

ASX/Market Release
28 February 2018

Appendix 4D and Interim Financial Report HY 2018

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX:REV), a leading provider of investment property analysis, tracking and transaction services to Australian and New Zealand property investors, has released its half year financial report for the six months ending 31 December 2017 (“**H1 FY18**”).

Key Highlights for H1 FY18

- Rolled out a modified strategy that increases the focus on property transactions and reduces the focus on the traditional SaaS¹ business;
- Revenue decreased by 10% to \$2.0m as a direct result of the change in business strategy and the impact incurred while the business completed major organisational restructuring;
- Share of transactional revenue increased to \$0.7m, up 62% from \$0.4m in H1 FY17;
- Adjusted EBITDA² loss for the period of \$0.9m, an improvement of 16% from \$1.1m in H1 FY17;
- Cash receipts from customers of \$2.1m compared with \$2.4m in H1 FY17;
- Total membership increased 16% year on year to 289,173, with engagement and profile data collected on registered property investors reaching over 6.4m records or an average of 22 data points per investor; and
- Commenced capturing ~\$1.0m in annualised cost savings through restructuring of the Company to have greater focus on investment property transactions with teams aligned to Sourcing Listings, Marketing, Lead Management, and Sales Closing.

Half Year FY 2018 Financial Performance

Revenue from operations declined by 10% year on year to \$2.0m. This was a direct result of the change in business strategy and the impact incurred while the business underwent a major organisational restructure and a change in focus from a SaaS driven business to one more focused on transactional revenues.

¹ Software as a Service.

² For comparisons between H1 FY18 and H1 FY17, Adjusted EBITDA excludes a one-off non-operating impairment expense.

Importantly, the share of transactional revenue increased year over year with transaction based revenue of \$0.7m in H1 FY18, compared to \$0.4m in H1 FY17.

\$000's	Half Year Dec 2017	Half Year Dec 2016	Change
Revenue	2,002	2,224	(10.0%)
Operating Expenses ³	(2,940)	(3,339)	(11.9%)
Adjusted EBITDA	(938)	(1,115)	15.9%
Adjusted NPAT	(1,260)	(1,397)	9.8%

Expenses (excluding non-operating impairment expenses) were down 12% for the period resulting in an adjusted EBITDA loss of \$0.9m, a 16% improvement on the \$1.1m adjusted EBITDA loss in H1 FY17.

As a result of the transformation in the business model, over \$1.0m of annualised savings have been captured in employment, platform and data costs that will flow through in the second half of the financial year. This lower cost base and increased focus on transactional revenue streams is expected to deliver improved financial performance in H2 FY18.

Cash receipts from customers totalled \$2.1m compared with \$2.4m in H1 FY17. The Company's cash balance was ~\$0.5m at 31st December 2017 and the Company also has a commissions receivable at settlement book totalling ~\$1.3m.

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Background

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

³ Operating expenses exclude a one off non-operating impairment expense totaling \$359,833 included in the interim financial report.



REV 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 selling investment grade property to its member base. It also monetises this base via its SaaS offering by providing members with paid memberships for advanced tools and services.

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