

ASX/Market Release

31 August 2016

Real Estate Investar Delivers Strong Year on Year Growth – Surpasses Prospectus Forecast

Highlights of FY 2016 include:

- Revenue grew by 34.4% year on year to \$5.4 million;
- Adjusted EBITDA¹ improved from a loss of \$773k in FY 2015 to a loss of \$543k in FY 2016;
- Adjusted NPAT¹ improved from a loss of \$2.1 million in FY 2015 to a loss of \$1.0 million in FY 2016;
- Real Estate Investar surpassed its 16 November 2015 Prospectus forecast for revenues, EBITDA and NPAT;
- Membership growth was 48.0% year on year with 202,423 members as at 30 June 2016;
- The Company completed the sale of 52 properties to members during the year with the majority completed in June 2016; and
- The Company acquired The Property Factory and signed partnership agreements with Domain Group and one of its subsidiaries APM Pricerfinder.

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX:REV), a leading provider of online services to Australian and New Zealand property investors, has released its Appendix 4E Preliminary Final Report for the 12 months to 30 June 2016.

FY 2016 delivered strong growth highlighted by a 34.4% growth in revenue, a reduction in Adjusted EBITDA and Adjusted NPAT losses, and the achieving of its Prospectus forecast.

In driving this growth, the Company passed 200,000 members and refocused the business onto property sales. In addition, the Company acquired The Property Factory and entered into strategic partnership agreements with Domain Group and one of its subsidiaries APM Pricerfinder.

Clint Greaves, CEO of Real Estate Investar Group Limited commented: “We are particularly pleased with the growth of the business during FY 2016 and in particular during the June

¹ For comparisons between FY 2016 and FY 2015, EBITDA and NPAT have been adjusted to exclude the one off costs associated with the listing of the Company on the Australian Stock Exchange in December 2015.

quarter. Growth was achieved through an extremely busy period where we listed the Company on the Australian Stock Exchange, acquired The Property Factory, negotiated new agreements with Domain Group and APM Pricerfinder, and refocused the business on property sales.

“We have identified a clear growth strategy that involves building our free membership base through the provision of free tools and services, and then monetising these members by providing paid subscriptions for advanced tools, by selling investment grade property, and by promoting additional products and services such as mortgages and depreciation reports.

“The acquisition of The Property Factory helped accelerate our growth in the sale of investment grade property by acquiring high quality real estate skills to help us select and market the right quality of property to the right members of our database.”

Mr Greaves continued, “With our team now in place, a strong relationship with Domain Group, and the acquisition of The Property Factory complete, we look forward to a strong FY 2017 where we will continue to grow the member base, improve conversion to subscribers, and most importantly increase the revenue from commissions associated with investment property sales to our members.”

FY 2016 Financial Results

In comparing its FY 2016 results with FY 2015, the Company uses adjusted metrics that excluded \$191,936 in one off costs associated with the Initial Public Offering in December 2015.

The REV Group delivered strong year on year growth in all its key financial metrics. Of particular note was the 34.4% growth in revenues and the improvement of the Gross Profit Margin from 46.9% in FY 2015 to 48.0% in FY 2016.

The Company managed to reduce both its Adjusted EBITDA and Adjusted NPAT losses. The Adjusted NPAT improved from a loss of \$2.1 million in FY 2015 to a loss of \$1.0 million for FY 2016.

<i>AUD's</i>	FY 2016 Actual	FY 2015 Actual	Variance
Revenues	5,407,234	4,022,805	34.4%
Cost of Sales	(2,811,180)	(2,137,302)	(31.5%)
Gross Profit	2,596,054	1,885,503	37.7%

AUD's	FY 2016 Actual	FY 2015 Actual	Variance
Gross Profit Margin %	48.0%	46.9%	
Operating Expenses ²	(3,330,814)	(2,658,843)	(25.3%)
One Off IPO Expenses (add back)	191,936	-	
Adjusted EBITDA	(542,824)	(773,340)	29.8%
Adjusted EBITDA Margin %	(10.0%)	(19.2%)	
Depreciation / Amortisation	(425,847)	(294,999)	(44.4%)
Adjusted EBIT	(968,671)	(1,068,339)	9.3%
Net Finance Income / (Expense)	(34,199)	(37,006)	7.6%
Adjusted Profit / (Loss) Before Tax	(1,002,870)	(1,105,345)	9.3%
Income Tax Benefit / (Expense)	(33,424)	(988,843)	96.6%
Adjusted NPAT	(1,036,294)	(2,094,188)	50.5%

Driving the growth in revenues was the successful transitioning of the business to focus more heavily on property sales, whereby members are offered investment grade property acquisition opportunities and the Company captures part of the sales commission associated with these sales.

AUD's	FY 2016 Actual	FY 2015 Actual	Variance
Subscriptions	3,286,297	3,447,245	(4.7%)
Transaction Services	410,363	451,541	(9.1%)
Property Sales	1,216,443	124,019	880.9%
Other Income ³	494,131		
Total	5,407,234	4,022,805	34.4%

On a cash flow basis, the Company delivered \$3.5 million in receipts from customers. The variance between this and the revenue of \$5.4 million is that income associated with Property Sales will be received in the 2017 Financial Year once Property Sales transactions are finalised.

The Company had \$2.3 million cash at bank as at 30 June 2016.

Comparison of FY 2016 Results to Prospectus Forecast

In comparing its FY 2016 actual results with its FY 2016 forecast in the 16 November Prospectus, the operating expenses include \$191,936 in one off costs associated with the Initial Public Offering in December 2015 as these were also included in the forecast.

² Operating Expenses are the total operating expenses for the company excluding cost of sales but including one off expenses associated with the IPO of the business in December 2015.

³ Income attributed to the gain in asset value from the acquisition of The Property Factory.

When comparing the FY 2016 actual performance to the Prospectus forecast, the REV Group has outperformed the forecast.

<i>AUD's</i>	FY 2016 Actual	FY 2016 Prospectus Forecast	Variance
Revenues	5,407,234	5,177,488	4.4%
Cost of Sales	(2,811,180)	(2,663,188)	(5.6%)
Gross Profit	2,596,054	2,514,300	3.3%
<i>Gross Profit Margin %</i>	<i>48.0%</i>	<i>48.6%</i>	
Operating Expenses	(3,330,814)	(3,276,737)	(1.7%)
EBITDA	(734,760)	(762,437)	3.6%
Depreciation / Amortisation	(425,847)	(465,000)	8.4%
EBIT	(1,160,607)	(1,227,437)	5.4%
Net Finance Income / (Expense)	(34,199)	12,061	n/a
Profit / (Loss) Before Tax	(1,194,806)	(1,215,376)	1.7%
Income Tax Benefit / (Expense)	(33,424)	-	
Foreign Exchange Gain / (Loss)	15,811	-	
NPAT	(1,212,419)	(1,215,376)	0.2%

Revenues were 4.4% ahead of the Prospectus forecast while the Gross Profit of \$2.6 million was 3.3% ahead of forecast. Operating Expenses were broadly in line with the Prospectus forecast, resulting in an EBITDA loss of \$0.7 million, which was 3.6% better than the forecast. There was a slight variance in the NPAT between actual and forecast.

Underlying KPI Growth

Underlying the growth in revenues to \$5.4 million are KPIs the Company identified in its Prospectus relating to member growth, conversion of members to paying customers, and the transitioning of the business to property sales.

Membership Growth

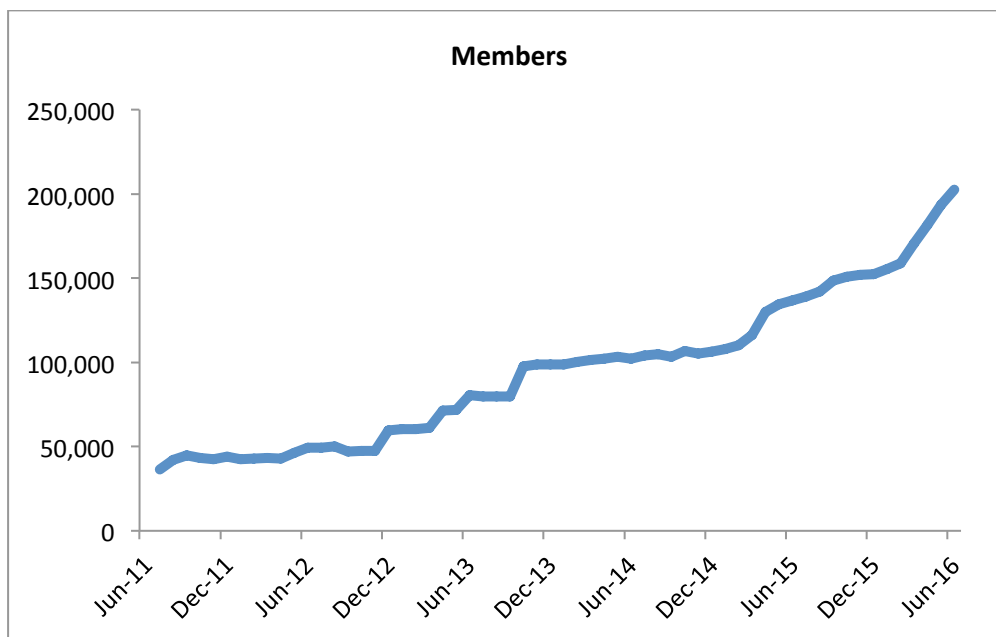
Members are one of the key drivers of value for the REV Group business. Members are offered a free set of online tools and services to help them analyse and assess investment properties. The Company then monetises these members through paid subscriptions, direct investment property sales, and other ancillary products and services.

From the 30th June 2015 to the 30th June 2016 there was a 48.0% growth in members.

	30 Jun 2016	30 Jun 2015	Change
Members	202,423	136,815	48.0%

As at the end of August 2016, there were 218,577 members.

Member growth is being driven by digital marketing and channel partner marketing activities. The focus for the REV Group team is to significantly increase the number of members and to increase the information collected about each member.



Following the completion of the core partnership agreement with Domain Group, the Real Estate Investar membership offer will be promoted widely to the Domain Group and broader Fairfax audience. This will help drive the continued growth in membership, which is expected to reach 250,000 by December 2016.

Subscriptions

At 30 June 2016 the Company had 2,818 paying subscribers with average revenue per subscriber (ARPS) of \$113 for the month of June. As the number of members and the information about each member collected increases, the potential to convert these members into paying subscription customers is also expected to increase.

Reductions in data costs associated with the recently completed APM Pricerfinder agreement plus improvements to the online valuation estimate and property research platform, provide the REV Group team with the opportunity to offer improved products and better pricing options to increase engagement and retention of subscription customers.

Property Sales

The acquisition of The Property Factory licensed real estate agency has fast tracked the movement of the Company into direct investment property sales and the associated high value commissions that can be generated from new House & Land and off-the-plan Apartment sales.

The REV Group completed the sale of 52 properties to members during the year with 31 transactions in June 2016 alone. The Company is now positioned to offer House & Land, off-the-plan Apartments, and existing property Buyers Agency services in both Australia and New Zealand.

Members are encouraged to complete their investment profiles, which enables the REV Group team and platform to identify key property sales opportunity triggers including buying intentions relating to timing, location, investment type and budget. Pre-evaluated investment grade properties that may not be available to non-members can then be aligned to members based on these specific requirements.

Outlook

Over the coming year, the Company expects continued strong growth in member numbers and property sales. This should result in continued strong growth in revenues. The Board believes that the Company has adequate cash reserves to fund this growth and does not envisage, at this time, a requirement for additional capital.

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Background

The Real Estate Investar Group Limited is a leading provider of online services and direct investment property opportunities to Australian and New Zealand property investors to help simplify their acquisition and management of residential investment property.

The Company offers property investors a comprehensive suite of free online services to grow its member base and increase its knowledge of members as they engage with these services. It then monetises this base by providing them with subscriptions for advanced tools, selling investment grade property and through the sale of additional products and services.

The Real Estate Investar Group Limited was listed on the Australian Stock Exchange on the 10th of December 2015.



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