

REAL ESTATE INVESTAR

The online home for property investors

Analyst Presentation

March 2016
(ASX:REV)

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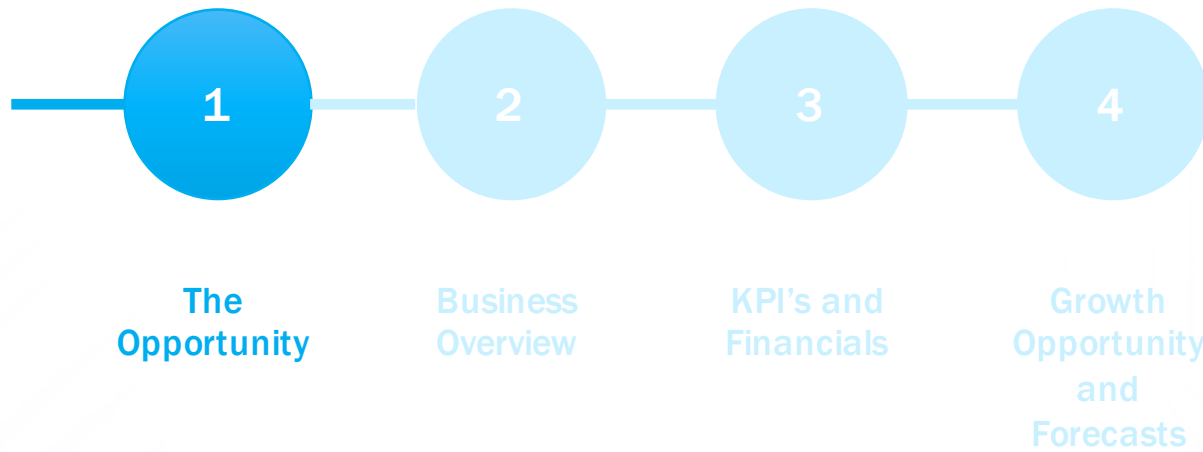
Executive Summary

Real Estate Investar (REV) is a leading provider of integrated services to A/NZ property investors to assist in the identification, analysis, acquisition, tracking and accounting of investment property:

- A/NZ property investor market is highly attractive with \$1.6 billion – \$2.2 billion in investment property related services spend
- REV offers a range of services covering all stages of property investment
- REV runs a freemium model
 - Free services include online tools, resources and news services to grow total member numbers.
 - Paid services offered on a subscription or transactional
- 155,414 members have access to free products and services
- 2,674 paying subscribers at end of January 2016 with ARPS of \$97 / month
- Transactional revenues (non-subscription) of \$175,000 in December quarter (up from \$10,000 in pcp)
- Strong relationship with Fairfax Media – shareholder, partner, Board member
- Pro forma¹ audited revenue in FY15 was \$4.0 million with an EBITDA loss of \$0.8 million
- Pro forma¹ forecast revenue in FY16 is \$5.2 million with an EBITDA loss of \$0.8 million

¹ Pro forma results look at business on a recurring basis and exclude one off events such as redundancies and restructuring
Source: Management reports

Agenda



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A/NZ Residential Real Estate Market

Residential property market

- 11.2 million residential dwellings
- 2.8 million rented properties (25% of total)

Residential real estate sales per year

- 550,000+ sales
- \$320+ billion by value

New development sales (subset of residential)

- 80,000 – 100,000 sales per year
- 4 – 5% in commission
- \$400,000 average sale price
- \$1.2 – \$2.0 billion in commission from new development sales

Investment property sales

- Approximately 40% of all sales to property investors (~220,000)
- 50% of new development sales to investors (40,000 – 50,000 transactions)
- A/NZ based investors account for 80 – 90% sales

Source: Australian Bureau of Statistics (ABS), Residential Dwellings: Values, Mean Price and Number by State and Territories; ABS, Yearbook of Australia 2012; ABS, Perspectives on Regional Australia: Housing Arrangements - Home Ownership in Local Government Areas; Statistics New Zealand, 2013 Census QuickStats about Housing.

Property Investment Process



- Search properties by:
 - Property type
 - Price
 - Discount
 - Growth
 - Renovation
 - Development
 - Subdivision
 - New vs. existing
- Different from portal who search on location
- Compare properties
- Shortlist properties

- Estimate market value
- Determine potential net and gross yields
- Calculate pre-tax cashflow
- Estimate depreciation and cash flow
- Anticipate likely capital growth
- Prepare financial information to obtain finance
- Complete due diligence process to purchase

- Negotiate acquisition price
- Complete inspections
- Finalize contracts

- Manage tenancy and rental details
- Track loan and mortgage details
- Forecast rental income and expenses
- Manage portfolio by entity
- Track property values and portfolio equity
- Compare actuals to forecast
- Manage loan to value (LVR) and debt service ratio
- Determine when to buy or sell

- Produce detailed accounts by property and entity
- Manage key data and information required for tax returns and annual compliance

Current Providers of Tools / Services



- Basic search tools provided by property portals (e.g. domain / REA) are suburb based and targeted to home buyers

- Banks and property marketers provide basic calculators
- Property portals provide property and suburb data / statistics
- Data companies (e.g. APM / RP Data) provide suburb and property reports

- New property developers / project marketers
- Real estate agents

- Spreadsheets
- Some software providers provide basic tracking products but not integrated with valuation data or banking platforms

- Usually services provided by an accountant
- Minimal / no real time accounting of actuals vs. forecasts

No integrated end to end set of tools to assist property investors throughout the process

Size of Opportunity in A/NZ Property Investment Market

- 2.2 million current A/NZ property investors
 - 73% own 1 investment property
 - 18% own 2 investment properties
 - 9% own 3 or more investment properties

- 10 – 15% A/NZ property investors are actively looking to purchase at any time

- 20% of Australians and 24% of New Zealanders who do not own an investment property are considering buying one in the next 3 years

- ~\$1bn spent on sundry rental expenses* – a segment in which REI's paid services fall

- \$0.6 billion - \$1.2 billion in commissions on properties sold to investors in residential real estate

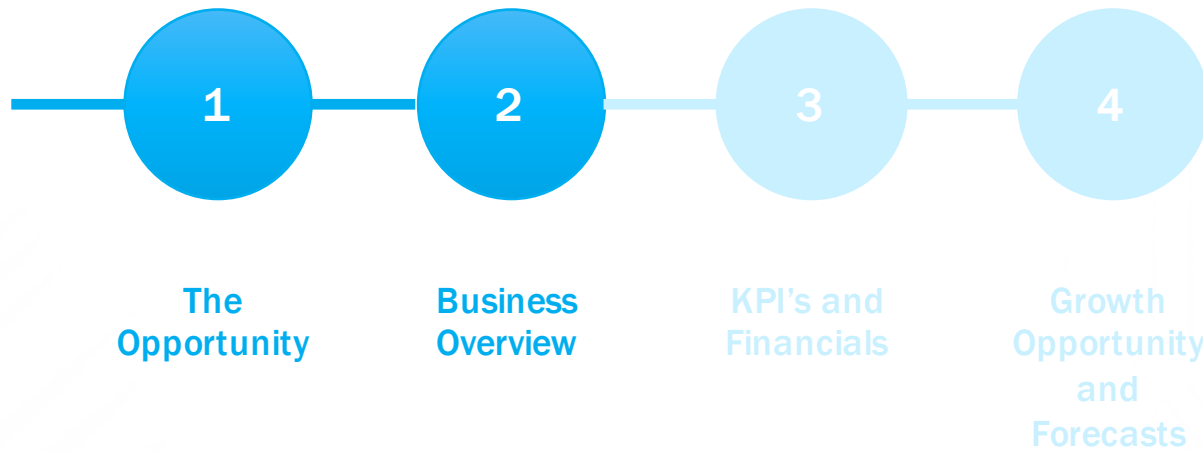
2.2 million current property investors

Estimated 450,000 – 550,000 people considering purchasing an investment property at any time

Estimated between AUD 1.6 billion and AUD 2.2 billion in fees in property investment market

* Sundry rental expenses as reported to ATO in tax return filings
Source: Australian Taxation Office (ATO), Tax Statistics, Frost and Sullivan, Internal Analysis

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Real Estate Investar's Mission

Real Estate Investar's mission is to provide property investors around the world with the best advice, guidance, products and services to enable them to create wealth through property investment.

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Freemium Model Offered by Real Estate Investar



Free Products and Services – Offered in exchange for information about member

Portfolio Builder Subscription
Start or build your portfolio, then manage and track its performance with powerful and easy to use tools.

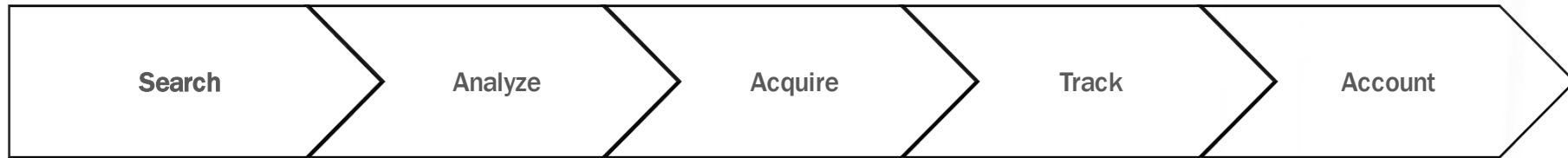
Subscriptions –
Primarily for active
investors and
purchased annually
or for 2 years

Portfolio Manager Subscription
Manage, track and optimise your portfolio's performance with powerful and easy to use tools.

Transactional Products and Services – Purchased on an ad hoc basis

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Free Products Offered to Members



- Suburb Performance Reports
- Suburb Statistic SEO / SEM Pages
- Development Search
- Newsletters & Blogs
- My Knowledge
- Master Class Content

- Finance Calculators
- Depreciation Calculators
- Renovation Calculators
- Newsletters & Blogs
- My Knowledge
- Master Class Content

- Off-the-plan apartment and house & land sales

- Newsletters & Blogs
- My Knowledge
- Master Class Content

- Newsletters & Blogs
- My Knowledge
- Master Class Content
- Advisor Directory

Objective – build a large database members and then based on the information collected about these members, target them with subscription and transactional services based on their profile

Paid Products Offered to Customers



Subscription Products

- Investar Search
- My Valuer
- My Research
- Property Analyser

Portfolio Builder Subscription

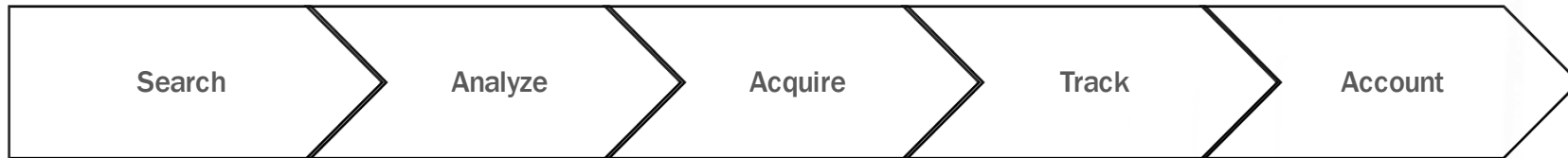
- Portfolio Tracker (integrated with Xero)
- Xero online accounting (integrated with Portfolio Tracker)
- Monthly AVM data

Portfolio Manager Subscription

Transactional Products

- Courses & Education
- Off-the-plan apartment and house & land sales
- Depreciation reports
- Accounting & SMSF services
- Mortgages
- Finance services
- Wealth & Estate planning
- Developer project advertising
- Insurance

Real Estate Investar Product and Service Breakdown



REV Products

- | | | | | |
|---|--|--|--|--|
| <ul style="list-style-type: none"> • Suburb Performance Reports • Suburb Statistic SEO / SEM Pages • Investar Search | <ul style="list-style-type: none"> • Property Analyser • Renovation Calculators • Finance Calculators • Master Class Content | <ul style="list-style-type: none"> • Direct off the plan sales • Mortgages | <ul style="list-style-type: none"> • Portfolio Tracker (integrated with Xero) | <ul style="list-style-type: none"> • Portfolio Tracker • Xero Onboarding and Support |
|---|--|--|--|--|

Partner Products

- | | | | | |
|---|---|---|--|--|
| <ul style="list-style-type: none"> • Development Search • Apartment and House & Land services | <ul style="list-style-type: none"> • My Valuer • My Research • Depreciation Calculators & Reports • Finance Calculators | <ul style="list-style-type: none"> • Off the plan sales (referrals) • Development marketing (with Domain) | <ul style="list-style-type: none"> • Monthly AVM data (integrated with Portfolio Tracker) | <ul style="list-style-type: none"> • Xero Online Accounting (integrated with Portfolio Tracker) • Accounting & SMSF Services • Finance and Wealth Management Services • Off-the-plan and House & Land Properties |
|---|---|---|--|--|

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Key Industry Partners

Partner	Product
APM Pricerfinder	My Valuer / My Research / AVM data integrated into REV platform
Domain	Investar Search (Listings) / Developer advertising packages
CoreLogic NZ	My Valuer / My Research / AVM data integrated into REV platform
Xero	Portfolio Tracker
Washington Brown	Depreciation calculators / Property Analyser / Portfolio Tracker / Depreciation reports
Valuit	Depreciation calculators / Property Analyser / Portfolio Tracker / Depreciation reports
Investorist	Development Search
Connective	Finance
Local Agent Finder	Property management and sales referrals
Anne Street Partners	Finance / Accounting & SMSF / Off-the-plan sales / Insurance / Wealth & Estate planning
Positive Real Estate	Finance / Courses & education / Off-the-plan sales
Resicert	Building reports

Fairfax Partnership

Fairfax is a key strategic partner for Real Estate Investar as a major shareholder, data and listings partner, and significant media and promotion channel.

Corporate

- APM (part of Domain Group / Fairfax Media) owns 12.6% of REV
- Antony Catalano, CEO of Domain Group, is a non-executive director of REV



Content and Promotion

- Finalizing contract with Domain with the objective to:
 - Integrate REV investor centric content and events into Domain investor section
 - Integrate REV Investor Search to Domain
 - Jointly sponsored investor events, webinars and services

Domain

smh.com.au
The Sydney Morning Herald

theage.com.au
THE AGE

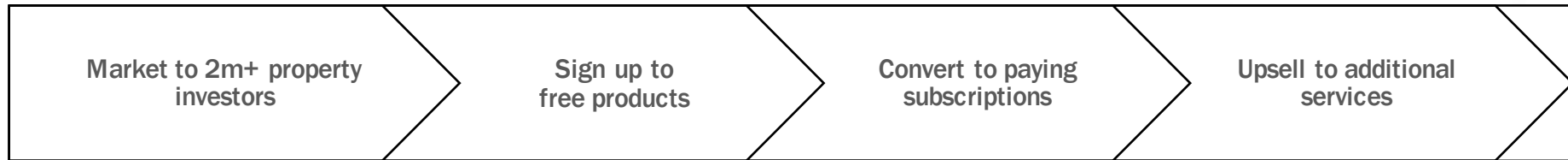
Product

- Pricerfinder APM property data (historical sales information and AVMs) integrated into REV platform
- Domain direct listings feeds (sales and rentals) to REV Investar Search
- REV drives investor traffic back to Domain
- Domain sells advertising (via eDM's) to REV audience

Domain

apm | Price Finder

Go to Market Model



Property Investors

- Partner with industry leaders that already have access to 2.0+ m investors as clients
 - Property portals (Domain)
 - Accountants
 - Brokers
 - Publishers
- Provide investor centric content for large media partners
- SEO / SEM with 8,000+ suburb data sites and main REV site
- Dedicated team

Members

- Suburb performance reports
- Newsletters, tools and calculators
- Partner promotions and giveaways
- Webinars, blogs and Master Class videos
- Increase knowledge of members based on services used and profiles completed
- Dedicated marketing team

Subscribers

- Free 21 day subscription trials
- Access in exchange for additional information
- Dedicated Trial Conversion team
- Xero onboarding / portfolio setup
- User engagement and workflows
- Dedicated Retention team

Customers

- Offers for referral products based on unique member profiling
- Discounts and customer only offers
 - Property
 - Finance
 - Accounting & SMSF
 - Depreciation
 - Insurance
 - Courses and education

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Revenue Model



Subscription Revenues

Portfolio Builder

- \$99/month (24 month contract) to \$249/month for casual user

Portfolio Manager

- \$49/month (24 month contract) to \$69/month for casual user

Transactional Revenues

Fees Paid Based on Product / Service Sold include:

- \$10 to \$50 per lead for events
- 50% up front and 50% of trailing revenue for mortgages
- \$150 to \$1,200 for courses and education
- \$3,000 to \$7,500 per sale
- 4-5% if direct sales
- Plus others

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Board

Total business headcount (excl. Board) - 20



Simon Baker
Chairman & Investor

- Former CEO & MD of REA Group 2001-08 (ASX:REA)
- Former Chairman & investor in iProperty Group 2009-12 (ASX:IPP)
- Chairman of & investor in the Mitula Group (ASX:MUA)
- Investor in Vertical Networks Group, RedBubble, CarAdvice, VivaReal, RESEM, Zameen, ListGlobally, Transmit Data and others



Clint Greaves
Managing Director & CEO

- Joined REV in 2010
- 16 years senior management experience in finance and operational roles in Australia, NZ and the UK
- 12 years management experience in Australian and NZ real estate industries
- 14 years investing experience in property market including residential and commercial developments



Antony Catalano
Non-Executive Director

- CEO of Domain (Fairfax Media ASX:FXJ) and Director of MMP since 2013
- Prior to that, founder, CEO and Publisher at MMP
- Long career with Fairfax Media in a number of director and senior management roles

Board (continued)

Total business headcount (excl. Board) - 20



Ian Penman
Non-Executive Director

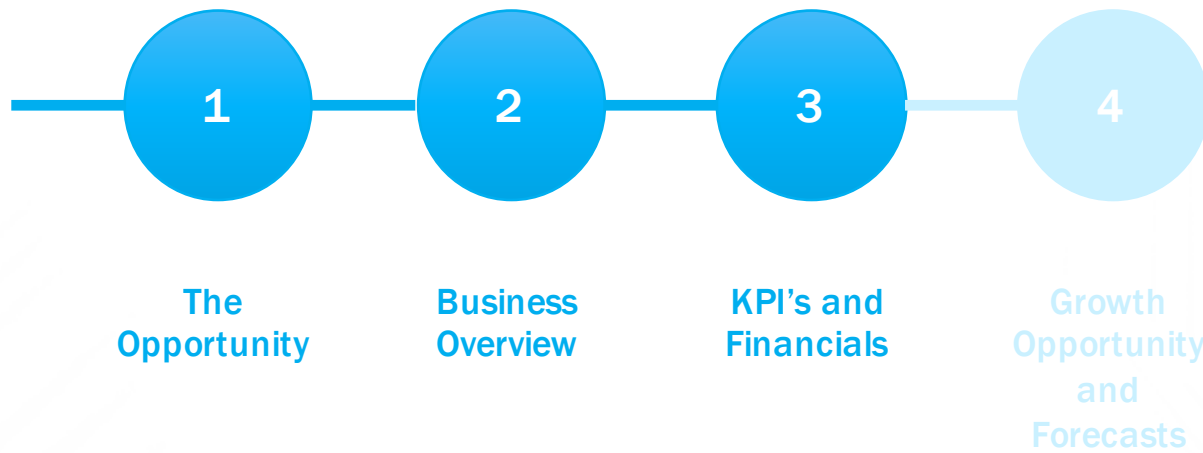
- 18 years with IBM in Australia, US and Europe
- 15 years as Head of Compaq Computer Corporation in Australia
- More recently, Ian was CEO of Volante Group



Joe Hanna
Non-Executive Director

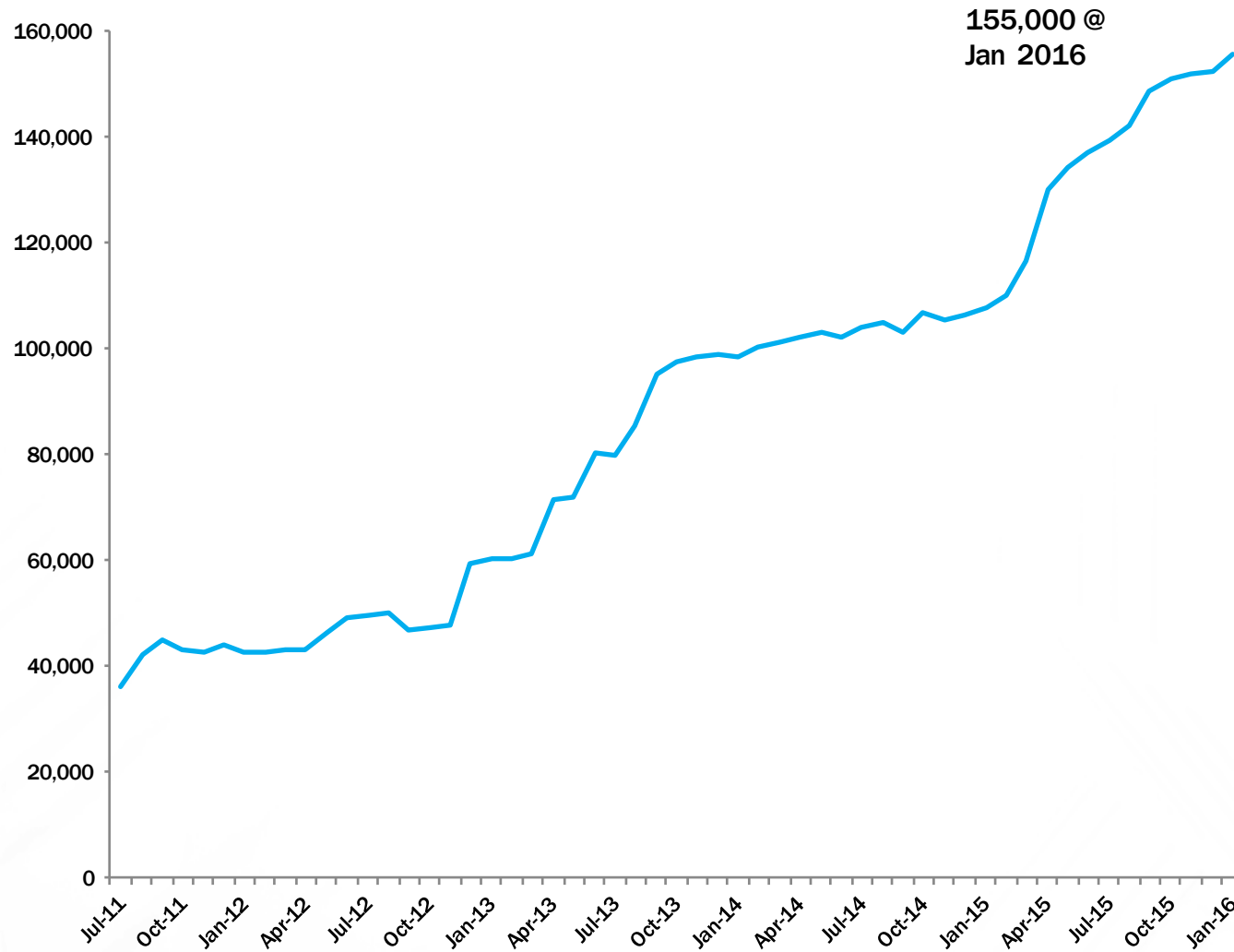
- Director of & investor in the Mitula Group (ASX:MUA)
- Extensive experience in online classifieds and search and founder of behavioral classifieds recommendation engine Predictive Match
- Co-founder and current CEO of xLabs Pty Ltd
- 8 years at Fairfax Media Limited in senior product and technology roles

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Member Growth (Free and Subscribers)



Targeting
200,000 by June
2016 and
250,000 by Dec
2016

Identified 20 data
points per
member that
needs to be
captured

Currently have
15% of all data
points captured

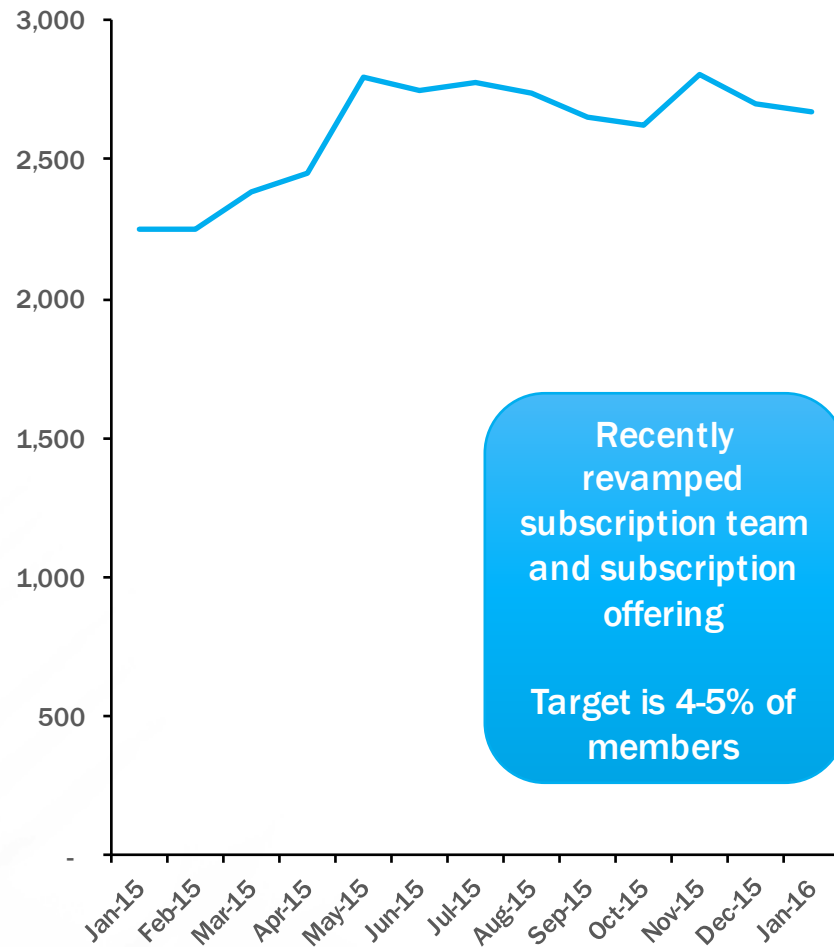
Source: Management reports

March 2016 Market Update

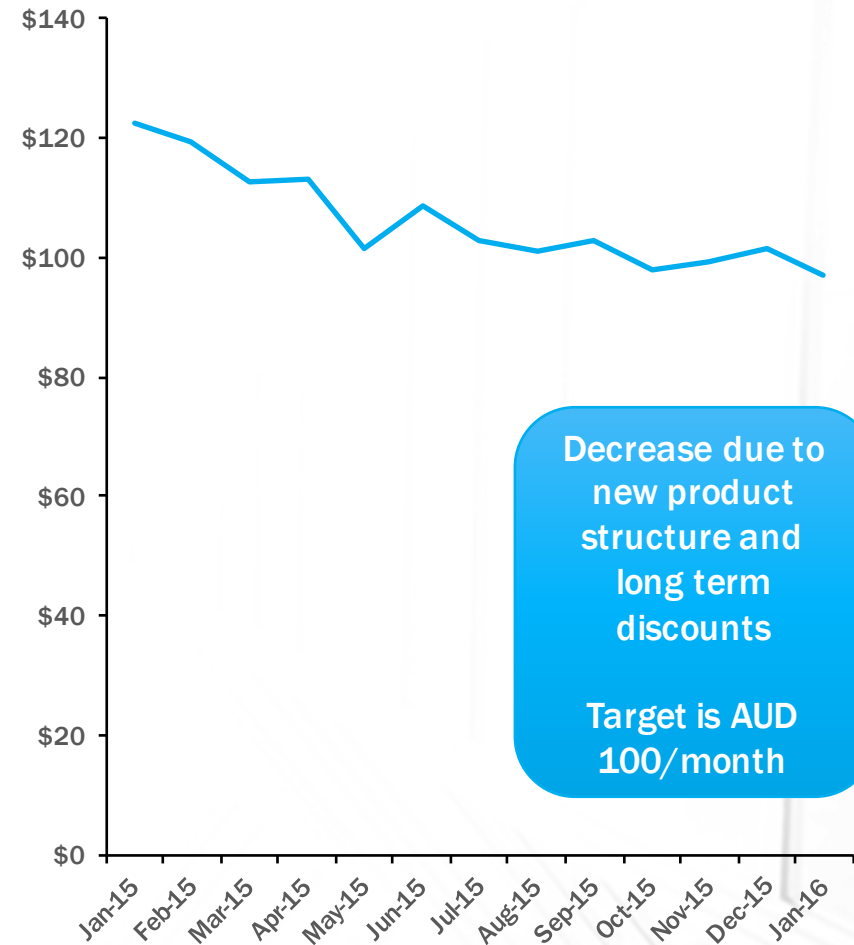
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Paid Subscriber and ARPS Growth

Subscriber Growth



Average Revenue per Subscriber

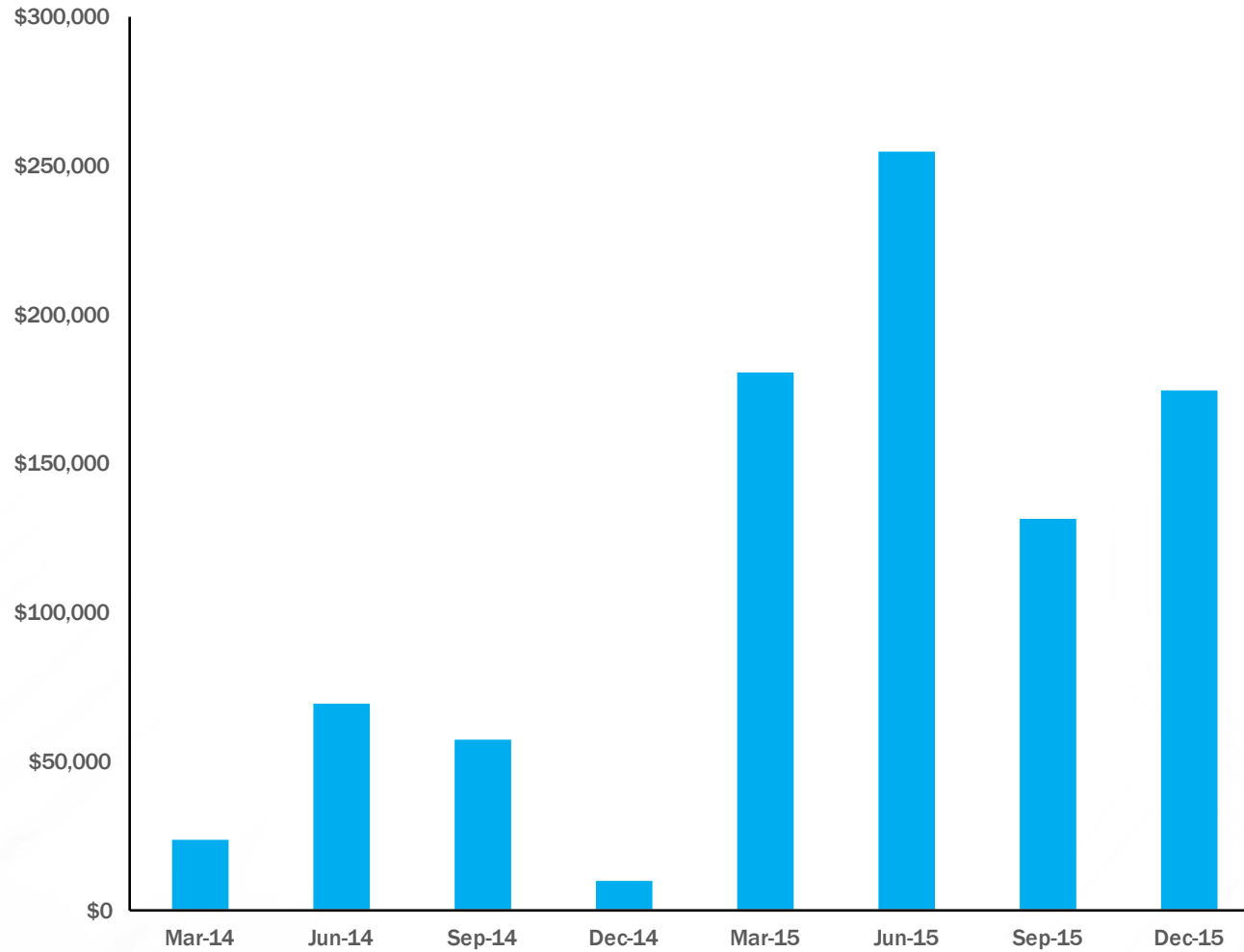


Source: Management reports

March 2016 Market Update

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Quarterly Transactional Revenue Growth



Recently appointed new head of transactional services

Rolling out mortgage broking and property sales capabilities

Source: Management reports

March 2016 Market Update

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Historic Pro Forma Financials

	FY10	FY11	FY12	FY13	FY14	FY15
Membership Revenue	951,297	1,653,682	2,593,820	3,717,141	3,963,247	3,446,899
Referral and Other Income	-	-	-	87,945	162,643	575,906
Total Revenue	951,297	1,653,682	2,593,820	3,805,086	4,125,890	4,022,805
Cost of Sales	609,604	939,978	1,336,938	2,112,828	2,214,617	2,137,305
GP	341,693	713,704	1,256,882	1,692,258	1,911,273	1,855,503
GP%	35.9%	43.2%	48.5%	44.5%	46.3%	46.9%
Employment Expenses				1,189,086	1,570,025	1,908,639
Operational Expenses				860,433	589,625	605,043
Premises Expenses				126,895	142,907	145,161
Total Operating Expenses	1,373,941	1,897,797	1,981,374	2,716,414	2,302,557	2,658,843
EBITDA	-1,032,248	-1,184,093	-724,492	-484,156	-391,284	-773,340

Key contributor to flat revenues and high costs was an investment of \$2m in rebuilding the products / platform in FY 2014 and H1 FY 2015

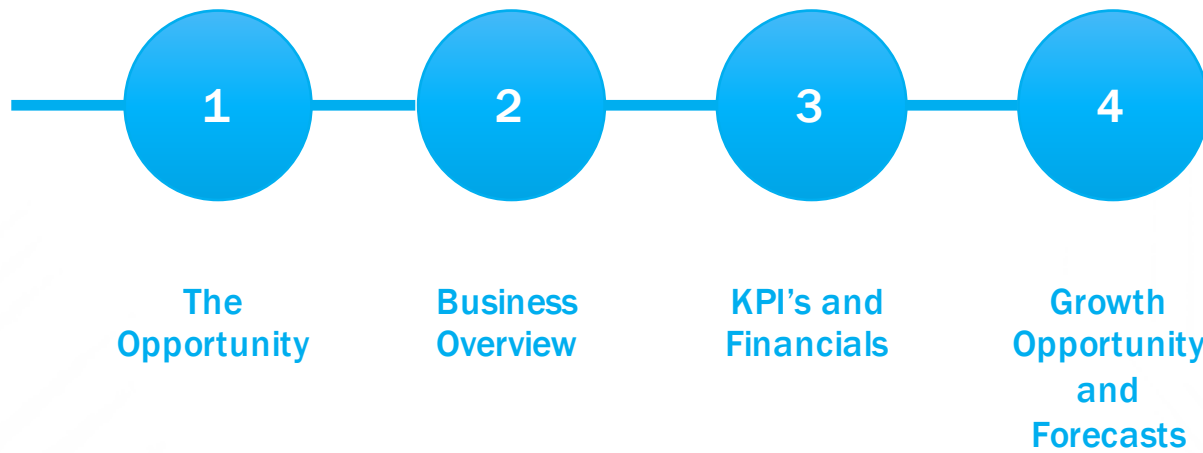
Note: Pro forma results look at business on a recurring basis and exclude one off events such as IPO, redundancies and restructuring
Source: Management reports

Pro Forma Financials – 2015 Half Year

Pro Forma P&L (\$m)	Half Year Dec 2015	Half Year Dec 2014	Change
Revenue	1.95	1.84	6.0%
Cost of Sales	(1.14)	(1.00)	(14.8%)
Operating Expenses	(1.13)	(1.38)	18.5%
EBITDA	(0.32)	(0.54)	40.7%
NPAT	(0.60)	(0.65)	8.4%

Note Pro forma results look at business on a recurring basis and exclude one off events such as the IPO, redundancies and restructuring
 Source: Management reports

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Real Estate Investar's Market Potential - Scenarios

- Potential user base of 500,000 members
- Of current users, 25% expressed an intention to start using paid services
- Approximately 125,000 potential users of paid services¹

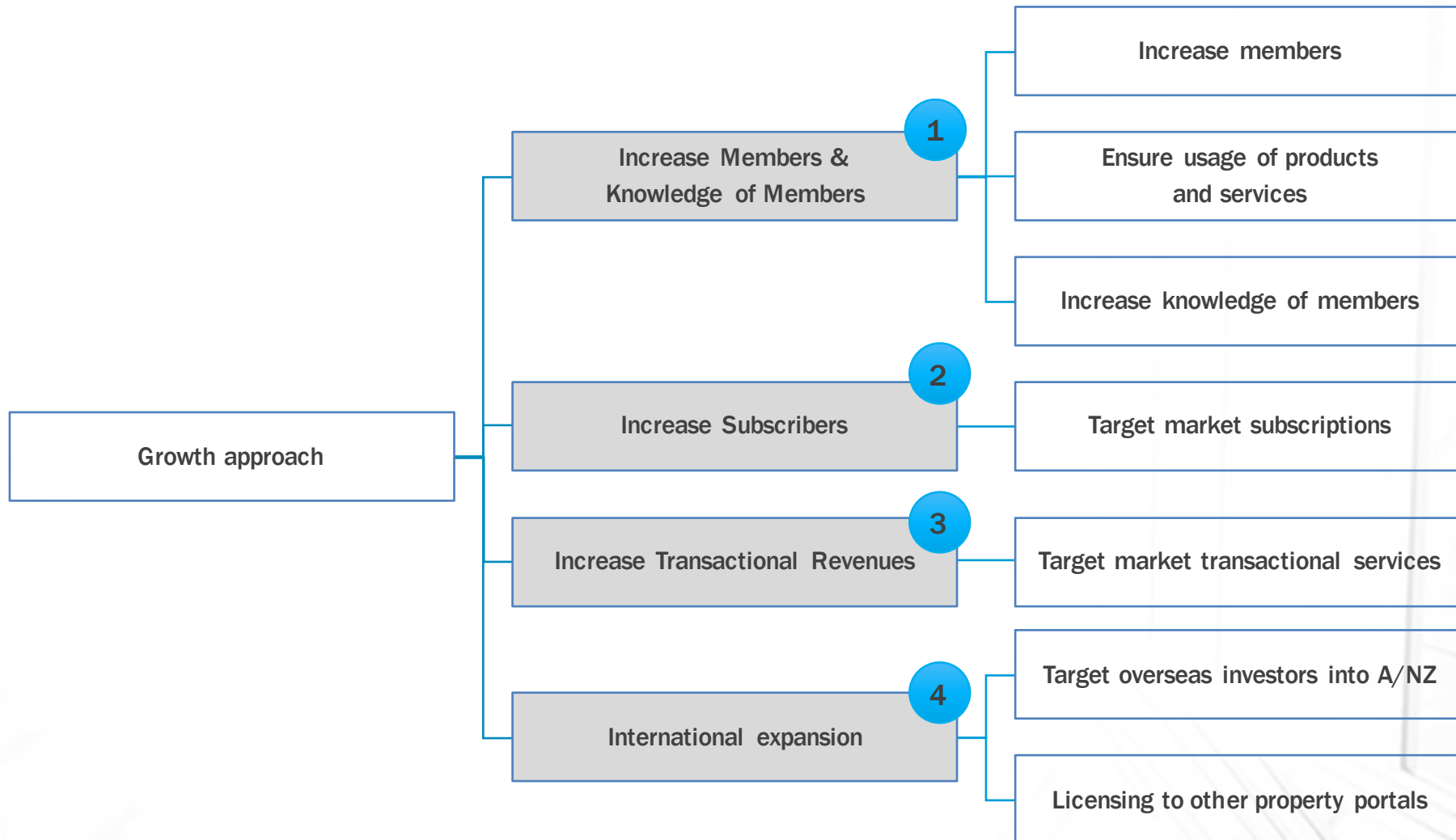
Members	<u>250,000</u>			<u>500,000</u>		
	Subscribers	12,500	25,000	37,500	25,000	50,000
% of Members	5%	10%	15%	5%	10%	15%
Annual Revenue (\$ m)	\$7.5	\$15.0	\$22.5	\$15.0	\$30.0	\$45.0

Property Transactions (monthly)	10	20	30	40	50
	Annual Revenue (\$ m)	\$2.4	\$4.8	\$7.2	\$9.6

¹ Frost & Sullivan Independent Market Report and estimate based on survey of 257 residential property investors, September 2015

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Top 4 Growth Priorities



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1. Build Membership



Property Investors

- Increase awareness through better portal integration (Domain)
- Increase number of distribution/sales channels
- Increase incentives for sale channel partners
- Improve direct (SEO/SEM/brand building) efforts
- Increase the marketing team

Members

- Improve quality of the free products and services offered
- Run incentive programs to encourage people to sign up
- Increase knowledge of existing members to enable better target marketing of subscriptions and transactional products and services

Targeting
200,000
members by June
2016 and
250,000 by Dec
2016

Focusing 20 data
points per
member that
needs to be
captured

2. Build Subscriptions – Specific Initiatives



Subscribers

- Better segmentation (of members) and tailored marketing efforts to convert to subscribers
- Improve the quality of the paid subscription offer
- Improve quality of sales conversion and retention teams
- Implement dedicated subscription team

Targeting 4-5% of members taking a subscription

3. Increase Transactional Revenues – Specific Initiatives



Customers

- Better segmentation (of members) and tailoring of marketing efforts to sell transactional products and services
- Better marketing of the transactional products to the existing members and customers - regular segmented campaigns
- Implement dedicated transactional sales team
- Focus on highest value products and services

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4. International Expansion

International Investors into A/NZ

- Major markets investing into Australia:
 - China
 - Singapore
 - Malaysia
 - USA
 - UK
 - Canada
- Build international version of products (needs language and supporting editorial content changes)
- Sell into target markets with property portal or vertical search partners
- Revenue share model with marketing partners

License Platform

- License platforms in markets where there are a high number of internal investors (within the country)
- Target property portals to be partners
 - High number of visitors (including investors)
 - Investment section often low priority / no skills
 - Have access to much of the data required
 - Looking for ways to monetise consumer traffic
- Operate on a set up fee and revenue share basis

FY 2016 Pro Forma Prospectus Forecast

	FY15	FY16
Subscriptions	3,446,899	3,779,970
Transactional	575,906	1,397,518
Total Revenue	4,022,805	5,177,488
Cost of Sales	2,137,305	2,663,188
Gross Profit	1,855,503	2,514,300
<i>GP%</i>	<i>46.9%</i>	<i>48.6%</i>
Employment Expenses	1,908,639	2,179,037
Operational Expenses	605,043	917,700
Premises Expenses	145,161	180,000
Total Operating Expenses	2,658,843	3,276,737
EBITDA	-773,340	-762,437

Key Assumptions:

- Most new roles hired in February/March (post Xmas)
- Roll out of subscriptions team with focus on growth in subscription numbers and churn management
- Roll out of transactional services team with focus on high value products and services
- Minimal property sales in FY16 and ramp up in FY17
- No investment in overseas expansion but discussions progressing (roll out in FY17)

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