

ASX/Market Release
31 October 2017

Strong Q1 Growth in Core Property Transactions Business

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX:REV), a leading provider of data driven property transaction services to Australian and New Zealand real estate investors, has released its Appendix 4C for the 3 months to 30 September 2017 (“**Q1**”).

Key Highlights for Q1

- Revenue was \$1.4m, an 8% increase over the prior comparable period (“**PCP**”)
- Revenue from direct property transactions was \$0.7m, a 108% increase over the PCP
- EBITDA loss halved to \$0.2m compared to the PCP, with strong cash flows expected in the December quarter
- Membership grew 24% year on year with 284,884 members as at 30 September 2017, and total member data points growing to more than 5.8m
- The Company successfully completed a \$0.8m entitlement offer in October, resulting in a pro forma cash balance at 30 September 2017 of \$1.3m

Q1 Financial Performance

Revenue for the September quarter grew 8% over the PCP to \$1.4m, with direct property transactions accounting for \$0.7m, representing a 108% increase over the PCP. Property transaction revenue in Q1 accounted for 48% of total revenue, demonstrating the strength of the Company’s strategy of leveraging its database of ~285,000 members to sell investment grade property.

It is common for there to be timing differences between the sale of property and the payment of commissions. The difference between revenue of \$1.4m and cash receipts from customers of \$1.0m in Q1 is due to property sales commissions earned but not yet received.

It is expected that the majority of sales commissions earned but not yet received will be received in the December quarter (“**Q2**”). In addition, the Company expects Q2 to have strong cash flows, with \$0.3m expected from commissions relating to projects sold in FY17 and a \$0.2m R&D tax rebate also expected.

The EBITDA for Q1 significantly improved to a \$0.2m loss versus a loss of over \$0.4m in the PCP. This was driven by increased revenues, a reduction of operating expenses following a reorganisation in FY17, and a transition of some employees to commission based roles.

Key Performance Indicators

As at 30 September 2017, the Company had 284,884 members, a 24% year on year increase.

The Company is investing significant resources in increasing the number of members and the information on each member. Engagement and profile data collected on members has reached over 5.8m records, an average of 20 data points per member. The Company uses this information to identify members that are best aligned to Premium Membership and direct property transaction services.

Entitlement Offer

The Company successfully completed an Entitlement Offer in October representing the second and final stage of its \$1.3m equity raising. With a strengthened balance sheet, REV Group is in a strong position to accelerate the growth of its transaction-related revenue streams.

Commenting on the Q1 results, Clint Greaves, CEO said:

“The first quarter of FY18 has seen REV Group grow revenues and improve its EBITDA position. It is particularly pleasing to have significantly increased our transaction activities, with almost half of our revenue now generated from commissions for direct property transactions.

“We continue to attract new members and capture additional data from our members to better match the right investment grade properties with their requirements. We are growing our team of commission based salespeople to engage with qualified members and close transactions more effectively.”

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Background

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.

REV 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.



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