidation as part of the IPO and the purchase of additional shares.

Shareholdings of key management personnel include 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

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

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

[1] Interest revenue of $18,921 (2016: $11,575) was recognised on loans granted to key management personnel.

FY 2016	Balance 1 July 2015	Interest Paid & Payable on Loan	Interest Not Charged	Write-downs & Allowance for Doubtful Debts	Balance 30 June 2016	Highest Indebtedness During the Year
Clint Greaves	-	11,575	-	-	331,575	331,575

Loans to Key Management Personnel (continued)

On 13 November 2015 Real Estate Investar Group Ltd issued 2,000,000 Shares to South Mapleton Pty Ltd for an aggregate subscription price of $320,000 ($0.16 per Share). South Mapleton Pty Ltd 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 Ltd. The loan to South Mapleton Pty Ltd carries an interest rate of 5.65% and is repayable in full on or before 31 March 2018.

No write-downs have been made during the financial year against these loans and no allowances are considered necessary at the end of the reporting period.

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 do not vest until 31 December 2017.

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

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

FY2017	Balance 1 July 2016	Granted as compensation during year	Exercised during year	Other Changes	Total Vested at end of year	Balance 30 June 2017
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
	3,000,000	**-**	**-**	**-**	**-**	**3,000,000**

FY2016	Balance 1 July 2015	Granted as compensation during year	Exercised during year	Other Changes [1]	Total Vested at end of year	Balance 30 June 2016
Simon Baker	-	500,000	-	-	-	500,000
Clint Greaves	4,000,000	1,000,000	(2,000,000)	(2,000,000)	-	1,000,000
Ian Penman	-	500,000	-	-	-	500,000
Antony Catalano	-	500,000	-	-	-	500,000
Joe Hanna	-	500,000	-	-	-	500,000
	4,000,000	**3,000,000**	**(2,000,000)**	**(2,000,000)**	**-**	**3,000,000**

1. Other changes included a 1 for 2 share consolidation as part of the IPO

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, the following fees for non-audit services were paid or payable to the auditor, BDO Audit Pty Ltd, or their related practices (hereafter also referred to as BDO).

	Consolidated	
	2017	**2016**
Details	**$**	**$**
Tax compliance services	-	5,800
IPO related services	-	58,408
Total remuneration of BDO for non-audit services	**-**	**64,208**

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

On the advice of the Audit Committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

> all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and

> none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

There were no former partners or directors of BDO, 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 23 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 28th September 2017.

Simon Baker
Chairman

REAL ESTATE INVESTAR GROUP LTD

ABN 39 141 276 959

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF REAL ESTATE INVESTAR GROUP LTD

As lead auditor of Real Estate Investar Group Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Real Estate Investar Group Ltd and the entities it controlled during the year.

A J Whyte Director

BDO Audit Pty Ltd

Brisbane, 28 September 2017

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of B DO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue			
Revenue	3	4,729,700	4,903,614
Other income	3	-	393,517
		4,729,700	**5,297,131**
Expenses			
Commissions		(1,517,804)	(1,228,575)
Costs of website and data		(1,217,607)	(1,582,604)
Employee benefits expense	25	(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)
		(6,948,799)	**(6,558,403)**
Finance costs		(27,622)	(64,646)
Finance income		23,971	30,447
Net finance Costs		**(3,651)**	**(34,199)**
Loss before income tax expense from continuing operations		**(2,222,750)**	**(1,295,471)**
Income tax expense	4	-	(69,876)
Loss after income tax expense for the year		**(2,222,750)**	**(1,365,347)**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Foreign currency translation differences		(3,472)	11,187
Total comprehensive loss for the year		**(2,226,222)**	**(1,354,160)**

		Cents	Cents
Earnings per share			
Basic and diluted loss per share (cents per share)	5	(2.63)	(2.09)

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 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	8	599,823	2,271,908
Trade and other receivables	9	908,095	909,612
Accrued income	9	742,724	977,362
Prepayments	9	132,781	166,216
Total current assets		**2,383,423**	**4,325,098**
Non-current assets			
Trade and other receivables	9	365,196	346,275
Accrued income	9	635,770	596,313
Deferred tax asset	12	-	100,727
Property, plant and equipment	10	56,656	88,681
Intangible assets	11	1,287,301	1,595,856
Total non-current assets		**2,344,923**	**2,727,852**
Total Assets		**4,728,346**	**7,052,950**
Liabilities			
Current liabilities			
Trade and other payables	13	2,375,642	2,561,826
Current tax liabilities	4	22	69,876
Borrowings	14	234,955	240,730
Provision for employee entitlements	25	20,356	14,674
Total current liabilities		**2,630,975**	**2,887,106**
Non-current liabilities			
Trade and other payables	13	321,135	304,161
Deferred tax liability	15	-	100,727
Provision for employee entitlements	25	22,421	12,537
Total non- current liabilities		**343,556**	**417,425**
Total Liabilities		**2,974,531**	**3,304,531**
Net Assets		**1,753,815**	**3,748,419**
Equity			
Contributed equity	16	11,285,121	11,285,121
Accumulated losses		(9,860,124)	(7,637,374)
Reserves	19	328,818	100,672
Total Equity		**1,753,815**	**3,748,419**

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 2017

	Note	Contributed Equity $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Total Equity $
Balance at 1 July 2015		**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)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		-	-	-	11,187	11,187
Total comprehensive loss for the year		**-**	**(1,365,347)**	**-**	**11,187**	**(1,354,160)**
Transaction with owners in their capacity as owners:						
Options issued	17			9,364		9,364
Shares issued, net of transaction costs	16	7,119,325	-	-	-	7,119,325
Balance at 30 June 2016		**11,285,121**	**(7,637,374)**	**92,374**	**8,298**	**3,748,419**
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	17	-	-	231,618	-	231,618
Shares issued, net of transaction costs	16	-	-	-	-	-
Balance at 30 June 2017		**11,285,121**	**(9,860,124)**	**323,992**	**4,826**	**1,753,815**

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 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
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
Net cash flow used in operating activities	24	**(1,263,631)**	**(2,157,214)**
Cash flows from investing activities			
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	6	(382,424)	(143,409)
Net cash flow used in investing activities		**(402,679)**	**(348,304)**
Cash flows from financing activities			
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
Net cash flow used in financing activities		**(5,775)**	**4,648,613**
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
Cash and cash equivalents at the end of the financial period	8	**599,823**	**2,271,908**

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 Real Estate Investar Group Limited'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:
Level 6
330 Collins St
Melbourne, Victoria 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 28 September 2017. 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 $2,222,750 and had net operating cash outflows of $1,263,631 from operations.

At 30 June 2017, current liabilities exceeded current assets by $247,552. Included in current liabilities is income in advance of $451,110 and included in current assets is prepayments of $132,781. Excluding these items, current assets exceeds current liabilities by $70,777.

The Board is of the view that the going concern basis is appropriate for the following reasons:

> The Group successfully completed a placement in September 2017 raising $506,968 and intends to raise up to an additional $777,350 under a 1-5 non-renounceable entitlement offer to shareholders in October 2017;

> Included in current liabilities is a borrowing of $234,955. It is not expected that this will be required to be settled in cash within the next 12 months;

> The business completed a restructure in FY 2017 which resulted in significant fixed cost reductions which are expected to be fully recognised in FY 2018;

> A new Premium membership offer has been released which includes significant upfront payment terms which are expected to accelerate sales revenues and cash receipts for membership services, and also generate an increase in the volume of transactions generating property sales commissions.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies

Going concern (continued)

> The business has put in place staffing including commission based licensed real estate agents to execute its data driven property sales growth strategy in both Australia and New Zealand; and

> The board believes the receipt of payment for property transactions will occur as required and is confident the current receivables in note 9 will be received within 12 months.

The reliance on further fundraising and / or property transactions settling when expected give rise to the existence of a material uncertainly that cast significant doubt on the ability of the consolidated entity to continue as a going concern.

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 21.

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, 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.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

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 on a deferred basis 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 reviewed for impairment 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.

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.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

K. Trade and Other Receivables

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

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.

There are 2 main sources of accrued income

> subscriptions revenue: recognised on a deferred basis over the period that the service is delivered.

> 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: 3–6 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 through revenue recognition and/or cost reduction are capitalised to 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 (customer lists) acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see '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

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

O. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. 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.

Q. Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be 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. Liabilities for non-accumulating sick leave are 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 as 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.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

R Share Based Payments (continued)

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.

U. Foreign currency translation

The financial report is presented in Australian dollars, which is Real Estate Investar Group Limited'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. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Option Plan that are treated as in-substance options.

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.

Notes to the Consolidated Financial Statements (continued)

Note 1. Statement of Significant Accounting Policies (continued)

W. Fair Value measurement

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures. 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.

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, and its property sales are focused on two geographical locations (Auckland and Christchurch), management considers its property sales portfolio to be homogenous populations and estimates the probability of settlement of the unconditional property sales based upon historical data for all property sales, which is considered reliable evidence supporting this judgment. The Group maintains data which demonstrates that unconditional property sales have a high probability of settlement and does not change significantly period by period, 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 of $2,143,839 (2016: $1,630,482), comprising of tax losses of $1,846,414 (2016: $1,278,804) and temporary differences of $297,425 (2016: $351,678), 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 other than goodwill 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 by not yet effective:

A number of new standards and amendments to standards have been published that are not mandatory for the 30 June 2017 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 9 Financial Instruments	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010). AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.
AASB 15 Revenue from Contracts with Customers	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 applies to the Group for the year ending 30 June 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.
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 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

Notes to the Consolidated Financial Statements (continued)

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.

	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
Gross Profit	**1,380,264**	**1,052,227**	**193,975**	**393,688**	**420,050**	**1,040,036**	**1,994,289**	**2,485,951**
Other segment information								
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	-	-	-	-	-	-	-	-
Assets								
Segment assets	1,976,829	2,400,783	167,210	230,929	1,984,484	2,048,603	4,128,523	4,680,315
Unallocated Assets:								
Cash and cash equivalents							599,823	2,271,908
Deferred tax asset							-	100,727
Total Assets							**4,728,346**	**7,052,950**
Additions to non-current assets (other than financial assets and deferred tax)	141,993	350,882	-	-	2,395	49,077	144,388	399,959

Notes to the Consolidated Financial Statements (continued)

Note 2. Segment Reporting (continued)

	Reportable Segments							
	Subscriptions		Transaction Services		Property		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Liabilities								
Segment liabilities	1,646,287	1,878,218	-	-	1,093,267	1,014,980	2,739,554	2,893,198
Unallocated Liabilities:								
Current tax liabilities							22	69,876
Deferred tax liability							-	100,727
Borrowings							234,955	240,730
Total Liabilities							**2,974,531**	**3,304,531**

Reconciliation of Gross Profit to Loss before Income Tax	Consolidated Entity	
	2017	2016
	$	$
Gross profit	**1,994,289**	**2,485,951**
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)
Loss before income tax	**(2,222,750)**	**(1,295,471)**

Geographic Information	Revenues from External Customers		Non-Current Assets [1]	
	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
Total	**4,729,700**	**5,297,131**	**1,343,957**	**1,684,537**

1 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.

Notes to the Consolidated Financial Statements (continued)

Note 3. Revenue and Other Income

Revenue and other income	Note	2017 $	2016 $
Revenue			
Subscriptions		3,229,617	3,286,297
Transaction services		213,497	410,363
Property and other income		1,286,586	1,206,954
Total revenue		**4,729,700**	**4,903,614**
Other income			
Gain on acquisition of business	6	-	393,517
		4,729,700	**5,297,131**

Note 4. Income Tax

Income Tax	2017 $	2016 $
Current tax expense		
Current tax expense	567,610	412,504
Total current income tax expense	**567,610**	**412,504**
Deferred tax expense		
Origination and reversal of temporary differences	(26,013)	91,812
Derecognition of deferred tax asset	(541,598)	(574,192)
Underprovision of tax in prior years	-	-
Deferred tax expense	**(567,610)**	**(482,380)**
Total income tax expense in profit or loss	**-**	**(69,876)**
Reconciliation of the effective tax rate		
Profit/(loss) from continuing operations before income tax expense	(2,222,750)	(1,295,471)
Tax at the Australian tax rate of 27.5% (2016: 30%)	611,256	388,641
Non-deductible expenses:		
- Share based expense	(63,695)	-
- Other	(30,898)	(4,355)
Non-assessable income R & D rebate	24,935	-
Derecognition of deferred tax asset	(541,598)	(574,192)
Gain on Acquisition	-	118,054
Effect of tax rates in foreign jurisdictions	-	1,976
Income tax expense at effective tax rate of 27.5% (2016: 30%)	**-**	**(69,876)**

Notes to the Consolidated Financial Statements (continued)

Note 4. Income Tax (continued)

Income Tax	2017 $	2016 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in the statement of financial position for the following items:		
Unused tax losses	6,714,234	4,262,680
Deductible temporary differences	1,081,545	1,172,260
	7,795,779	**5,434,940**
Potential benefit at 27.5% (2016: 30%)	**2,143,839**	**1,630,482**

The deferred tax asset has been derecognised 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. There is no expiry date on the future deductibility of the unused tax losses.

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		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	1
Earnings per share	**(Cents)**	**(2.63)**	**(2.09)**	

[1].The weighted average number of ordinary shares for FY2016 was updated to reflect the consolidation on the 9th Nov 2015 on the basis of 1 to 2 shares.

Note 6. 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.

The following table summarises the consideration paid.

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

Notes to the Consolidated Financial Statements (continued)

Note 7. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd and its related practices:

Remuneration of auditors	2017 $	2016 $
Audit services		
Audit or review of the financial statements	121,385	73,281
Other services - BDO Audit Pty Ltd		
Tax compliance	-	5,800
IPO related services	-	58,408
	121,385	**137,489**

Note 8. Cash and Cash Equivalents

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

Cash at bank and in hand are non-interest bearing. Deposits at call bear floating interest rates between 0.60% and 0.95% (2016: 1.45 % and 0.95%).

Notes to the Consolidated Financial Statements (continued)

Note 9. Trade and Other Receivables

Trade and Other Receivables	2017 $	2016 $
Current		
Trade and other receivables		
Trade receivables	908,095	939,612
Provision for doubtful debts	-	(30,000)
	908,095	**909,612**
Prepayments	132,781	166,216
	1,040,876	**1,075,828**
Accrued income		
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
	742,724	**977,362**
Non Current		
Trade and other receivables		
Other debtors	14,700	14,700
Loan - South Mapleton Pty Ltd	350,496	331,575
	365,196	**346,275**
Accrued income		
Property sales commissions	**635,770**	**596,313**

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. Refer to Note 26 for further details.

Doubtful Debts	2017 $	2016 $
Movement in provision for doubtful debts		
Opening balance	30,000	-
Provisions for doubtful receivables		30,000
Debts written off	(30,000)	
Closing balance	**-**	**30,000**

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 have not been impaired as they 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	2017 $	2016 $
Office Equipment	177,208	174,862
Less: Accumulated depreciation	(121,076)	(87,592)
	56,132	**87,270**
Leasehold Improvements	6,780	6,780
Less: Accumulated depreciation	(6,256)	(5,369)
	524	**1,411**
Total property, plant and equipment	**56,656**	**88,681**

Movements in property, plant and equipment:

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**

2016	Office Equipment $	Leasehold Improvement $	Total $
Carrying amount at beginning of financial year	39,888	5,291	45,179
Additions	54,622	1,278	55,900
Acquisitions through business combinations	22,848	-	22,848
Disposals	-	-	-
Depreciation expense	(30,047)	(5,158)	(35,205)
Foreign exchange translation difference	(41)	-	(41)
Carrying amount at end of financial year	**87,270**	**1,411**	**88,681**

Notes to the Consolidated Financial Statements (continued)

Note 11. Intangible Assets

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

Movements in intangible assets:

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
Acquisitions through business combinations	-	-	-
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**

2016	Website Platform $	Contracts database $	Total $
Carrying amount at beginning of period	1,655,937	-	1,655,937
Additions	585,169	-	585,169
Acquisitions through business combinations	-	24,884	24,884
R & D Rebate	(288,842)	-	(288,842)
Amortisation expense	(379,094)	(2,109)	(381,203)
Foreign exchange translation difference	-	(89)	(89)
Carrying amount at end of period	**1,573,170**	**22,686**	**1,595,856**

Notes to the Consolidated Financial Statements (continued)

Note 12. Deferred Tax Assets

Income Tax	2017 $	2016 $
Deferred tax assets comprise temporary differences attributable to:		
Amounts recognised in profit or loss		
Income in advance	124,055	221,423
Tax Loss	1,846,414	1,278,804
Provsion for Doubtful Debts	-	9,000
Provision for Superannuation	10,726	14,912
Accrued Leave entitlements	42,313	41,942
IPO Costs	31,579	45,933
Capital Raising Costs	75,553	109,895
Other	13,200	9,300
	2,143,839	**1,731,209**
Deferred tax assets not recognised	(2,143,839)	(1,630,482)
Deferred tax assets recognised	**-**	**100,727**

2017	1 Jul 16 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 17 $
Income in advance	221,423	-	-	(97,368)	124,055
Tax Loss	1,278,804	-	-	567,610	1,846,414
Provision for Doubtful Debts	9,000	-	-	-	-
Provision for Superannuation	14,912	-	-	(4,186)	10,726
Accrued Leave entitlements	41,942	-	-	371	42,313
IPO Costs	45,933	-	-	(14,354)	31,579
Capital Raising Costs	109,895	-	-	(34,342)	75,553
Other	9,300	-	-	3,900	13,200
	1,731,209	**-**	**-**	**421,630**	**2,143,839**

2016	1 Jul 15 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 16 $
Income in advance	290,913			(69,489)	221,423
Tax Loss	790,941	-	-	487,863	1,278,804
Provision for Doubtful Debts	-	-	-	9,000	9,000
Provision for Superannuation	17,200	-	-	(2,288)	14,912
Accrued Leave entitlements	33,607	-	-	8,335	41,942
IPO Costs	-	-	-	45,933	45,933
Capital Raising Costs	-	-	-	109,895	109,895
Other	5,702	-	-	3,598	9,300
	1,138,363	**-**	**-**	**592,847**	**1,731,209**

Notes to the Consolidated Financial Statements (continued)

Note 13. Trade and Other Payables

Trade and other payables	2017 $	2016 $
Current		
Trade creditors	1,129,729	897,296
Accruals	776,200	537,502
Income in advance	451,110	738,077
Other payables	18,603	6,527
Balance due for The Property Factory acquisition	-	382,424
	2,375,642	**2,561,826**
Non Current		
Accruals - Property Sales Commissions	321,135	304,161
	321,135	**304,161**

On the 10th of December 2015, the amount of $1,484,955 payable to Australian Property Monitors Pty Ltd was settled by issue of shares of $1,250,000 in Real Estate Investar Group Limited and $234,955 was settled by the issue of convertible notes as per the Equity Participation Agreement. Refer to note 14 for further information.

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

Note 14. Borrowings

Borrowings	2017 $	2016 $
Current		
Finance lease	-	5,775
Convertible notes	234,955	234,955
	234,955	**240,730**

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.

Notes to the Consolidated Financial Statements (continued)

Note 15. Deferred Tax Liabilities

Deferred tax liabilities comprise temporary differences attributable to:	2017 $	2016 $
Amounts recognised in profit or loss		
Website development costs	-	100,727
Accrued income	-	-
	-	**100,727**

2017	1 Jul 16 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 17 $
Website development costs	100,727	-	-	(100,727)	-
Accrued income	-	-	-	-	-
	100,727	**-**	**-**	**(100,727)**	**-**

2016	1 Jul 15 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 16 $
Website development costs	119,014	-	-	(18,287)	100,727
Accrued income	-	-	-		-
	119,014	**-**	**-**	**(18,287)**	**100,727**

Notes to the Consolidated Financial Statements (continued)

Note 16. Contributed Equity

Contributed Equity	2017 $	2016 $
Ordinary shares - fully paid	11,960,581	11,960,581
Equity raising costs	(675,460)	(675,460)
	11,285,121	**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:	2017 Shares	2016 Shares	2017 $	2016 $
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)
Total contributed equity at 30 June	**84,494,604**	**84,494,604**	**11,285,121**	**11,285,121**

Note 17. 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.

Notes to the Consolidated Financial Statements (continued)

Note 17. Share Based Payments (continued)

Employee Share Option Plan (continued)

Share based payment expense for options	2017 $	2016 $
Share-based payment expense recognised during the financial year:		
Options issued - employees	2,774	579
Options issued - directors	228,844	8,785
	231,618	**9,364**

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

FY2016 Grant Date	Exercise Price	Balance at beginning of year	Granted during year	Consolidation	Exercised during year	Exercisable at end of year	Outstanding at end of year
30-Sep-11	$0.16c	4,000,000	-	(2,000,000)	(2,000,000)	-	-
10-Dec-15	$0.20c	-	3,000,000	-	-		3,000,000
28-Apr-16	$0.20c	-	1,450,000	-	-	-	1,450,000
		4,000,000	**4,450,000**	**(2,000,000)**	**(2,000,000)**	**-**	**4,450,000**

Options exercised

Under the South Mapleton Pty Ltd subscription agreement and the South Mapleton Pty Ltd Loan Agreement 2,000,000 shares (pre share consolidation 4,000,000 shares) were exercised on 13 November 2015. Refer to Note 26 for further details.

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 17. 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 18. 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 19. 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.

Notes to the Consolidated Financial Statements (continued)

Note 20. 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		2017 %	2016 %
Real Estate Investar Australia Pty Ltd	Australia	100	100
Real Estate Investar Accounting Services Pty Ltd	Australia	100	100
Property Investor Mortgages Pty Ltd [1]	Australia	-	100
Property Investor Developments Pty Ltd	Australia	100	100
Company Number 355 Pty Ltd	Australia	100	100
Real Estate Investar Holdings Pty Ltd	Australia	100	100
Real Estate Investar Ltd	New Zealand	100	100
0953117 B.C. Ltd	Canada	100	100

[1] Property Investor Mortgages Pty Ltd was deregistered on the 14 June 2017 as this entity had not traded and was not required based on future growth plans. The effect of the deregistration of the company is not material to the financial report.

Note 21. Parent Entity Information

The following information relates to the parent entity, Real Estate Investar Group Ltd. 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	2017 $	2016 $
Financial position		
Current assets	444,186	2,487,653
Non-current assets	8,516,588	6,903,967
Total assets	**8,960,774**	**9,391,620**
Current liabilities	425,284	404,906
Non-current liabilities	-	-
Total liabilities	**425,284**	**404,906**
Net assets	**8,535,490**	**8,986,714**
Shareholders' equity		
Issued capital	11,285,121	11,285,121
Accumulated loss	(3,073,623)	(2,390,781)
Reserves	323,992	92,374
Total equity	**8,535,490**	**8,986,714**

Comprehensive Loss for the Year	2017 $	2016 $
Loss for the year	(682,842)	(530,255)
Total comprehensive loss for the year	**(682,842)**	**(530,255)**

Notes to the Consolidated Financial Statements (continued)

Note 21. 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 2017 and 30 June 2016.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments.

The parent entity had no capital commitments as at 30 June 2017 and 30 June 2016.

Note 22. 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.

Included in trade receivables and accrued income is $697,686 (2016:$746,305) and $1,129,804 (2016:$1,246,476) respectively that is sales commissions due from property developers undertaking property developments in New Zealand. The majority of these balances are spread across nine developers. The consolidated entity manages its credit risk in relation to sales commission by:

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

> On a monthly basis management assesses 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 22. Financial Instruments (continued)

The following are the contractual maturities of financial liabilities:

Maturity Analysis 2017	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6-12 Months $	1-3 Years $	> 3 Years $
Trade payables	1,129,729	1,129,729	1,070,139	51,444	8,146	-
Other payables	18,603	18,603	18,603	-	-	-
Convertible notes	234,955	234,955	234,955	-	-	-
Finance leases	-	-	-	-	-	-
	1,383,287	**1,383,286**	**1,323,697**	**51,444**	**8,146**	**-**

Maturity Analysis 2016	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6-12 Months $	1-3 Years $	> 3 Years $
Trade payables	897,296	897,296	885,963	11,333	-	-
Other payables	6,527	6,527	6,527	-	-	-
Convertible notes	234,955	234,955	234,955	-	-	-
Finance leases	5,775	5,775	3,150	2,625	-	-
	1,144,553	**1,144,553**	**1,130,595**	**13,958**	**-**	**-**

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

The convertible notes were issued 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, has interest payable at 5% per annum and has 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 group has sufficient funds on hand to make this repayment when it becomes due.

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 22. 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 2017			
Financial assets	2,370,066	(215,461)	263,341
Financial liabilities	2,185,011	(198,637)	242,779
Total exposure	**185,055**	**(16,823)**	**20,561**
30 June 2016			
Financial assets	2,136,992	(194,272)	237,444
Financial liabilities	1,676,831	(152,439)	186,315
Total exposure	**460,161**	**(41,834)**	**51,130**

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 14). 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 23. 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 24. Reconciliation of Cash Flows From Operating Activities With Operating Results

Reconciliation of Cashflows from Operating Activities	2017 $	2016 $
Loss for the period	(2,222,750)	(1,365,347)
Non cash flows in operating result:		
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)
Movements in operating assets and liabilities:		
(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)	-
Net cash inflow/(outflow) from operating activities	**(1,263,631)**	**(2,157,214)**

Note 25. Employee Remuneration

Employee Benefits Expense

Expenses recognised for employee benefits are analysed below:

Employee Benefits Expense	2017 $	2016 $
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 & oncosts to website	(254,812)	(384,485)
Total remuneration	**2,455,356**	**2,114,343**

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).

Share Based Employee Remuneration

Refer to Note 17

Notes to the Consolidated Financial Statements (continued)

Note 25. Employee Remuneration (continued)

Employee Liabilities

Liabilities recognised for employee benefits are analysed below:

Employee Liabilities	2017 $	2016 $
Current		
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	-	-
Total current employee benefits (included in trade and other payables)	**259,649**	**349,894**
Non current		
Other long term benefits	22,421	12,537
Total non current employee benefits	**22,421**	**12,537**

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 26. Related Parties

Parent entity

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

Subsidiaries

Interests in subsidiaries are disclosed in Note 20.

Key management personnel compensation

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

KMP Compensation	2017 $	2016 $
Short-term employee benefits	395,006	387,074
Post employment benefits	19,616	19,308
Other long term benefits	-	-
Termination benefits	-	-
Equity-settled share-based payments	228,844	8,785
Total remuneration	**643,466**	**415,167**

Notes to the Consolidated Financial Statements (continued)

Note 26. 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:

KMP Transactions	2017 $	2016 $
Current payables	19,800	11,000
Director fees and director consultancy fees payable	87,250	70,708
Property sales commission fees receivable	(28,624)	(266,852)
	78,426	**(185,144)**

Current payables due to directors are for consultancy, licensing and director fees owing and are paid on normal commercial terms. All are non-interest bearing and unsecured.

Borrowings from a director were settled by way of share issue during the year.

Property sales commission fees are due from a director related entity for NZ property sales that are 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	2017 $	2016 $
Transmit data licencing fees	96,800	132,000
Property sales commissions receivable	(28,624)	(266,852)
International portal conference fees	3,692	3,837
	71,868	**(131,015)**

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

Property sales commission of $28,624 (2016: $266,852) was received on a property sale to Clint Greaves, a director. This 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 Ltd, a company controlled by a director.

Loans to directors

KMP Loan	2017 $	2016 $
South Mapleton Pty Ltd Loan Agreement		
Principal component of loan	320,000	320,000
Accrued interest	30,496	11,575
Balance outstanding at the end of the year	**350,496**	**331,575**

Notes to the Consolidated Financial Statements (continued)

Note 26. Related Parties (continued)

Key management personnel transactions (continued)

On the 13 November 2015 Real Estate Investar Group Ltd issued 2,000,000 shares to South Mapleton Pty Ltd for an aggregate subscription price of $320,000 under a subscription agreement with South Mapleton Pty Ltd, 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 Ltd to South Mapleton Pty Ltd. The loan to South Mapleton Pty Ltd 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 is repayable in full on or before 31 March 2018.

Note 27. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2017. (2016: Nil)

Note 28. Commitments

The Group leases premises under non-cancellable operating leases expiring within 1 year and office equipment under a non-cancellable operating lease for 5 years. 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	2017 $	2016 $
- due within one year	67,781	67,780
- due after one year and within five years	3,675	4,896
- due after five years	-	-
	71,456	**72,676**

Note 29. Post reporting date events

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. 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.

Directors' Declaration

For the year ended 30 June 2017

The directors of the Company declare that:

1 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 2017 and of its performance for the year ended on that date.

2 The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

3 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.

4 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: 28 September 2017

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Real Estate Investar Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Real Estate Investar Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 report, 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 2017 and of its financial performance for the year ended on that date; 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 Group in accordance with 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 describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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.

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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.

Impairment assessment and classification of trade receivables and accrued property transaction income

Key audit matter	***How the matter was addressed in our audit***
As disclosed in note 9 to the financial statements, current trade receivables and current accrued property sales commission at 30 June 2017 amounted to \$908,095 and \$561,354 respectively. Non-current accrued property sales commission at 30 June 2017 amounted to \$635,770. Recoverability of these balances and the timing of recovery was a key audit matter due to their recovery being linked to underlying property development projects, therefore requiring significant judgement by management in determining the likelihood and timing of recovery.	Our procedures included, but were not limited to: • Obtained managements' assessment of the stage of completion of the underlying property developments. • Confirmed the stage of completion to publicly available information. • Evaluated whether the classification between current and non-current is consistent with managements' assessment of the stage of completion. • Analysed the movement in project related receivables against the prior reporting period. • Confirmed the subsequent collection of a sample of receivables. • Agreed a sample of receivables to underlying property sales contract.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the director's report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and 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 identified above 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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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 has 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/ar1.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 pages 15 to 21 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Real Estate Investar Group Ltd, for the year ended 30 June 2017, 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.

BDO Audit Pty Ltd
BDO

A J Whyte
Director

Brisbane, 28 September 2017

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Information Provided Under ASX Listing Rule 4.10

The information in this document is as at the 30 September 2017

Note 1 – Substantial shareholders

Rank	Substantial Holder	Shares Held	% of Issued Capital
1	INVIA CUSTODIAN PTY LTD	10,627,914	10.94%
2	GOLDEN MAIL PTY LTD	10,576,125	10.88%
3	HB SUPER HOLDINGS PTY LTD	8,255,983	8.50%
4	POHUTUKAWA PTY LTD	8,034,281	8.27%
5	LV2 PTY LTD	7,924,705	8.16%

Note 2 – Classes of equity securities on issue

Equity Security Class	Ordinary Shares	Director Options	Employee Options
Number of holders	382	4	9

Note 3 – Voting rights attached to each class of equity security

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

Options holders do not have voting rights.

Note 4 – Distribution schedule in each class of equity securities

Range	Total Holders	% of Issued Units
1–1,000	5	362
1,001–5,000	26	128,714
5,001–10,000	38	341,655
10,001–100,000	219	10,053,298
100,001–9,999,999,999	94	86,644,766
Totals	**382**	**97,168,795**

Note 5 – Unmarketable parcels

The number of holders holding less than a marketable parcel of the Company's main class of securities (fully paid ordinary shares) based on the closing market price as at 29 September 2017.

	Unmarketable		
	Holders	Units	UMP %
Minimum $500.00 parcel at $0.038 per share	79	531,321	0.78%

Note 6 – Top 20 shareholders

The 20 largest holders of ordinary shares and the number of ordinary shares and the percentage of capital held by each are as follows:

Rank	Name	Shares Held	% Held
1	INVIA CUSTODIAN PTY LTD	10,627,914	10.94%
2	GOLDEN MAIL PTY LTD	10,576,125	10.88%
3	HB SUPER HOLDINGS PTY LTD <HB SUPER FUND A/C>	8,255,983	8.50%
4	POHUTUKAWA PTY LTD	8,034,281	8.27%
5	LV2 PTY LTD	7,924,705	8.16%
6	SOUTH MAPLETON PTY LTD	4,675,000	4.81%
7	DISRUPTIVE INVESTMENT GROUP LIMITED	3,192,386	3.29%
8	CAVIH NO 5 LIMITED	2,857,143	2.94%
9	ANDREW MCQUEEN PTY LTD <ANDREW MCQUEEN STF PL SF AC>	2,674,191	2.75%
10	VLAD BARBALICH	1,680,929	1.73%
11	INVIA CUSTODIAN PTY LIMITED <FERN ESTATES PTY LTD A/C>	1,252,914	1.29%
12	VENTRE TRUSTEE LTD	1,199,992	1.23%
13	MR ANTHONY KLOK & MRS KERRY RYAN KLOK RYAN FAMILY S/F A/C	1,007,404	1.04%
14	CAV INVESTMENTS HOLDINGS HK 2 LIMITED	1,002,650	1.03%
15	CITICORP NOMINEES PTY LIMITED	1,000,000	1.03%
16	TREVEN INVESTMENTS LIMITED	796,603	0.82%
17	MRS NATALIE HENDERSON	770,000	0.79%
18	PERFECTRIDE LTD	767,001	0.79%
19	MR MATTHEW WOOD & MRS RACHEL WOOD <WOOD FAMILY A/C>	750,000	0.77%
20	PARRI ESTATE PTY LTD	700,307	0.72%
		68,492,614	**70.49%**

Note 7 – Number and class of restricted securities or securities subject to voluntary escrow

	Free Float	Escrowed	Total
Fully Paid Ordinary Shares	67,942,603		67,942,603
10 Dec 2017 Release		29,226,192	29,226,192
Total			**97,168,795**

Note 8 – Unquoted equity securities

	Holders	Units
Directors – 20c Options Vesting 31-Dec-17 Expiring 31-Dec-20	4	2,500,000
Employees – 20c Options Vesting 27-April-18 Expiring 27-April-21	9	1,175,000
Total	**13**	**3,675,000**

Corporate Directory

ABN 39 141 276 959

Directors

Simon Baker, Non-Executive Chairman

Clinton Greaves, Managing Director & CEO

Ian Penman, Independent Non-Executive Director

Joe Hanna, Independent Non-Executive Director

Antony Catalano, Non-Executive Director

Company Secretary

Lee Mitchell

Registered Office

Level 6, 330 Collins St
Melbourne, VIC 3000

Principal Place of Business

40 Commercial Drive
Ashmore, QLD 4214

Postal Address
P O Box 4144
Ashmore, QLD 4214

Auditor

BDO Audit Pty Ltd

Bankers

Westpac (Australia)
ASB (New Zealand)

Stock Exchange Listing

Real Estate Investar Group Ltd is listed
on the Australian Securities Exchange (ASX).
ASX Code: REV

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000, Australia

Postal Address
GPO Box 3993
Sydney NSW 2001
enquiries@boardroomlimited.com.au
1300 737 760 (in Australia)
+61 29290 9600 (international)

Website

http://www.rei-group.com.au

real estate investar group limited

ACN 141 276 959

REI-GROUP.COM.AU