

9 November 2018

Mr. Dean Litis  
Principal Advisor  
Listings Compliance  
Australian Securities Exchange

**By email:** dean.litis@asx.com.au

Dear Mr Litis

### **Appendix 4C Query**

Real Estate Investar Group Limited (“**REV**” or “**Company**”) refers to your letter dated 8 November 2018.

Using the numbering in your letter, the Company responds as follows:

- 1. Does REV expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

It is possible that the Company may incur negative operating net cashflows in future quarters however these amounts are likely to be less than that incurred in the September 2018 Quarter.

We note that the Appendix 4C for the June 2018 Quarter recorded a positive operating net cashflow of \$35,000. Further, the December 2018 Quarter has started positively with preliminary October financial results indicating monthly revenues in the range of \$260,000 to \$280,000 on a breakeven EBITDA basis.

The Board closely monitors cash flows to ensure the Company remains positioned to achieve its business objectives.

- 2. Has REV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The Company has previously been able to raise working capital to support its activities and is confident that it can raise capital as and when required. The Company currently has an unsecured convertible note facility of \$350,000 from Directors who have indicated that this may be extended should this be required.

In addition, the Directors continually assess the Company's capital requirements having regard to current and expected sales and expenditures. As part of this process, Directors have assessed and are assessing a number of potential strategic options. The Company will provide details of any such plan to the market as and when required under Listing Rule 3.1.

*3. Does REV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

The Company expects to be able to continue its operations and to meet its business objectives based on currently available information regarding its future revenue and expenditures run rates and the convertible note facility previously mentioned. For example, preliminary October financial results for the Company indicate monthly revenues of \$260,000 to \$280,000 on a breakeven EBITDA basis.

REV has significantly reduced its operating expenses over recent months and has improved the gross operating margins of its Software as a Service (SaaS) Business Unit which is operating profitably on a standalone basis. The Company's Property Transaction Business Unit has materially grown volumes of lead generation and sales activity, and during October closed six property sales.

*4. Please confirm that REV is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.*

The Company confirms that to the best of its knowledge and belief it is in compliance with the ASX Listing Rules, in particular listing rule 3.1 and there is no information that should be given to ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market.

*5. Please confirm that REV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of REV with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that its responses to the questions above have been authorised and approved by the Board.

The Company's financial condition is adequate to warrant the continued quotation of its securities and continued listing on the ASX, as required by Listing Rule 12.2. As noted above, the Company is of the belief that it will be able to raise additional funding, if required, to fund its operations.



We trust that the above information is a satisfactory response to your queries however, please let us know if you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read "Lee Mitchell", written over a horizontal line.

**Lee Mitchell**

Company Secretary

Real Estate Investar Group Ltd



8 November 2018

**Lee Mitchell**  
**Company Secretary**  
**Real Estate Investar Group Limited**  
Level 6, 330 Collins Street  
MELBOURNE VIC 3000

By email to [lmitchell@convergencelegal.com.au](mailto:lmitchell@convergencelegal.com.au)

Dear Mr Mitchell

**Real Estate Investar Group Limited (“REV”): Appendix 4C Query**

I refer to REV’s Appendix 4C quarterly report for the period ended 30 September 2018 lodged with ASX Market Announcements Platform and released on 31 October 2018 (the “Appendix 4C”).

ASX notes that REV has reported:

- negative net operating cash flows for the quarter of \$232,000;
- cash and cash equivalents at the end of the quarter of \$14,000
- estimated cash outflows for the next quarter of \$805,000; and
- financing facilities available of \$75,000 undrawn (\$275,000 drawn down of a \$350,000 unsecured convertible note facility) (“Finance Facility”).

ASX also notes that REV has made the following statements in its Appendix 4C:

- *‘[REV] completed 10 property sales during the quarter with the cash income from the commission from these transactions expected to flow through in future quarters.’*
- *‘Preliminary October financial results indicate monthly revenues in the range of \$260,000 to \$280,000 on a breakeven EBITDA basis. Underpinning this growth are an expected seven property transactions.’*

(together, the “Statements”).

It is possible to conclude, based on the information in the Appendix 4C, notwithstanding that REV has further funds available to it under the Finance Facility and notwithstanding the information contained in the Statements, that if REV were to continue to expend cash at the rate indicated by the Appendix 4C, REV may not have sufficient cash to continue funding its operations. In view of that, ASX asks REV to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does REV expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has REV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does REV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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4. Please confirm that REV is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
  5. Please confirm that REV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of REV with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that REV considers may be relevant to ASX forming an opinion on whether REV is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEDT on Wednesday 14 November 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in REV's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, REV's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [dean.litis@asx.com.au](mailto:dean.litis@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to REV's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that REV's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in REV's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically, without signature]

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**Dean Litis**

Principal Adviser

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