

ASX/Market Release
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Real Estate Investar Delivers Strong Growth in Third Quarter – Revenues and Cash Receipts Increased 60% Year on Year

Real Estate Investar Group Limited (“**REV Group**” or “**Company**”) (ASX:REV), a leading provider of data driven investment property analysis, tracking and transaction services to Australian and New Zealand property investors, has released its Appendix 4C Report for the 3 months to 31 March 2017 (“**Q3 FY 2017**”).

Key Highlights for Q3 FY 2017

- Cash receipts from customers grew to \$1.25m, a 62% increase over the Prior Comparable Period (“**PCP**”);
- Net cash outflows used in operating activities decreased to \$0.14m, a 23% improvement over the PCP;
- Revenues were \$1.50m for the quarter, up 63% over the PCP;
- The Company facilitated 37 property transactions, a significant increase over the 8 transactions for the same period last year;
- Membership increased to 255,644 as at 31 March 2017, a 50% year on year growth;
- A new Head of Sales was appointed to accelerate the sale of Premium Memberships and investment grade properties; and
- The Company completed an organisational restructure, which resulted in the capture of \$650,000 in annual cost reductions.

Q3 Financial Performance

Receipts from customers for the third quarter grew 62% over the PCP to \$1.25m primarily driven by the strong growth in the sale of Premium Memberships and investment grade properties. The net cash used in operating activities for the quarter was \$0.14m representing an improvement over the \$0.19m net cash outflows in the PCP.

During the quarter, the REV Group grew its revenues to \$1.50m, an increase of 63% over the PCP. This increase in revenue was a result of the Company’s focus on selling Premium Memberships that assist members to purchase investment grade properties based on their engagement and profile data.

In the three months to March 2017 the Company also facilitated 37 property transactions, a significant increase over the 8 transactions in the PCP.

As at 31 March 2017, the REV Group had 255,644 members, a 50% year on year increase. The member profile information and engagement data collected grew 164% year on year to 1.5m data points. The Company uses this information to target members that are mostly likely to buy Premium Memberships and investment grade properties.

Over the past two months the Company has completed an organisational restructure to align all activity to selling Premium Memberships and to growing investment grade property transactions. This review resulted in the appointment of a new Head of Sales, Rick Stapleton, and the capture of \$650,000 in annual cost reductions.

Clint Greaves, CEO of Real Estate Investar commented: “The highlights of the last quarter were the increase in both revenues and receipts from customers of 63% and 62% respectively, and the completion of 37 property transactions. The Company is focused on becoming a data driven facilitator of investment grade property transactions and the strong growth in revenues and cash receipts along with the property sales shows the significant potential of this model.

“During the quarter, the REV Group completed an organisational restructure to ensure total alignment with assisting members to purchase investment grade properties. This restructure significantly increases our ability to facilitate property transactions with the appointment of a new commission based sales team and a new Head of Sales. The restructure also delivers annualised fixed cost savings of around \$650,000.

Mr Greaves continued, “With our new Premium Membership and Property sales model, over 250,000 members with increasingly detailed profiles and engagement data, and an experienced commission based sales team now in place, we are looking forward to a strong end to FY 2017 as we continue to increase revenues from commissions associated with the direct sale of investment property.”

Premium Membership and Property Sales Focus

The REV Group core strategy is to be a data driven facilitator of property transactions by matching high value, pre-qualified purchasers with investment grade properties to generate commission revenues. The Company has unique member engagement and progressive profiling competencies, which it can use to drive free members into a paid Premium Membership which is focused on pre-qualifying members to purchase investment grade properties and provide early access to this stock ahead of the free member base or general public.



Selling Premium Memberships is the core focus for the Company as this builds a sales funnel of qualified and committed buyers for new property transactions (house & land, duplex, and off-the-plan). These transactions typically generate commissions of \$15,000 to \$30,000, with Premium Members further incentivised to transact with a rebate of \$5,000 on settlement of the transaction (funded from the property commission generated).

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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.

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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