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real estate investar
invest better

Annual Report 2016

Making the Shift

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Progress

Real Estate Investar Group Limited listed on the Australian Stock Exchange on 10 December 2015.

Since then we have made progress in the following:

31.7%
Increase in income

200,000+
48% year on year increase in members

52 properties sold to members during the year

$5 million
raised on completion of IPO

Contents

Real Estate Investar Group Limited

ACN 141 276 959

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Chairman's Letter

On behalf of the Board of Directors and the team at Real Estate Investar, I would like to welcome you to our first Annual Report as an Australian Securities Exchange (ASX) listed company.

The Company debuted on the ASX in December 2015 having successfully raised $5 million through an initial public offering (IPO) of 25 million new shares.

The Board and I have been very pleased with the growth of the Company during the 12 months to 30 June 2016. This has been especially pleasing given the impact of the IPO on management's time during the first half.

Highlights for the year include:

> a 31.7% year on year growth in income to AUD 5.3 million;

> the beating of the prospectus FY 2016 income forecast by 2.3%;

> a 48.0% year on year increase in members to over 200,000;

> the establishment of the property sales division within the Company;

> the acquisition of The Property Factory;

> the strengthening of the Board with Antony Catalano and Joe Hanna joining in October 2015; and

> the listing of the Company on the ASX.

Real Estate Investar is at the forefront of a core trend impacting property portals around the world – the data driven matching of buyers to the right property. In the case of Real Estate Investar, the data driven matching of property investors with the right investment property given all their needs and requirements.

To this extent, Real Estate Investar will continue to invest in growing its membership base, learning as much as it can about that membership base, and then leveraging this data to target the right investment properties to the members. Successfully doing this will enable Real Estate Investar to participate in the transaction revenue stream – commissions from property developers.

A particular highlight for the financial year was the strong growth in revenues related to the sale of investment property to our members. While we are at the early stages of this evolution of the business, the early signs are very encouraging with 24.6% of our revenues coming from the sale of properties – almost all in the fourth quarter.

In 2017, we look forward to the continued growth of the business, especially in the development of our data driven matching of property investors to the right investment grade property.

On behalf of the Board I would like to congratulate our CEO, Clint Greaves, and his team for a strong performance in 2016.

Simon Baker
Chairman

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CEO's Report

The Real Estate Investar Group is a leader in the data driven matching of Australian and New Zealand property investors with the right investment grade property by providing online services to assist investors with the identification, analysis, acquisition and tracking of residential investment property.

31.7%
Strong growth in income

Clint Greaves
Managing Director & CEO

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Created a dedicated transactional property team

200,000+ members

Company Overview

With over 200,000 member investors using the service, the Real Estate Investar Group has firmly established itself as an essential resource for both the serious and first time property investor.

The Company generates revenues through three main sources:

> Commissions generated on the sale of properties to investors;

> The sale of premium subscriptions to members to provide enhanced tools for better property investment decision making; and

> The sale of ancillary services associated with the property investment process.

The business will continue to focus on increasing the membership base, increasing our knowledge of the members, developing data driven tools to accurately match investment grade properties to the right investors, and providing members with a range of paid and free services to enhance the property investment process.

2016 Performance

The 12-months ended 30 June 2016 were a very exciting time, with highlights including:

> a 48.0% year on year growth to 202,423 members at 30 June 2016;

> an increase to 746,778 data points known on our membership base;

> a 31.7% year on year growth in revenue and other income to achieve $5.3 million;

> a marginal increase in paying subscribers from 2,773 in June 2015, to 2,818 at 30 June 2016;

> achieving the revenue forecast for FY 2016 outlined in our 2015 prospectus;

> cementing a long term agreement with Domain Group;

> completing the acquisition of the business of The Property Factory Ltd, a licensed real estate agency; and

> successfully listing on the ASX.

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$5.0m
Capital raised

Property Sales

In April 2016, the Real Estate Investar Group acquired the assets and business of The Property Factory Ltd, a licensed real estate agency. As part of data driven matching of Australian and New Zealand property investors with the right investment grade property, the Group is now better positioned to monetise the real estate transaction.

The Group completed the sale of 52 properties to members during the year, and is now able to offer off the plan, house and land and existing property sales in both the Australian and New Zealand markets.

Core Partnership Agreement with Domain Group

In June 2016, the Group completed a significant core partnership agreement with the Domain Group and one of its subsidiaries, APM Pricefinder.

Domain will now supply the Group with real estate data via its Pricefinder product, which has been fully integrated into the Real Estate Investar platform, on a fixed price model for an initial period of three years, representing both an improvement in core product and a significant cost saving.

Domain Group will also promote the Real Estate Investar free membership and paid services to its extensive audience of more than 7 million Australians. This should provide significant opportunities to increase free member and paid subscriber numbers.

Premium Services

The number of paying subscribers grew from 2,773 in June 2015, to 2,818 at 30 June 2016.

Enhancements to the subscription platform, reduced data costs and better pricing options provide the opportunity to increase the conversion rate of members to premium subscription customers and improve retention rates. With a dedicated customer success team in place and an ever increasing knowledge of each customer, their current status, and most importantly their planned property activity and investment goals, the Group is well positioned to grow revenues from paying subscribers in both Australia and New Zealand in the next 12 months.

ASX Listing

In December 2015, the Real Estate Investar Group listed on the ASX. The oversubscribed Initial Public Offering saw 25 million new shares issued and $5 million raised. This ensured that the company was adequately funded to drive growth.

Future Developments

There is a clearly defined growth strategy for the next fiscal year, with seven key pillars:

1. Target 250,000 free members, through digital marketing campaigns and increased partner promotion from key stakeholders including the Domain Group;

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2. Continue to drive engagement and knowledge of free members, to increase the conversion rate of members to paying customers;
3. Invest in platform and product development to improve the user experience and maximise revenue from subscription services;
4. Grow direct property sales, through targeted campaigns to members;
5. Generate new revenue streams through complimentary, property investing related services including finance;
6. Consider further acquisition opportunities in the Australian and New Zealand markets; and
7. Explore potential new offshore market opportunities.

We are confident that by maintaining our strategic focus we will continue to reach our key performance metrics in the next 12 months.

We would like to thank our shareholders, customers and employees for supporting our efforts and vision in what has been an extremely busy and successful year and look forward to celebrating more significant achievements with you in the future.

Clint Greaves
Managing Director & CEO

Board of Directors

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The Directors bring to the Board relevant experience and skills including commercial and industry knowledge, financial management and corporate governance.

Simon Baker
Non-Executive Chairman

Simon Baker was appointed Chairman of REIG in November 2010.

Simon is currently also the independent non-executive chairman of recently ASX listed Mitula Group Limited (ASX: MUA), a leading vertical search website operator.

Simon is an experienced chairman with substantial commercial experience and knowledge within the global real estate technology sector gained through positions as chairman and as a significant investor in numerous businesses.

Simon was the former CEO and Managing Director of the ASX listed REA Group from 2001 through 2008. Simon was also director and chairman of ASX listed iProperty Group Limited from 2009 to 2012.

Simon is an angel investor in several online classifieds and e-commerce companies around the world including Vivareal, Redbubble, ArtsHub, LaEncontre, Property Portal Watch, ListGlobally, Transmit Data and CarAdvice.

Simon holds a Bachelor of Science with a major in Computer Science from Monash University and a Master of Business Administration from the Melbourne Business School.

Clint Greaves
Chief Executive Officer and Managing Director

Clint Greaves was appointed Chief Executive Officer and Managing Director of REIG in December 2014. Prior to this, Clint was Chief Operating Officer and an Executive Director appointed in November 2010.

Clint has substantial knowledge of the property investment sector having invested in real estate for over 15 years and has been involved in a number of residential and commercial developments.

Clint has 16 years senior management experience in operational and financial roles in Australia, New Zealand and the United Kingdom. He has worked in real estate related businesses for the last 12 years, the last 6 ½ of which have been with Real Estate Investar Group.

Prior to this Clint was a Management Consultant for Ernst & Young.

Clint holds a Bachelor of Commerce with a major in Marketing and International Business and a Master of Commerce with a major in Management Science and Information Systems from Auckland University.

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Antony Catalano
Non-Executive Director

Antony Catalano was appointed as a Non-Executive Director of REIG in October 2015.

Antony has extensive experience in the Australian real estate industry, and is Chief Executive Officer of Domain Group and a Director of Metro Media Publishing, positions he has held since November 2013. After a long career with Fairfax Media, The Herald and The Weekly Times, Antony founded MMP in 2009, where he served as Chief Executive Officer and Publisher. Domain Group is a Fairfax Media business and is one of Australia's leading multi-platform property industry destinations.

Antony's media career at HWT began as a copy boy in 1985, where he spent 15 years as a journalist, winning two Melbourne Press Club awards. In 2001, he was appointed Director of Real Estate at The Age, General Manager of MPG and a member of The Age senior management team. In 2004, Antony was appointed Classified Director Real Estate, Motoring and General Classifieds, before being appointed Director Newspaper Sales and Marketing and Product Development, Fairfax Victoria, in 2005.

Joe Hanna
Independent
Non-Executive Director

Joe Hanna was appointed as a Non-Executive Director of REIG in October 2015 and serves as Chairman of the Nomination and Remuneration Committee.

Joe is currently also a non-executive director of recently ASX listed Mitula Group Limited (ASX: MUA), a leading vertical search website operator.

Joe has extensive experience in online classifieds and search, and is a founder of behavioural classifieds recommendation engine Predictive Match. Joe is co-founder and current Chief Executive Officer of xLabs Pty Ltd, a Melbourne based technology start up.

Between November 2010 to October 2012, Joe consulted to the Mitula Classified, SL management team to assist in establishing a presence in key South East Asian markets and in developing product and technology strategy.

Joe spent 8 years at Fairfax Media Limited in senior roles including: Product and Technology Director – Online Employment at CIO Advantate, and Emerging Business and Technology Manager at The Age.

Joe holds a Bachelor of Business with a major in Computing from the University of Victoria.

Ian Penman
Independent
Non-Executive Director

Ian Penman was appointed as a Non-Executive Director of REIG in October 2013 and serves as Chairman of the Audit Committee. Prior to this, Ian served for 10 months as REIG's Chief Executive Officer and Managing Director.

Ian has vast senior management experience including 18 years with IBM in Australia, the US and Europe, before spending 15 years heading up Compaq Computer Corporation in Australia.

More recently Ian was the Chief Executive Officer of Volante Group Limited.

Corporate Governance Statement

As at 30 June 2016

The Corporate Governance Statement (**Statement**) for Real Estate Investar Group Limited (**REIG** or **Company**), has been adopted by the Board of directors (**Board**) of the Company and is current as at 29 September 2016.

The Board is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines (3rd edition) as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of REIG on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board is committed to conducting the Company's business in accordance with the highest standards of corporate governance to create and deliver value for Shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes in the business of the Company.

A copy of these charters, procedures and policies are available on the corporate governance page of the website http://www.rei-group.com.au and are signposted throughout this document where relevant.

REIG has assessed its governance practices against the CGC guidelines, which set out recommended governance practices, which are likely to achieve good governance outcomes for ASX listed entities in most situations. The ASX Principles are not mandatory, and where the Company has not adopted a recommendation, this statement will explain why.

REIG's corporate governance practices were in place from 13 November 2015 and throughout the balance of the year ended 30 June 2016. Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by REIG, refer to our website: http://www.rei-group.com.au.

1. Principle 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1 – Comply:

A listed entity should disclose;

(a) the respective roles and responsibilities of the board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

Role of the Board and executive management

The Board is committed to creating Shareholder value within a framework that protects the rights and interests of Shareholders and ensures that REIG is being properly managed.

The Board's composition, its role and responsibilities, its relationship with management, and the key responsibilities of the Board are set out in the Board Charter, along with delegations to senior management (including the Chief Executive Officer) and certain committees.

The Board Charter specifies the matters expressly reserved to the Board, which include improving strategy, adopting an annual budget, monitoring financial controls, governance, work health and safety and overall risk management, establishing Committees and appointing, removing and reviewing the performance of senior management. The Board Charter is available in the governance page of the Company's website.

There is a clear division between the responsibility of the Board and management. The Board has delegated responsibility for day-to-day management to the Chief Executive Officer and senior management, who are required to work within authority limits and delegations.

The Board has overall responsibility for overseeing the effective management and control of the Company on behalf of shareholders and supervising executive management's conduct of the Company's affairs within a control and authority framework, which is designed to enable risk to be prudently and effectively assessed and monitored.

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The roles of the Chairman and executive management, led by the Managing Director and Chief Executive Officer (**Managing Director** or **Chief Executive Officer**), are separated and clearly defined:

> The Chairman, is responsible for leadership of the Board, setting the Board's agenda, conducting Board meetings, facilitating effective communication with shareholders and the conduct of shareholder meetings; and

> Executive management, led by the Chief Executive Officer, Mr Clint Greaves, has been delegated responsibility for the management of the Company within the control and authority framework referred to above. The levels of authority for management are periodically reviewed by the Board and are formally documented.

> The non-executive directors constructively challenge the development of strategy. They review the performance of management in meeting agreed objectives and monitor the reporting of performance. They have a prime role in appointing and where necessary, recommending the removal of, executive directors, and in their succession planning.

The Board is responsible for overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance. The Board is also responsible for protecting and optimising Company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls that enable risk to be assessed and managed.

Matters specifically reserved to the Board and its committees for approval include:

> appointment of a Chair;

> appointment and removal of the CEO;

> appointment and removal of the Chief Financial Officer;

> appointment of directors to fill a vacancy or as additional Director;

> establishment of Board committees, their membership and delegated authorities;

> approval of dividends;

> approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;

> calling of meetings of shareholders; and

> any other specific matters nominated by the Board from time to time;

The Board has delegated some of its functions to the Audit Committee and Remuneration and Nomination Committee (see details below), although overall responsibility for those functions remains with the Board. The charters of the Board Committees also require certain matters to be approved by the Board including, among other matters, the executive remuneration policy and the appointment of the external auditors.

Certain day to day business and operational matters have been delegated to the CEO and other senior executives. These delegations of authority are contained in a formal delegation of authority document approved by the Board.

Recommendation 1.2 – Comply:

A listed entity;

(a) should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

1. Principle 1: Lay Solid Foundations for Management and Oversight (continued)

Recommendation 1.2 – Comply: (continued)

Director selection

The Remuneration and Nomination Committee (**RNC**) assists the Board to establish the criteria for board membership and to review and recommend proposed director candidates for consideration by the Board. In proposing candidates, the RNC has regard to the desired size and composition of the Board and takes into account the skills required to both discharge the Board's duties and to augment any skill set desirable on the Board.

The Board aims to achieve an appropriate mix of skills and diversity in its members. Any candidates recommended for appointment as new directors are to be considered by the Board as a whole. If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide potential base of possible candidates is considered. The Board has established the following criteria for the appointment of directors of the Company:

> the skills, experience, expertise and personal qualities that will best complement Board effectiveness;

> the existing composition of the Board, having regard to the factors outlined in the Diversity Policy and the objective of achieving a Board comprising directors from a diverse range of backgrounds;

> the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments);

> deserved reputation for honesty, integrity and competence; and

> potential conflicts of interest, and independence.

Where the Board puts forward a candidate for election as a director, the Company provides shareholders with biographical details, details of material directorships and material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director in its notice of meeting.

Under the Company's constitution the directors have the power to appoint directors to fill a vacancy or as an addition to the Board.

Any director, except a managing director, appointed in this way must retire from office, and is eligible for re-election, at the next AGM following his or her appointment.

Under the terms of the Company's constitution, all directors other than the managing director must retire from office or seek re-election by the third AGM after his or her election or within three years, whichever is the later. Further, at least one director must retire from office at each AGM, unless determined otherwise by a resolution of the Company's shareholders.

The Company has not yet held an AGM however at its first AGM shareholders will be provided with the following material information in its possession relevant to a decision on whether or not to elect or re-elect a director in its notice of meeting:

> the director's biographical details, including relevant qualifications, skills and experience;

> other material directorships held by the director;

> the term of office currently served by the director;

> whether the Board considers the director to be an independent director; and

> whether the Board supports the election or re-election of the director.

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Recommendation 1.3 – Comply:

A listed entity should have a written agreement with each director and senior executives setting out the terms of their appointment.

Formal letters of appointment, which are contracts for service but not contracts of employment, have been put in place for all non-executive directors. The letters set out the key terms and conditions of their engagement, including time commitments, corporate expectations and, if appropriate, any special duties or assignments.

Senior executives have employment contracts setting out, among other things, their term of office, rights, responsibilities and entitlements on termination, and job descriptions setting out their duties.

Recommendation 1.4 – Comply:

The Company Secretary of the Company should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board is assisted by the Company Secretary who, under the direction of the Chairman, is responsible for facilitating good information flows within the Board and its Committees and also between senior executives and non-executive directors, as well as the induction of new directors and the ongoing professional development of all directors.

The Company Secretary is responsible for monitoring compliance with the Board's procedures and for advising the Board, through the Chairman, on all governance matters. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board.

The Company Secretary is Lee Mitchell. His qualifications and experience are set out on page 27 of the Annual Report.

Recommendation 1.5 – Partially comply:

A listed entity should:

(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose at the end of each reporting period measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:

a. the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined "senior executive" for these purposes); or

b. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.

REIG is committed to workplace diversity and has had in place a formal diversity policy since November 2015.

REIG recognises the benefits of diversity where people from different backgrounds can bring fresh ideas and perceptions, which make the way work is done more efficient; and products and services more valued.

Diversity includes, but is not limited to, gender, age, ethnicity, religion and cultural background. Diversity also encompasses the many ways people differ in terms of their education, life experience, job function, work experience, personality, location, marital status and carer responsibilities.

Diversity at REIG is about the commitment to equality and the treating of all individuals with respect.

REIG understands that the wide array of perspectives resulting from such diversity promotes innovation and business success which creates value for our customers and shareholders.

To the extent practicable, REIG supports and will address the recommendations and guidance provided in the ASX Corporate Governance Principles and Recommendations.

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1. Principle 1: Lay Solid Foundations for Management and Oversight (continued)

Recommendation 1.5 – Partially comply: (continued)

Measures designed to promote diversity at REIG include:

> **Recruitment**: REIG has recruited people from different backgrounds. We believe that our employees from many different cultural, linguistic and national backgrounds provide us with valuable knowledge and a skilled base in order to improve Company performance.

> **Career Development and Promotion**: REIG facilitates equal employment opportunities based on relative ability, performance or potential. All employees are treated fairly and evaluated objectively.

> **Safe Work Environment**: REIG helps to build a safe work environment by taking action against inappropriate workplace and business behaviour that does not value diversity including discrimination, harassment, bullying, victimisation and vilification.

> **Flexibility in the Workplace**: REIG has a culture which takes account of domestic responsibilities of its employees.

The Diversity Policy provides for the Board to develop an appointment process for future directors that takes diversity of background into account to fit and enhance the Board skills matrix.

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of REIG's management. While there is currently no gender diversity on the Board or amongst its senior executives, the Board is made up of individuals from various professions, cultures, and backgrounds. The Board has not determined to adopt a particular mix of skills and diversity for which the Board is looking to achieve by way of Board composition, instead preferring to have regard to:

> the need for independence;

> the strategic direction and progress of the Company; and

> the geographic spread and diversity of the Company's business.

The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation however at this time the Company has only one women in a senior management position and there are no women on the Company's Board.

As at the date of this Corporate Governance Statement the Board has not set any measurable objectives relating to gender diversity. The Board will set measurable objectives for achieving diversity when the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

Recommendation 1.6 – Comply:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors, and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process.

The Remuneration and Nomination Committee periodically (usually annually) conducts a review of the role of the Board, to assess performance and to examine ways of assisting the Board in performing its duties more effectively. Such a review typically includes:

(a) comparing the performance of the Board with the requirements of its Charter;

(b) examination of the Board's interaction with management;

(c) the nature of information provided to the Board by management; and

(d) management's performance in assisting the Board to meet its objectives.

Similar reviews are periodically conducted for each committee by the Board with the aim of assessing the performance of each committee and identifying areas where improvements can be made.

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A formal performance evaluation for the Board, its committees and the directors has not taken place during the reporting period however the Chairman has, together with the other directors, informally surveyed the role of the Board and has assessed the performance of the directors. The directors consider that the current size and structure of the Board is appropriate and, at the present time, consider that a more structured review/evaluation process is unlikely to add any material value and that the Board's existing time and resources are better utilised in assisting with the execution of the Company's strategies.

Recommendation 1.7 – Comply:

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the process.

The Board, with the assistance of the Remuneration and Nominee Committee, oversees the performance evaluation of the Chief Executive Officer and other senior executives. The evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.

The performance of key executives is reviewed regularly against both measurable and qualitative indicators however no review has been conducted in FY'16. The Board notes that the size of the Company and the executive team is such that performance is able to be monitored on an ongoing basis. The Board expects to conduct a formal review process in the first half of the 2017 financial year.

2. Principle 2 – Structure the Board to Add Value

A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1 – Partially comply:

The Board of a listed entity should;

(a) have a nomination committee which:

a. has at least three members, a majority of whom are independent, and

b. is chaired by an independent director; and disclose:

c. the charter of the committee.

d. the members of the committee; and

e. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board has established a Remuneration and Nomination Committee, which meets at least annually. During the 2016 financial year, all Remuneration and Nomination Committee matters were dealt with in meetings of Directors, but with executive personnel absent.

The Remuneration and Nomination Committee reviews the corporate governance procedures of the Company and the composition and effectiveness of the Board. In addition to proposing candidates for director appointment for the Board's consideration, the Remuneration and Nomination Committee reviews fees payable to non-executive directors and reviews and advises the Board in relation to Board succession planning.

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2. Principle 2 – Structure the Board to Add Value (continued)

Recommendation 2.1 – Partially comply: (continued)

The primary purpose of the Remuneration and Nomination Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

> assisting the Board to develop a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;

> reviewing and recommending to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Chief Executive Officer (CEO);

> reviewing and recommending to the Board the criteria for Board membership, including the necessary and desirable competencies of Board members and the time expected to be devoted by non-executive directors in relation to the Company's affairs;

> reviewing and recommending to the Board the composition and membership of the Board, including making recommendations for the re-election of directors, assisting the Board as required to identify individuals who are qualified to become Board members;

> assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies;

> reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time;

> overseeing succession planning for the Board;

> establishing processes for the review of the performance of individual directors and the Board as a whole; and

> assessing the terms of appointment and remuneration arrangements for non-executive directors.

The Remuneration and Nomination Committee comprises three non-executive directors. Due to the structure of the Board of the Company, the Nomination and Remuneration Committee does not consist of a majority of Independant Directors. However the Board believes that the experience and industry knowledge of the members will be invaluable and will be able to exercise objective and independant judgement in carrying out their responsibilities on the committee. The Remuneration and Nomination Committee during the year comprised the following members:

Joe Hanna	Independent Non-Executive Director and Chairman of the Committee (Appointed 15 October 2015)
Simon Baker	Non-Executive Director
Antony Catalano	Non-Executive Director (Appointed 15 October 2015)

The Remuneration and Nomination Committee has a separate charter, which describes its role, composition, functions and responsibilities. A copy of the Remuneration and Nomination Committee Charter is set out on the Company's website.

Recommendation 2.2 – Comply:

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company recognises that the adoption and disclosure of a Board's skills matrix assists in providing confidence to shareholders. The Company considers that the members of its Board contribute the skills vital to the continued success of the Company and in the event that there are additional skills required these are outsourced where necessary to the Company's independent advisers. The Company has identified particular skills and attributes important to the Company at its current stage of development and with a view to its future needs.

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The following table sets out the key skills and experience of the current directors and the extent to which they are represented on the Board and its committees:

		Board (Total 5 Directors)	Audit Committee (Total 3 Directors)	Remuneration and Nomination Committee (Total 3 Directors)
Strategy & Sustainability	Strategic skills. Contributes to the formulation, testing and approval of a business strategy. Alert to opportunities, risks and trends.	5 Directors	3 Directors	3 Directors
Financial Skills	Financial skills and credentials. Aware of financial risk. Understands financial reporting requirements and financial regulations.	4 Directors	2 Directors	2 Directors
Marketing & Growth	Understands growth and marketing strategies or has marketing skills.	5 Directors	3 Directors	3 Directors
Corporate Governance	Background in corporate governance and compliance. Familiar with corporate legislation and statutory requirements.	1 Director	1 Director	1 Director
Operations & Asset Optimisation	Understands operational improvements and extracting maximum value from existing assets.	5 Directors	3 Directors	3 Directors
Human Capital	Experience in setting management performance goals, overseeing and managing performance, developing executive bench strength and succession plans.	5 Directors	3 Directors	3 Directors
External Engagement	Experience with external stakeholder groups (community, regulators, government), including networks and ability to exert influence.	3 Directors	3 Directors	2 Directors
Industry Knowledge	Expertise and knowledge pertinent to the industries or environments in which the Company operates.	5 Directors	3 Directors	3 Directors
Corporate Finance	Experience and skills associated with mergers, acquisitions, demergers, capital raising and debt financing.	3 Directors	2 Directors	2 Directors
International Business	International business experience from working with multinational companies and international expansion.	5 Directors	3 Directors	3 Directors

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2. Principle 2 – Structure the Board to Add Value (continued)

Recommendation 2.3 – Comply:

A listed entity should disclose:

(a) the names of the directors considered by the Board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion;

(c) the length of service of each director.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report.

REIG's Directors are considered to be independent when they are not members of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following current directors of REIG are considered to be independent having regard to the CGC's recommendations:

Name	Position
Mr Joe Hanna	Independent Non-Executive Director
Mr Ian Penman	Independent Non-Executive Director

Mr Clint Greaves is currently considered by the Board not to be independent as he is currently the Chief Executive Officer of the Company. Mr Simon Baker is also currently not considered to be independent due to being a substantial shareholder, and Mr Antony Catalano is also currently not considered to be independent as he is Chief Executive Officer of Domain Group, which is a division of the Fairfax Media business, a substantial shareholder.

The Board believes that each of the Directors can make, and do make, quality and independent judgements in the best interests of the Company. Any Director who has a conflict of interest in relation to a particular item of business must declare their conflict and abstain from voting or participating in Board deliberations to which a conflict of interest relates.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr Simon Baker	Non-Executive Chairman – 5 Years 10 months (appointed 15 November 2010)
Mr Clint Greaves	CEO and Executive Director – 5 years 10 months (appointed 24 November 2010)
Mr Joe Hanna	Independent Non-Executive Director – 11 months (appointed 15 October 2015)
Mr Antony Catalano	Non-Executive Director – 11 months (appointed October 2015)
Mr Ian Penman	Independent Non-Executive Director – 3 years (appointed 1 October 2013)

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Recommendation 2.4 – Do not comply:

A majority of the Board of a listed entity should be independent directors.

At the time of reporting there are five directors on the Company Board. Two of the five directors (including the chair) are considered to be independent with regards to the criteria established in the ASX CGCs Principles and Recommendations. The Board believes that each of the non-independent directors brings objective and independent judgement to the Board's deliberations and are able to act impartially and make invaluable contributions to the Company.

Recommendation 2.5 – Partially comply:

The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman of the Company performs no executive responsibilities however as he is a substantial shareholder the Chairman is arguably not, having regard to the criteria established in the ASX CGCs Principles and Recommendations, independent. However, the Board considers that Simon Baker can, and does, make independent judgements in the best interest of the Company.

The roles of the Chairman and Chief Executive Officer are not exercised by the same individual.

Recommendation 2.6 – Comply:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

All directors are expected to develop and maintain the skills and knowledge required to perform their role as directors effectively and discharge their duties to the Company. The Company has formal induction procedures in place to introduce new directors to the Company and gain an understanding of the Company's financial position, strategies, operations, risks and other policies and responsibilities.

Professional development opportunities to further develop the skills and knowledge required to effectively perform as directors of the Company are provided regularly and considered on an ongoing basis.

All directors have unrestricted access to the company secretary and employees of the Company as and when required. Subject to law, the directors also have access to all records of the Company and information held by Group employees and external advisors. Directors are provided, on an "as needed" basis, with papers, presentations and briefings on Group businesses and on matters which may affect the operations of the Company.

The Board receives regular detailed financial and operational reports from senior executives to enable it to carry out its duties.

3. Principle 3 – Promote Ethical and Responsible Decision Making

Recommendation 3.1 – Comply:

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company considers that confidence in its integrity can only be achieved if its employees and officers conduct themselves ethically in all of their commercial dealings on the Company's behalf. The Company has therefore recognised that it should actively promote ethical conduct amongst its employees, officers and contractors.

The Company has adopted, amongst other policies designed to promote ethical and responsible decision making, a Code of Conduct which applies to all directors, officers, employees, consultants and contractors. The Code of Conduct applies to all business activities with suppliers, contractors, customers, shareholders and employees in Australia and overseas.

3. Principle 3 – Promote Ethical and Responsible Decision Making (continued)

Recommendation 3.1 – Comply: (continued)

The objectives of the Code of Conduct are to:

> provide a benchmark for professional behaviour throughout the Company;

> support the Company's business reputation and corporate image within the community; and

> make directors and employees aware of the consequences if they breach the policy.

Under the Code of Conduct, employees of the Company must, amongst other things:

> act honestly and in good faith at all times and in a manner which is in the best interests of the Company as a whole;

> conduct their personal activities in a manner that is lawful and avoids conflicts of interest between the employee's personal interests and those of the Company;

> always act in a manner that is in compliance with the laws and regulations of the country in which they work;

> report any actual or potential breaches of the law, the code of conduct or the Company's other policies to the company secretary; and

> not permit or condone the making of payments, gifts, favours, bribes, facilitation payments or kickbacks in the expectation of preferred treatment for themselves or the Company.

A copy of the Code of Conduct is available on the Company's website.

The Company actively promotes and encourages ethical behaviour and protection for those who report violations of the code of conduct or other unlawful or unethical conduct in good faith and ensures that matters are dealt with promptly and fairly.

Directors are required to avoid conflicts of interest and immediately inform their fellow directors should a conflict of interest arise. Directors are also required to advise the Company of any relevant interests that may result in a conflict.

The Board has adopted the use of formal standing notices in which directors disclose any material personal interests and the relationship of these interests to the affairs of the Company. A director is required to notify the Company of any new material personal interests or change in the nature or extent of a previously disclosed interest.

Where a matter in which a director has a material personal interest is being considered by the Board, that director must not be present when the matter is being considered or vote on the matter, unless all of the other directors have passed a resolution to enable that director to do so or the matter comes within a category of exception under the *Corporations Act 2001* (Cth) (***Corporations Act***).

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4. Principle 4 – Safeguard Integrity in Corporate Reporting

Recommendation 4.1 – Comply:

The Board of a listed entity should:

(a) have an audit committee which;

a. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

b. is chaired by an independent director who is not the Chair of the board and disclose:

c. the charter of the committee;

d. the relevant qualifications and experience of the members of the committee; and

e. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including that processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has established an Audit Committee, which operates under a charter approved by the Board. A copy of the Audit Committee Charter is set out on the Company's website.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Audit Committee's key responsibilities and functions are as follows:

> oversee the Company's relationship with the external auditor and the external audit function generally;

> oversee the Company's relationship with the internal auditor and the internal audit function generally;

> oversee the preparation of the financial statements and reports;

> oversee the Company's financial controls and systems; and

> manage the process of identification and management of risk.

The Audit Committee currently consists of only non-executive directors, a majority of whom are considered independent and the Committee is chaired by an independent chair who is not the chair of the Board. The members of the Audit Committee during the year were:

Mr Ian Penman	Independent Non-Executive Director and Chairman of the Committee (Appointed 1 October 2013)
Mr Joe Hanna	Independent Non-Executive Director (Appointed October 2015)
Mr Simon Baker	Non-Executive Director (Appointed 15 November 2010)

Ian served as Chief Executive Officer and Managing Director of REIG from 1 February 2014 to 19 December 2014. Ian has vast senior management experience including 18 years with IBM in Australia, the US and Europe, before spending 15 years heading up Compaq Computer Corporation in Australia. More recently, Ian was the Chief Executive Officer of Volante Group Limited. He was appointed as an Independent Non-Executive Director of the Company in October 2013.

Mr Joe Hanna holds a Bachelor of Business with a major in Computing from the University of Victoria and has significant experience and expertise in online classifieds and in developing product and technology strategy. He was appointed as an Independent Non-Executive Director of the Company in March 2015.

4. Principle 4 – Safeguard Integrity in Corporate Reporting (continued)

Recommendation 4.1 – Comply: (continued)

Mr Simon Baker holds a Bachelor of Science with a major in Computer Science from Monash University and a Masters of Business Administrations from the Melbourne Business School. He was appointed as Non-Executive Chairman of the Company in November 2010.

For details relating to the number of meetings of the Audit Committee held during the year, and the attendees at those meetings, refer to the directors' report.

For additional details regarding the Audit Committee, including a copy of its Charter, please refer to our website.

Recommendation 4.2 – Comply:

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and the Chief Financial Officer, have provided a written statement to the Board that:

> their view concerning the Company's financial report is founded, to the best of their knowledge, on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and

> the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Recommendation 4.3 – Comply:

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company has not yet held an AGM but will ensure that its external auditor attends every AGM and is available to answer questions relevant to the audit.

5. Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1 – Comply:

A listed entity should;

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company has an established Continuous Disclosure Policy designed to ensure that all investors have equal and timely access to material information relating to the Company. The Continuous Disclosure Policy articulates the type of information that needs disclosure, the process of internal notification, the roles and responsibilities in the disclosure process, the process of promoting an understanding of disclosure requirements and external media and analyst communication protocols.

This Continuous Disclosure Policy is available on the Company's website.

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6. Principle 6 – Respect the Rights of Security Holders

Recommendation 6.1 – Comply:

A listed entity should provide information about itself and its governance to investors via its website.

The Company has a detailed website which is maintained regularly to ensure accuracy of information. Investors and stakeholders can access all ASX announcements, presentations, annual financial statements and corporate governance information on this website. Company announcements available on the Company's website are presented in a clear and balanced way containing both positive and negative information.

Recommendation 6.2 – Comply:

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Pursuant to CGR Principle 6, REIG's objective is to promote effective communication with its shareholders at all times.

REIG is committed to:

> ensuring that shareholders and the financial markets are provided with full and timely information about REIG's activities in a balanced and understandable way;

> complying with continuous disclosure obligations contained in the ASX listing rules and the *Corporations Act* in Australia; and

> communicating effectively with its shareholders and making it easier for shareholders to communicate with REIG.

REIG's shareholder communications policy is contained in the Corporate Governance section of the Company's website.

Recommendation 6.3 – Comply:

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

> through the release of information to the market via the ASX;

> through the distribution of the annual report and notices of AGM;

> through shareholder meetings and investor relations presentations;

> through media releases which are posted on the Company's website;

> through letters and other forms of communications directly to shareholders;

> by posting relevant information on the Company's website.

The external auditors will be required to attend the Company's AGM and to be available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Recommendation 6.4 – Comply:

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company utilises the services of Boardroom Pty Limited as its security registry and provides a link to their website from the Company's website so that security holders can obtain forms and select their method of interaction with the registry via its online portal.

7. Principle 7 – Recognise and Manage Risk

Recommendation 7.1 – Comply:

The Board of a listed entity should;

(a) have a committee or committees to oversee risk, each of which;

1. *has at least three members, a majority of whom are independent directors, and*
2. *is chaired by an independent director; and disclose:*
3. *the charter of this committee; and*
4. *the members of the committee; and*
5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of members at those meetings; or*

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Audit Committee oversees REIG's risk management framework. The Audit Committee Charter is available on the governance page of the Company's website.

The members of the Audit Committee are set out in section 4 of this Statement.

The Audit Committee currently consists of non-executive directors, a majority of whom are considered independent and is chaired by an independent chair who is not otherwise the Chair of the Board.

Details of the Audit Committee's meetings and attendance of the members are set out in the Directors' Report.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Chief Executive Officer, with the assistance of senior management. The Chief Executive Officer is responsible for regularly reporting directly to the Audit Committee and the Board on all matters associated with risk management, including whether the Company's material business risks are being managed effectively. In fulfilling his duties, the Chief Executive Officer has unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the approval of the Board.

In addition, the Company maintains a number of policies and practices designed to manage specific business risks. These include:

> Audit Committee and the Audit Committee Charter;

> regular budgeting and financial reporting;

> clear limits and authorities for expenditure levels;

> procedures for compliance with continuous disclosure obligations under the ASX listing rules; and

> procedures to assist with establishing and administering corporate governance systems and disclosure requirements.

The Company's risk management system is an ongoing process. It is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities. Further information on financial risk management is outlined in the financial statements.

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Recommendation 7.2 – Partially comply:

The Board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Audit Committee and the Chief Executive Officer monitor the Company's material business risks and reports are compiled and considered from time to time and the Board considers that the internal control system is operating effectively in all material aspects given the nature of the Company's activities.

Neither the Board, nor the Audit Committee, has conducted a review of the Company's risk framework during the reporting period. The Company has been listed on the ASX since December 2015 and has not yet conducted a formal review of the Company's risk framework. The Board intends to remedy this in the first half of FY'17.

Recommendation 7.3 – Comply:

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

*(b) if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control pro*cesses.

The Company does not have an internal audit function as it considers the ongoing processes in place for assessing risk and improving the effectiveness of internal controls to be adequate when supported by the external audit function.

In addition, the Company maintains a number of policies and practices designed to manage specific business risks. These include:

> Audit Committee and Audit Committee Charter;

> insurance programs;

> regular budgeting and financial reporting;

> clear limits and authorities for expenditure levels;

> procedures for compliance with continuous disclosure obligations under the ASX listing rules; and

> procedures to assist with establishing and administering corporate governance systems and disclosure requirements.

The Company's risk management system is an ongoing process. It is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities. Further information on financial risk management is outlined in the Company's financial statements.

Recommendation 7.4 – Comply:

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

For the purposes of assisting investors to understand better the nature of the risks faced by REIG, the Board has prepared a list of risks as part of the Principle 7 disclosures.

The Company has in place policies and procedures, including a risk management framework (as implemented under the Company's Audit Committee and its accompanying Charter), which is developed and updated to help manage these risks.

The Company regularly assesses economic, environmental and social sustainability risks for their materiality and any impact on the Company's ability to create or preserve value for security holders over the short, medium or long term.

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7. Principle 7 – Recognise and Manage Risk (continued)

Recommendation 7.4 – Comply: (continued)

"**Economic sustainability**" – the long term ability of the listed entity to continue operating at a particular level of economic production.

In this regard, risks include:

> Loss or corruption of critical data or critical staff members;

> Exposure to the real estate markets;

> the intellectual property of the Company may become subject to claims;

> failure to maintain EBITDA performance;

> Non-compliance with laws/regulations;

> the occurrence of force majeure events by significant suppliers; and

> increasing costs of operations, including labour costs, materials, suppliers or other items and equipment.

"**Environmental sustainability**" – the long term ability of a listed entity to continue operating in a manner that does not compromise the health of the eco-systems in which it operates.

REIG does not consider that it has any material exposure to environmental sustainability risks.

"**Social sustainability**" – the long term ability of a listed entity to continue operating in a manner that meets accepted social norms and needs.

REIG does not consider that it has any material exposure to social sustainability risks.

8. Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1 – Partially complies:

The Board of a listed entity should:

(a) have a remuneration committee which;

1. *has at least three members, a majority of whom are independent directors; and*
2. *is chaired by an independent director; and disclose:*
3. *the charter for the committee;*
4. *the members of the committee; and*
5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of members at those meetings; or:*

(b) if it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has established a Remuneration and Nomination Committee, which generally meets at least annually. During the year, Remuneration and Nomination Committee matters were dealt with in meetings of Directors (but with executive personnel absent). For details of directors' attendance at meetings of the Remuneration and Nomination Committee, refer to the Directors' Report.

The Remuneration and Nomination Committee reviews the corporate governance procedures of the Company and the composition and effectiveness of the Board. In addition to proposing candidates for director appointment for the Board's consideration, the Remuneration and Nomination Committee reviews fees payable to non-executive directors and reviews and advises the Board in relation to Chief Executive Officer succession planning.

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The primary purpose of the Remuneration and Nomination Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

> assessing the size, composition, diversity and skills required by the Board to enable it to fulfil its responsibilities to shareholders, having regard to the Company's current and proposed scope of activities;

> assessing the extent to which the required knowledge, experience and skills are represented on the Board;

> establishing processes for the identification of suitable candidates for appointment to the Board;

> overseeing succession planning for the Board and Chief Executive Officer;

> establishing processes for the review of the performance of individual directors and the Board as a whole; and

> assessing the terms of appointment and remuneration arrangements for non-executive directors.

The Remuneration and Nomination Committee comprises of three non-executive directors. During the year the Remuneration and Nomination Committee comprised the following members:

Mr Joe Hanna	Independent Non-Executive Director and Chairman of the Committee (Appointed October 2015)
Mr Antony Catalano	Non-Executive Director (Appointed 15 October 2015)
Mr Simon Baker	Non-Executive Director (Appointed 15 November 2010)

Simon Baker is currently not considered to be independent due to being a substantial shareholder of REIG.

Antony Catalano is currently not considered to be independent as he is the Chief Executive Officer of Domain Group, a division of the Fairfax Media Business. Fairfax Media is a substantial shareholder.

All other recommendations of the CGC as to the structure of the Remuneration and Nomination Committee have been complied with during the financial year.

The Remuneration and Nomination has a separate charter which describes its role, composition, functions and responsibilities. A copy of the Charter is set out on the Company's website.

Recommendation 8.2 – Comply:

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company has a clearly distinguished structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company is required to disclose in its annual report details of remuneration to directors. Please refer to the Remuneration Report for details regarding the remuneration structure of executive and non-executive directors and the Chief Executive Officer and senior executives.

Recommendation 8.3 – Comply:

A listed entity which has an equity-based remuneration scheme should;

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and

(b) disclose the policy or a summary of it.

The Company's Securities Trading policy which governs permitted trading and transactions, including in respect of employees, is available on the Company's Website. The Policy prohibits Directors and employees from using derivatives or other products which operate to limit the economic risk of unvested Company Securities. It also prohibits those persons from entering into a margin loan or similar funding arrangement to acquire any Company Securities, or grant lenders any rights over their Company Securities.

Financial Statements

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of Real Estate Investar Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Director Details

The names of the directors in office at any time during, or since the end of the year are:

Director	Positions Held
Simon Baker	Non-Executive Chairman Chairman since 15 November 2010
Clinton Greaves	Managing Director & Chief Executive Officer Director since 24 November 2010 Appointed Chief Executive Officer 19 December 2014
Ian Penman	Independent Non-Executive Director Director since 1 October 2013
Antony Catalano	Non-Executive Director Appointed director 15 October 2015
Joe Hanna	Independent Non-Executive Director Appointed director 15 October 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The name of the persons who held the position of company secretary at any time during, or since the end of, the year are:

Mr Lee Mitchell BA LLM – appointed 31 July 2015

Mr Clinton Greaves – resigned 31 July 2015/appointed 13 August 2013

Mr Lee Mitchell is the current Company Secretary of Real Estate Investar Group Limited. He is responsible for legal services and regulatory matters. He holds a Master of Laws from the University of Melbourne. Mr Mitchell has over 20 years' experience in corporate and commercial law and is a former partner of Logie-Smith Lanyon Lawyers, practicing principally in corporate law advising on corporate and securities regulation, capital raisings, formulation and implementation of mergers and acquisitions, corporate governance and ASX compliance matters. Since May 2016, Mr Mitchell established his own practice and is the director of Convergence Legal.

Principal Activities

The Group is a leading provider of online services and direct investment property opportunities to Australian and New Zealand property investors to help simplify their acquisition and management of residential investment property.

The 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 subscriptions for advanced tools, selling investment grade property and through the sale of additional products and services.

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Operating Results

The consolidated loss of the Group after providing for income tax amounted to $1,365,347. (2015: $2,094,189).

Dividends

No dividend has been declared for the financial year ended 30 June 2016 (2015: nil).

Review of operations

FY 2016 delivered strong growth highlighted by a 31.7% growth in revenue and other income. In driving this growth, the Group passed 200,000 members and increased its focus on generating commissions from the sale of investment property. In addition, the Group acquired the assets and business of The Property Factory Ltd and entered into strategic partnership agreements with Domain Group and one of its subsidiaries APM Pricefinder.

Underlying the growth in revenues and other income to $5,297,131 are KPIs the Group identified in its IPO Prospectus relating to member growth, conversion of members to paying customers, and the transitioning of the business to property sales.

Membership Growth

Members are one of the key drivers of value for the Group's business. Members are offered a free set of online tools and services to help them analyse and assess investment properties. The Group then monetises these members through paid subscriptions, direct investment property sales, and other ancillary products and services.

From the 30th June 2015 to the 30th June 2016 there was a 48.0% (2015: 33.9%) growth in members.

	30 Jun 2016	30 Jun 2015	Change
Members	202,423	136,815	48.0%

Member growth is being driven by digital marketing and channel partner marketing activities. The focus for management is to significantly increase the number of members and to increase the information collected about each member.

Following the completion of the core partnership agreement with Domain Group, the Real Estate Investar membership offer will be promoted widely to the Domain Group and broader Fairfax audience. This will help drive the continued growth in membership, which is expected to reach 250,000 by December 2016.

Subscriptions

At 30 June 2016 the Group had 2,818 paying subscribers (2015: 2,773) with average revenue per subscriber (ARPS) of $113 (2015: $108) for the month of June 2016. As the number of members and the information about each member collected increases, the potential to convert these members into paying subscription customers is also expected to increase.

Reductions in data costs associated with the recently completed APM Pricefinder agreement plus improvements to the online valuation estimate and property research platform, provide management with the opportunity to offer improved products and better pricing options to increase engagement and retention of subscription customers.

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Property Sales

The acquisition of the assets and business of The Property Factory Ltd, a licensed real estate agency, has fast tracked the movement of the Group into direct investment property sales and the associated high value commissions that can be generated from new House & Land and off-the-plan Apartment sales.

The Group completed the sale of 52 properties to members during the year and is now positioned to offer House & Land, off-the-plan Apartments, and existing property Buyers Agency services in both Australia and New Zealand.

Members are encouraged to complete their investment profiles, which enables the platform to identify key property sales opportunity triggers including buying intentions relating to timing, location, investment type and budget. Pre-evaluated investment grade properties that may not be available to non-members can then be aligned to members based on these specific requirements.

Key investments continue to be made in new product and platform development and forging long-term industry partnerships. The Group will continue to invest in enhancements to this platform in the coming year to create additional functionality for members and partners and to continue to improve the user experience.

The Group has focused on developing its products and key industry partnerships, and on growing its free member numbers and engagement with these members, in order to maximise long term revenue potential and value from subscription services, referral transactions and property sales commissions. This has resulted in the Group operating at a loss in the short term.

Significant Changes in State of Affairs

Initial Public Offering (IPO)

The Group was admitted to the official list of the ASX on 10 December 2015 following an initial public offering of its shares. Under the IPO a total of 25,000,000 new shares were issued, and an amount of $5,000,000 was raised, by the Company.

Acquisition of The Property Factory Ltd

The Group acquired the assets and the business of The Property Factory Limited for NZ$550,000, payable in cash on completion. The Property Factory Ltd, based in New Zealand, has extensive experience in investment property sales as well as access to exclusive listings in New Zealand that are relevant to the Real Estate Investar membership base. The acquisition accelerated the Group's property sales business by providing the skills and capabilities to sell investment grade properties, in many instances at wholesale prices. The property sales business is expected to generate significant revenue growth from sales commissions and associated services.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Events after the reporting period

The final contract acquiring the assets of The Property Factory Limited was signed 30 June 2016 and announced on the 1st July 2016. The effective date of the acquisition was 1st April 2016.

The final balance due for full settlement for The Property Factory Limited acquisition was made on the 6th of July 2016.

Two further ASX announcements occurred after 30 June 2016 regarding share capital:

> 07/09/2016 Appendix 3Y Change of Director's Interest Notice being acquisition of 100,000 ordinary shares by entities controlled by Clint Greaves.

> 09/09/2016 Appendix 3B – Release of securities from escrow upon end of restriction period, total of 165,860 fully paid ordinary shares.

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Future Developments

Over the coming year, the Group expects continued strong growth in member numbers and property sales. This should result in continued strong growth in revenues. The Board believes that the Group has adequate cash reserves to fund this growth and does not envisage, at this time, a requirement for additional capital.

During the next fiscal year the Group will:

> target membership growth to 250,000 by December 2016 through increased promotion with key industry partners such as Domain Group;

> continue to increase member engagement activity to improve the conversion of members to subscribers;

> seek to increase direct property sales revenue through targeted campaigns to existing members;

> consider further acquisition opportunities to enhance the Group's leadership position in the Australian and New Zealand markets;

> build new revenue streams and referral models for complimentary property investment related products and services; and

> explore potential new offshore market opportunities.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under any law of either the Commonwealth or State or Territory of Australia.

Director Information

The following information is current as at the date of this report.

Simon Baker – Non-Executive Chairman	
Date of appointment	15 November 2010
Experience and expertise	Simon is an experienced chairman with substantial commercial experience and knowledge within the global real estate technology sector gained through positions as chairman and as a significant investor in numerous businesses. Simon is the independent non-executive chairman of recently ASX listed Mitula Group Limited, a leading vertical search website operator. Simon was the former CEO and Managing Director of the ASX listed REA Group from 2001 through 2008. Simon was also director and chairman of ASX listed iProperty Group Limited from 2009 to 2012. Simon is an angel investor in several online classifieds and e-commerce companies around the world including Vivareal, Redbubble, ArtsHub, LaEncontre, Property Portal Watch, ListGlobally, Transmit Data and CarAdvice. Simon holds a Bachelor of Science with a major in Computer Science from Monash University and a Master of Business Administration from the Melbourne Business School.
Other Current Australian Listed Company Directorships	Simon is the non-executive chairman of Mitula Group Limited (ASX: MUA) (appointed 1 April 2015)
Former Australian Listed Company Directorships in last 3 years	Nil

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Special responsibilities	Chairman of the Board Member of the Audit Committee Member of the Nomination and Remuneration Committee	
Relevant interests in shares and options in the share capital of the Company	Ordinary shares – Real Estate Investar Group Limited	12,115,776
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Clint Greaves – Managing Director		
Date of appointment	24 November 2010	
Experience and expertise	Clint was appointed the Managing Director and Chief Executive Officer of Real Estate Investar Group Limited on the 19th of December 2014. Prior to this, Clint was Chief Operating Officer and Executive Director appointed 24 November 2010. He has substantial knowledge of the property investment sector having invested in real estate for over 15 years and been involved in a number of residential and commercial developments. Clint has 16 years senior management experience in operational and financial roles in Australia, New Zealand and the United Kingdom. He has worked in real estate related businesses for the last 12 years, the last 6 ½ of which have been with Real Estate Investar Group. Prior to this, he worked as a Management Consultant for Ernst & Young. Clint holds a Bachelor of Commerce with a major in Marketing and International Business and a Master of Commerce with a major in Management Science and Information Systems from Auckland University.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chief Executive Officer	
Relevant interests in shares and options in the share capital of the Company	Ordinary shares – Real Estate Investar Group Limited	4,980,000
	Options over ordinary shares – Real Estate Investar Group Limited	1,000,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

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Ian Penman – Independent Non-Executive Director		
Date of appointment	1 October 2013	
Experience and expertise	Ian also served as Chief Executive Officer and Managing Director of Real Estate Investar Group Ltd from 1 February 2014 to 19 December 2014. Ian has vast senior management experience including 18 years with IBM in Australia, the US and Europe, before spending 15 years heading up Compaq Computer Corporation in Australia. More recently, Ian was the Chief Executive Officer of Volante Group Limited.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the Audit Committee	
Relevant interests in shares and options in the share capital of the Company	Ordinary shares – Real Estate Investar Group Limited	292,500
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Antony Catalano – Non-Executive Director		
Date of appointment	15 October 2015	
Experience and expertise	Antony has extensive experience in the Australian real estate industry, and is Chief Executive Officer of Domain Group and a Director of Metro Media Publishing, positions he has held since November 2013. After a long career with Fairfax Media, The Herald and The Weekly Times, Antony founded MMP in 2009, where he served as Chief Executive Officer and Publisher. Domain Group is a Fairfax Media business and is one of Australia's leading multi-platform property industry destinations. Antony's media career at HWT began as a copy boy in 1985, where he spent 15 years as a journalist, winning two Melbourne Press Club awards. In 2001, he was appointed Director of Real Estate at The Age, General Manager of MPG and a member of The Age senior management team. In 2004, he was appointed Classified Director Real Estate, Motoring and General Classifieds, before being appointed Director Newspaper Sales and Marketing and Product Development, Fairfax Victoria, in 2005.	
Other Current Australian Listed Company Directorships	Nil	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Member of the Nomination and Remuneration Committee	
Relevant interests in shares and options in the share capital of the Company	Ordinary shares – Real Estate Investar Group Limited	Nil
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

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Joe Hanna – Independent Non-Executive Director		
Date of appointment	15 October 2015	
Experience and expertise	Joe has extensive experience in online classifieds and search, and is a founder of behavioural classifieds recommendation engine Predictive Match. Joe is co-founder and current CEO of xLabs Pty Ltd, a Melbourne based technology start up. Between November 2010 to October 2012, Joe consulted to the Mitula Classified, SL management team to assist in establishing a presence in key South East Asian markets and in developing product and technology strategy. Joe spent 8 years at Fairfax Media Limited in senior roles including: Product and Technology Director – Online Employment at CIO Advantate, and Emerging Business and Technology Manager at The Age. Joe holds a Bachelor of Business with a major in Computing from the University of Victoria.	
Other Current Australian Listed Company Directorships	Joe is a non-executive director of Mitula Group Limited (ASX: MUA). (appointed 11 March 2015)	
Former Australian Listed Company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee	
Relevant interests in shares and options in the share capital of the Company	Ordinary shares – Real Estate Investar Group Limited	Nil
	Options over ordinary shares – Real Estate Investar Group Limited	500,000
	Contractual rights to shares – Real Estate Investar Group Limited	Nil

Meetings of Directors

During the financial year 9 director meetings were held. Attendances by each director during the financial year were as follows:

Directors Meetings

Director's Name	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Simon Baker	9	9	1	1	–	–
Clinton Greaves	9	9	1	1	–	–
Ian Penman	9	9	1	1	–	–
Antony Catalano	7	7	1	1	–	–
Joe Hanna	7	7	1	1	–	–

Where:

> Column A is the number of meetings the Director was entitled to attend.

> Column B is the number of meetings the Director attended.

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Shares

Real Estate Investar Group Limited raised $5,256,630 in financing for the year ended 30 June 2016 with $5,000,000 raised from an Initial Public Offering (IPO). This has delivered a significantly strengthened financial position with net assets increasing to $3,748,419.

In addition to the capital raised by the IPO, the ASX listing event also triggered the conversion of convertible notes of $950,000 and debt of $1,250,000 to be converted to equity, further strengthening the financial position.

Movements in ordinary share capital for the year are:

> 66,360 shares were issued at 10 c/share pre IPO

> 2,000,000 shares were issued to South Mapleton Pty Ltd at 16 c/share as per the share subscription agreement

> share consolidation 1 for 2 on listing reduced the existing issued share total by 40,304,466 shares

> 25,000,000 shares were issued from the IPO at 20 c/share

> 10,576,125 shares were issued to Australian Property Monitors Pty Ltd settling debt to the value of $1,250,000 on listing

> 6,613,980 shares were issued to settle $950,000 in convertible notes on listing

Bringing the total ordinary shares issued in Real Estate Investar Group to 84,494,604.

Shares under option

Shares under option

The following shares were unissued in the current financial year. Unissued ordinary shares of Real Estate Investar Group Limited under option at the date of this report are:

Grant Date	Expiry Date	Exercise Price	No of Options Issued
10 Dec 2015	31 Dec 2020	$0.20	3,000,000
28 Apr 2016	27 Apr 2021	$0.20	1,450,000
			4,450,000

All unissued shares are ordinary shares of the Company.

Shares issued on the exercise of share subscription agreement

The following shares were issued during the year ended 30 June 2016 upon the exercise of a share subscription agreement for South Mapleton Pty Ltd. Refer to note 8 in the remuneration report for further information.

Date Exercised	Exercise Price of Shares	Number of Shares Issued
13 Nov 2015	16 cents	2,000,000

Refer to the remuneration report for further details of the options outstanding for and exercised by the Key Management Personnel.

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Remuneration Report (audited)

Introduction

This Remuneration Report for the financial year ended 30 June 2016 outlines the Group's remuneration structure in accordance with the requirements of the *Corporations Act 2001 (Cth) (the Act)* and its Regulations.

This report provides remuneration information in relation to the Group's Key Management Personnel (KMP) including the Managing Director (who is also the Chief Executive Officer (CEO)), and the Non-Executive Directors (NEDs).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. This Remuneration Report has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Key Management Personnel
2. Principles of Remuneration and Strategy
3. Non-Executive Director Remuneration Arrangements
4. Executive Remuneration Arrangements
5. Service Agreements
6. Remuneration of Key Management Personnel
7. Shareholdings of Key Management Personnel
8. Loans to Key Management Personnel
9. Option Holdings of Key Management Personnel

1. Key Management Personnel

For the purposes of this report, KMP include all Directors of the Board, executive and non-executive, who have the authority and responsibility for planning, directing and controlling the activities of the Group as outlined below for the financial year ended 30 June 2016.

Key Management Personnel		
Executive Director		
Clint Greaves	Chief Executive Officer & Managing Director	
Non-Executive Directors		
Simon Baker	Chairman & Non-Executive Director	
Ian Penman	Independent Non-Executive Director	
Antony Catalano	Non-Executive Director	Appointed 15th October 2015
Joe Hanna	Independent Non-Executive Director	Appointed 15th October 2015

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2. Principles of Remuneration and Strategy

2.1 Nomination and Remuneration Committee

The Board established the Nomination and Remuneration Committee under the Company's constitution which operates in accordance with its charter as approved by the board.

The committee oversees the level and composition of remuneration of the non-executive directors (NED's) and executives.

The Nomination and Remuneration Committee objectives are to assist the board in ensuring the Company:

(a) has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;

(b) has coherent remuneration policies and practices to attract and retain non-executive directors who will create value for shareholders; and

(c) observes those remuneration policies and practices.

In performing its responsibilities in relation to remuneration, the Nomination and Remuneration Committee must give appropriate consideration to the Company's position as an externally managed investment company where containment of costs is an important consideration.

The responsibilities of the Nomination and Remuneration Committee include:

(a) review the remuneration of non-executive directors for serving on the Board and any committee (both individually and in total);

(b) recommend to the Board the remuneration, retirement and termination policies for non-executive directors having regard to market trends and shareholder interests; and

(c) review any insurance premiums or indemnities for the benefit of directors.

The Remuneration and Nomination Committee meets periodically during the year. Executives are not present at meetings of the Committee except by invitation.

The Remuneration and Nomination Committee is made up of members of the board each of which are NEDs, for the year ended 30 June 2016:

> Joe Hanna acted as Chair of the Committee; and

> Simon Baker and Antony Catalano served as members of the Committee.

2.2 Remuneration Strategy

Real Estate Investar Group's remuneration strategy is designed to attract and retain high quality directors and executives and to motivate high quality senior executives by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Group's reward framework are to ensure that remuneration practices:

> are aligned to the Group's business strategy,

> offer competitive remuneration benchmarked against the external market, and

> provide strong linkage between individual and Group performance and rewards and align the interests of executives with shareholders.

Where relevant, the remuneration framework will incorporate at risk components through STI and LTI arrangements tailored to the particular executive by reference to both financial and other metrics which generate value for shareholders. In 2016 no executives were provided with an at risk component that was linked to Group performance.

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3. Non-Executive Director Remuneration Arrangements

In accordance with best practice corporate governance, the structure of NED and executive remuneration is separate and distinct.

The remuneration of NEDs consists of director fees and committee fees (where applicable). Under the current policy NEDs are not entitled to receive performance related remuneration. Remuneration levels are to be reviewed by the Board annually.

NEDs are paid up to a maximum of the aggregate Director's fees as outlined in the Constitution and to be approved by shareholders at the inaugural annual general meeting. The annual current limit is $500,000, to be divided among them as agreed by the Board.

The total fees paid to Directors during the first year did not exceed the approved limit.

The following table sets out the current approved fee structure:

Role	Per Annum $
Board Chair	55,000
Chair – Nomination & Remuneration Committee	5,000
Chair – Audit Committee	5,000
Board Member	35,000

The remuneration of NEDs for the year is detailed in the table 'Remuneration of Key Management Personnel' in section 6.

4. Executive Remuneration Arrangements

The Group aims to reward executives with a level and mix of remuneration that is commensurate with their position and responsibilities within the Group and is aligned with market practice.

Elements of Remuneration

In 2016, the executive remuneration framework consisted of the following components:

> fixed remuneration; and

> variable remuneration for eligible staff comprising of short term incentives only.

Fixed Remuneration

Executive contracts do not include any guaranteed base pay increases. Fixed remuneration levels are set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed at least annually by the Remuneration and Nomination Committee and the process consists of a review of the Group's performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices. Employees receive their fixed remuneration in cash. The Board's policy is to ensure that fixed remuneration is market competitive having regard to industry peers and companies of similar financial size.

4. Executive Remuneration Arrangements (continued)

Variable Remuneration – Short Term Incentive (STI)

The Group does not currently operate a formal STI program other than in respect of executives.

For eligible executive staff, the Group awards STI payments each financial year currently comprising of a cash bonus only, the quantum of which is determined by the achievement of a pre-defined set of Group and individual KPIs.

The following financial and non-financial components constitute the three key KPI's of the executive STI:

> targeted group revenue amount;

> targeted group EBITDA amount; and

> operational performance.

Key Performance Indicators (**KPI**s) are individually tailored by the Board, based on recommendations and input from the Remuneration & Nomination Committee in advance for each executive each year, and reflect an assessment of how that executive can fulfil his or her particular responsibilities in a way that best contributes to Group's performance and shareholder wealth in that year with close alignment to the role and responsibility within the organisation and in conjunction with the strategic objectives of the Group.

The Remuneration and Nomination Committee is yet to determine the specific weightings of these components at the current time for Financial Year 17.

The Remuneration and Nominations Committee reviews annually the ongoing appropriateness of the STI policy including individual KPIs, weighting of KPIs, performance hurdles, and assessment of performance and reward outcomes.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the CEO as appropriate. No payments or accruals have been made or provided for, for the year ended 30 June 2016.

The Group may refine its STI plan and extend to the non-executive employees in the coming year. Any such changes would take effect only from date of the agreement, and hence not relate to any period prior to 30 June 2016.

Variable Remuneration – Long Term Incentive (LTI)

The Group does not currently have a Long Term Incentive plan but may seek to introduce one in the coming year.

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Employee Share Option Plan (ESOP)

REI Group has established the ESOP to assist in the motivation, retention and reward of executives and employees. The ESOP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for eligible employees (including any person who is a full-time or permanent part-time employee or officer) to receive an equity interest in the Group through the granting of Options.

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) was approved on 13 November 2015 and gives all staff the opportunity to participate in the plan. The company granted 1.45 million share options to employees under the ESOP to eligible employees.

5. Service Agreements

Service agreements are entered into by the Group with key management personnel, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses and entitlements to options under the Real Estate Group Limited Employee Share Option Plan.

Performance related entitlements are yet to be set. These agreements do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Nomination and Remuneration Committee to align with changes in job responsibilities and market salary expectations.

Chief Executive Officer

The services of the CEO, Clint Greaves are provided by way of a formalised employment agreement along with other terms of employment. An overview of these remuneration arrangements are included in the table below.

	Base Salary	*Super-annuation*[1]	Term of Agreement	Notice Period	Restraint Period	
Name	**$**	**$**	**$**		**Mths**	**Region**
Clint Greaves	225,000	9.5%	Ongoing	12 weeks by either party	12	Australia
					9	New Zealand
					6	Asia

1. Paid up to the maximum super contributions base

6. Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each KMP of the Company and the Group is set out in the table below:

	Short Term Employee Benefits		Post Employment Benefit	Share Based Payments		
FY 2016	Cash Salary & Fees $	Non Monetary Benefits $	Super-annuation $	Options $	Total	Performance Based Percentage of Remuneration
Executive Director						
Clint Greaves – CEO & Managing Director	203,365	21,635	19,308	29,166	273,474	0.00%
Non-Executive Directors						
Simon Baker – Non-Executive Chair	51,250	–	–	14,583	65,833	0.00%
Ian Penman – Independent Non-Executive	56,241	–	–	14,583	70,824	0.00%
Antony Catalano – Non-Executive [1]	26,250	–	–	14,583	40,833	0.00%
Joe Hanna – Independent Non-Executive [2]	28,333	–	–	14,583	42,916	0.00%

1. Antony Catalano – Appointed 15 October 2015
2. Joe Hanna – Appointed 15 October 2015

	Short Term Employee Benefits		Post Employment Benefit	Share Based Payments		
FY 2015	Cash Salary & Fees $	Non Monetary Benefits $	Super-annuation $	Shares $	Total	Performance Based Percentage of Remuneration
Executive Director						
Clint Greaves – CEO & Managing Director [3]	203,365	21,635	18,662	–	243,662	0.00%
Non-Executive Directors						
Simon Baker – Non-Executive Chair	40,000	–	–	–	40,000	0.00%
Ian Penman – Independent Non-Executive [4]	312,620	18,282	19,792	32,865	383,559	0.00%

3. Clint Greaves – Chief Operating Officer to November 2014, appointed Managing Director & CEO December 2014
4. Ian Penman – Resigned as Managing Director & CEO and appointed Non-executive director December 2014

Cash Bonuses

No bonuses were paid or included in remuneration of Key Management Personnel during the financial year ended 30 June 2016.

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7. Shareholdings of Key Management Personnel

Details of equity instruments (other than options and rights) in Real Estate Investar Group Ltd held directly, indirectly or beneficially by key management personnel are as follows:

Name	Balance 1 July 2015	Granted as Compensation	Received on Exercise of Options or Rights	Other Changes [1]	Balance at 30 June 2016	Balance Held Nominally
Simon Baker	18,019,872	–	2,431,514	(8,335,610)	12,115,776	12,115,776
Clint Greaves	5,670,000	–	2,000,000	(2,690,000)	4,980,000	4,980,000
Ian Penman	585,000	–	–	(292,500)	292,500	292,500
Antony Catalano	–	–	–	–	–	–
Joe Hanna	–	–	–	–	–	–
	24,274,872	**0**	**4,431,514**	**(11,318,110)**	**17,388,276**	**17,388,276**

1. Other changes included a 1 for 2 share consolidation as part of the IPO and the purchase of additional shares.

Shareholdings of key management personnel include close family members and entities over which the key management person or their close family members have direct or indirect control, joint control or significant influence.

8. Loans to Key Management Personnel

The Aggregate loan to key management personnel and their related party is as follows:

Name	Balance 1 July 2015	Interest Paid and Payable on Loan	Interest Not Charged	Write-downs and Allowance for Doubtful Debts	Balance 30 June 2016	Highest Indebtedness During the Year
Clint Greaves	–	11,575	–	–	331,575	331,575

On 13 November 2015 Real Estate Investar Group Ltd issued 2,000,000 Shares to South Mapleton Pty Ltd for an aggregate subscription price of $320,000 ($0.16 per Share). South Mapleton Pty Ltd is the corporate trustee for the South Mapleton Trust of which Annette Greaves (the wife of Clint Greaves) is the sole director and shareholder. Clint Greaves is the settlor of the South Mapleton Trust.

The subscription price was funded by way of a loan provided by REI to South Mapleton Pty Ltd. The loan to South Mapleton Pty Ltd carries an interest rate of 5.65% and is repayable in full on or before 31 March 2018.

Interest revenue of $11,575 was recognised on loans granted to key management personnel.

The aggregate amount of the non-current asset at the end of the reporting period relating to loans to related parties of key management personnel of the group is $331,575.

No write-downs have been made during the financial year against these loans and no allowances are considered necessary at the end of the reporting period.

9. Option Holdings of Key Management Personnel

As a one off allocation, the Group granted 3 million share options to the Directors upon the ASX listing on 10 December 2015. These options do not vest until 31 December 2017.

All options refer to options over ordinary shares of the Group, which are exercisable on a one to one basis. All options remain subject to vesting criteria and do not carry any dividend or voting rights.

Name	Grant Date	Options Granted	Exercisable Date	Expiry Date	Value per Option at Grant Date	Total Value of Option at Grant Date	Exercise Price per Option
Simon Baker	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Clint Greaves	10-Dec-15	1,000,000	31-Dec-17	31-Dec-20	$0.10	$100,000	$0.20
Ian Penman	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Antony Catalano	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Joe Hanna	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20

Details of options over ordinary shares of Real Estate Investar Group Limited, held directly or beneficiary by key management personnel are as follows.

Name	Balance 1 July 2015	Granted as compensation during the year	Exercised during the year	Other Changes [1]	Total vested at end of year	Balance 30 June 2016
Simon Baker	–	500,000			–	500,000
Clint Greaves	4,000,000	1,000,000	(2,000,000)	(2,000,000)	–	1,000,000
Ian Penman	–	500,000			–	500,000
Antony Catalano	–	500,000	–	–	–	500,000
Joe Hanna	–	500,000	–	–	–	500,000
	4,000,000	**3,000,000**	**(2,000,000)**	**(2,000,000)**	**–**	**3,000,000**

1. Other changes included a 1 for 2 share consolidation as part of the IPO

End of Remuneration Report (audited)

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Indemnification of Officers and Auditors

During the financial year, Real Estate Investar Group Limited paid a premium in respect of a contract insuring directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-Audit Services

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO Audit Pty Ltd, or their related practices (hereafter also referred to as BDO).

	Consolidated	
Details	2016 $	2015 $
Tax compliance services	5,800	970
IPO related services	58,408	6,000
Total remuneration of BDO for non-audit services	**64,208**	**6,970**

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

On the advice of the Audit Committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

> all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and

> none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

There were no former partners or directors of BDO, the Company's auditor, who are or were at any time during the financial year an officer of the Company. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44 and forms part of this Directors' Report.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors dated 29th September 2016.

Simon Baker
Chairman

Auditor's Independence Declaration

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REAL ESTATE INVESTAR GROUP LIMITED AND ITS SUBSIDIARIES

ACN 141 276 959

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF REAL ESTATE INVESTAR GROUP LIMITED

As lead auditor of Real Estate Investar Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Real Estate Investar Group Limited and the entities it controlled during the period.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2016

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue			
Revenue	3	4,903,614	4,022,805
Other income	3	393,517	–
		5,297,131	**4,022,805**
Expenses			
Commissions		(1,228,575)	(446,559)
Costs of website and data		(1,582,604)	(1,690,744)
Employee benefits expense	25	(2,114,343)	(2,008,050)
Depreciation and amortisation		(416,409)	(294,999)
Occupancy		(139,935)	(126,895)
Marketing		(359,044)	(345,206)
IT and Legal		(171,489)	(79,215)
Other Expenses		(546,004)	(99,476)
		(6,558,403)	**(5,091,144)**
Finance Costs		(64,646)	(38,000)
Finance Income		30,447	994
Net finance Costs		**(34,199)**	**(37,006)**
Loss before income tax expense from continuing operations		**(1,295,471)**	**(1,105,346)**
Income tax expense	4	(69,876)	(988,843)
Loss after income tax expense for the year		**(1,365,347)**	**(2,094,189)**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Foreign currency translation differences		11,187	2,285
Total comprehensive loss for the year		**(1,354,160)**	**(2,091,904)**

	Note	Cents	Cents
Earnings per share			
Basic and diluted loss per share (cents per share)	5	(2.09)	(2.62)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	8	2,271,908	128,813
Trade and other receivables	9	1,075,828	240,419
Accrued income	9	977,362	454,525
Total current assets		**4,325,097**	**823,757**
Non-current assets			
Trade and other receivables	9	346,275	17,470
Accrued Income	9	596,313	–
Deferred tax asset	12	100,727	119,014
Property, plant and equipment	10	88,681	45,179
Intangible assets	11	1,595,856	1,655,937
Total non-current assets		**2,727,852**	**1,837,600**
Total assets		**7,052,949**	**2,661,357**
Liabilities			
Current liabilities			
Trade and other payables	13	2,865,987	3,841,324
Current tax liabilities	4	69,876	–
Borrowings	14	240,730	706,300
Provision for employee entitlements	25	14,674	–
Total current liabilities		**3,191,266**	**4,547,624**
Non-current liabilities			
Borrowings	14	–	5,775
Deferred tax liability	15	100,727	119,014
Provision for employee entitlements	25	12,537	15,054
Total non-current liabilities		**113,264**	**139,843**
Total Liabilities		**3,304,530**	**4,687,467**
Net assets		**3,748,419**	**(2,026,110)**
Equity			
Contributed equity	16	11,285,121	4,165,796
Retained loss		(7,637,374)	(6,272,027)
Reserves	19	100,672	80,121
Total Equity		**3,748,419**	**(2,026,110)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Contributed Equity $	Retained Profits/(Loss) $	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity $
Balance at 1 July 2014		**4,002,196**	**(4,177,839)**	**83,010**	**(5,174)**	**(97,806)**
Loss after income tax expense for the year		–	(2,094,189)	–	–	(2,094,189)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		–	–	–	2,285	2,285
Total comprehensive loss for the year		**–**	**(2,094,189)**	**–**	**2,285**	**(2,091,904)**
Transaction with owners in their capacity as owners:						
Shares issued, net of transaction costs		163,600	–	–	–	163,600
Balance at 30 June 2015		**4,165,796**	**(6,272,027)**	**83,010**	**(2,889)**	**(2,026,110)**
Balance at 1 July 2015		**4,165,796**	**(6,272,027)**	**83,010**	**(2,889)**	**(2,026,110)**
Loss after income tax expense for the year		–	(1,365,347)	–	–	(1,365,347)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		–	–	–	11,187	11,187
Total comprehensive loss for the year		**–**	**(1,365,347)**	**–**	**11,187**	**(1,354,160)**
Transaction with owners in their capacity as owners:						
Options issued	17	–	–	9,364	–	9,364
Shares issued, net of transaction costs	16	7,119,325	–		–	7,119,325
Balance at 30 June 2016		**11,285,121**	**(7,637,374)**	**92,374**	**8,298**	**3,748,419**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		3,498,648	3,657,153
Payments to suppliers and employees		(5,659,074)	(3,909,059)
Interest paid		(15,660)	(13,000)
Interest received		18,872	1,902
Net cash flow used in operating activities	24	**(2,157,215)**	**(263,004)**
Cash flows from investing activities			
Payment for website development		(585,168)	(1,045,633)
Receipt of research and development claim		433,403	495,943
Payment for property, plant and equipment		(53,130)	(1,810)
Payment for acquisition of business	6	(143,409)	–
Net cash flow used in investing activities		**(348,304)**	**(551,500)**
Cash flows from financing activities			
Repayment of borrowings		(150,123)	(6,300)
Proceeds from issue of shares		5,006,630	175,077
Payments for equity raising costs		(457,894)	(11,557)
Proceeds from issue of convertible notes		250,000	700,000
Net cash flow from financing activities		**4,648,613**	**857,220**
Net increase in cash and cash equivalents		2,143,095	42,716
Cash and cash equivalents at the beginning of the financial period		128,813	86,097
Cash and cash equivalents at the end of the financial period	8	**2,271,908**	**128,813**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

Note 1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. General Information

The financial report covers Real Estate Investar Group Limited ('the parent entity") and the entities it controlled. (the "**Consolidated Group**", the "**Group**" or "**Consolidated Entity**"). The financial report is presented in Australian dollars, which is Real Estate Investar Group Limited's functional and presentation currency.

The financial report consists of the consolidated financial statements, notes to the consolidated financial statements and the directors' declaration.

Real Estate Investar Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The address of the registered office is:	The address of the principal place of business is:
Level 6 330 Collins St Melbourne, Victoria 3000	40 Commercial Drive Ashmore Qld 4214

The financial report was authorised for issue, in accordance with a resolution of directors, on 29th September 2016. The directors have the power to amend and reissue the financial report.

B. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities and the *Corporations Act 2001*. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

The consolidated group has incurred a loss after tax of $1,365,347 (2015: $2,094,189) and had net cash outflows of $2,157,215 (2015: $263,004) from operations. At 30 June 2016, current assets exceeded current liabilities by $1,133,831. Included in current liabilities is income in advance of $738,077 and included in current assets is prepayments of $166,216. Excluding these items, current assets exceeds current liabilities by $1,705,692.

The Board is of the view that the going concern basis is appropriate for the following reasons:

> The Group achieved the IPO milestone, resulting in a strengthened financial position.

> The business has put in place staffing to execute the initial growth strategy outlined in the IPO and continues to recruit expertise to drive property sale transaction revenue.

> Successfully acquired the business of The Property Factory Ltd in New Zealand that delivers significant intellectual property that will continue to enable the consolidated group to accelerate the growth of transactional services (property sales) in both NZ and Australia and to utilise this intellectual property to replicate similar sales models in our larger Australian market.

> Successfully expanded the Domain partnerships on content and promotion of the Group to the Domain audience along with the broader Fairfax network.

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Note 1. Statement of Significant Accounting Policies (continued)

C. New, revised or amending Australian Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These did not have a material impact on the financial report.

D. Basis of Consolidation

These consolidated financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Subsidiaries are entities over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

E. Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

F. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

G. Revenue

Subscription revenue

Revenue is recognised at the fair value of the consideration received or receivable, and is recognised on a deferred basis over the period which the services are provided to the customer.

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Property transaction revenue

Property commission fees are recognised when the agreement to sell the property, or any part of it, becomes unconditional and binding on the purchaser. 50% of the commissions are payable on the contracts becoming unconditional and 50% on the settlement of the contract. Based on historical data, management estimate all unconditional contracts to have a high probability of settlement (see note 1X), thus recognise 100% of the commissions once the contracts are unconditional based on no further services needing to be performed.

Interest revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

H. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

I. Impairment Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

J. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

K. Trade and Other Receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

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Note 1. Statement of Significant Accounting Policies (continued)

L. Accrued Income

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises accrued income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

There are 2 main sources of accrued income

> subscriptions revenue: recognised on a deferred basis over the period that the service is delivered.

> property commission fees: recognised when the agreement to sell the property, or any part of it, becomes unconditional and binding on the purchaser.

M. Property, Plant and Equipment

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life, as follows:

> office equipment: 3–6 years

> leasehold Improvements: 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

N. Intangible Assets

Website

Costs incurred in acquiring and developing the website that will contribute to future financial period benefits through revenue recognition and/or cost reduction are capitalised to intangible assets. These intangible assets have finite lives and are subject to amortisation on a straight-line basis over 5 years.

Costs incurred on development, relating to the design and testing of new or improved services, are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including cost of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure that does not meet this criteria is expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as an intangible asset and are amortised from the point at which the asset is ready for use.

Acquired intangible assets

Intangible assets (customer lists) acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see 'Business Combination').

All intangible assets are subsequently accounted for under the cost model, whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in 'Impairment' above.

The following useful lives are applied:

> website: 5 years

> customer lists: 4 years

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O. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and typically have 30 day payment terms.

P. Borrowings

Convertible notes can be settled, at the option of the noteholder, by making a cash payment to the noteholder or by the issue of shares. The liability and embedded derivative components of the convertible note are initially measured at fair value and are subsequently measured at fair value through profit or loss at the end of each reporting period.

Q. Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

R. Share Based Payments

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). The following plan is currently in place to provide these benefits:

> The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) provides benefits to senior executives, and employees.

The fair value of options granted under the Real Estate Investar Limited Employee Share Option Plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuator using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Group ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

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Note 1. Statement of Significant Accounting Policies (continued)

R. Share Based Payments (continued)

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

S. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

T. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

U. Foreign currency translation

The financial report is presented in Australian dollars, which is Real Estate Investar Group Limited's functional and presentational currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period.

All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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V. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Option Plan that are treated as in-substance options.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted earnings per share does not assume the conversion of potential ordinary shares that have an antidilutive effect on earnings per share.

W. Fair Value measurement

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

X. Use of estimates and judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 1. Statement of Significant Accounting Policies (continued)

X. Use of estimates and judgements (continued)

Revenue Recognition – Property Sale Commissions

There is judgment involved in determining the probability of settlement of the unconditional property sales. Since the Group uses standard terms for its property sales, and its property sales are focused on two geographical locations (Auckland and Christchurch), management considers its property sales portfolio to be homogenous populations and estimates the probability of settlement of the unconditional property sales based upon historical data for all property sales, which is considered reliable evidence supporting this judgment. The Group maintains data which demonstrates that unconditional property sales have a high probability of settlement and does not change significantly period by period, thus the Group believes that historical data is a relatively accurate proxy for future trends and circumstances.

Recognition of Deferred Tax Assets

Deferred tax assets of $1,630,482 (2015: $1,019,349), comprising of tax losses of $1,278,804 (2015: $790,941) and temporary differences of $351,678 (2015: $228,408), have not been recognised as an asset on the basis that it is not expected that sufficient taxable income will be generated within the next twelve months to utilise the losses or to offset the temporary differences.

At the point where it is more certain that sufficient taxable income will be generated to utilise the losses and to offset the temporary differences, the deferred tax asset will be recognised as an asset.

Impairment review

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluation conditions specific to the consolidated Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value in use calculations, which incorporate a number of key estimates and assumptions.

Y. Change of accounting policy

During the year there have been no changes of accounting policy.

Z. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial period.

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AA. New Accounting Standards issued by not yet effective:

A number of new standards and amendments to standards have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Group. The Group's assessment of the impact is set out below.

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
AASB 9 Financial Instruments	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010). AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.
AASB 15 Revenue from Contracts with Customers	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 applies to the Group for the year ended 30 June 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.
AASB 16 Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. AASB 16 applies to the Group for the year ended 30 June 2019.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

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Note 2. Segment Reporting

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board.

Accordingly, management currently identifies the consolidated entity as having the following operating segments:

Reportable Segments	Operation
Subscriptions	Online subscription services offering tools, resources and news services to property investors to assist in the identification, analysis, acquisition, tracking and accounting of residential investment property.
Transaction Services	Casual non-subscription services provided to members via a paid marketing referral model with accredited partners, including real estate transaction services, finance and mortgage brokerage, insurance brokerage, accounting and SMSF services, financial and estate planning, depreciation reports, and courses and education.
Property	Facilitating sales of newly built and off-the-plan properties from developers or project marketers to investors.

	Reportable Segments							
	Subscriptions		Transaction Services		Property		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Segment Revenue – from external customers	3,286,297	3,447,245	410,363	451,541	1,600,471	124,019	5,297,131	4,022,805
Gross Profit	**1,052,227**	**1,370,028**	**393,688**	**391,455**	**1,040,036**	**124,019**	**2,485,951**	**1,885,502**
Other segment information								
Interest income	30,447	994	–	–	–	–	30,447	994
Interest expense	(64,646)	(38,000)	–	–	–	–	(64,646)	(38,000)
Depreciation and amortisation	(413,314)	(294,999)	–	–	(3,095)	–	(416,409)	(294,999)
Impairment	–	–	–	–	–	–	–	–
Assets								
Segment assets	2,470,636	2,284,827	230,929	128,703	1,978,749	–	4,680,314	2,413,530
Unallocated Assets:								
Cash and cash equivalents							2,271,908	128,813
Deferred tax asset							100,727	119,014
Total Assets							**7,052,949**	**2,661,357**
Additions to non-current assets (other than financial assets and deferred tax)	350,882	672,805	–	–	49,077	–	399,959	672,805

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	Reportable Segments						Total	
	Subscriptions		Transaction Services		Property			
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Liabilities								
Segment liabilities	1,878,216	3,856,378	–	–	1,014,980	–	2,893,197	3,856,378
Unallocated Liabilities:								
Current tax liabilities							69,876	–
Deferred tax liability							100,727	119,014
Borrowings							240,730	712,075
Total Liabilities							**3,304,530**	**4,687,467**

The reconciliation of Gross Profit to loss before income tax is as follows:

	Consolidated Entity	
	2016 $	2015 $
Gross Profit	**2,485,951**	**1,885,502**
Operating Expenses	(3,330,814)	(2,658,843)
Depreciation	(35,205)	(16,812)
Amortisation	(381,204)	(278,187)
Interest income	30,447	994
Interest expense	(64,646)	(38,000)
Loss before income tax	**(1,295,471)**	**(1,105,346)**

	Revenues from external customers		Non-current assets[1]	
Geographic location	2016 $	2015 $	2016 $	2015 $
Australia	3,627,257	3,895,882	1,638,668	1,701,116
New Zealand	1,669,874	126,923	45,870	-
Total	**5,297,131**	**4,022,805**	**1,684,538**	**1,701,116**

1 These non-current assets exclude financial instruments and deferred tax assets.

Major customers

During 2016, no single customer accounted for greater than 10% of the Group's revenue.

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Note 3. Revenue and Other Income

Revenue and other income	Note	2016 $	2015 $
Revenue			
Subscriptions		3,286,297	3,447,245
Transaction services		410,363	451,541
Property and other income		1,206,954	124,019
Total revenue		**4,903,614**	**4,022,805**
Other income			
Gain on acquisition of business	6	393,517	–
		5,297,131	**4,022,805**

Note 4. Income Tax

Income tax	2016 $	2015 $
Current tax expense		
Current tax expense	412,504	285,023
Total current income tax expense	**412,504**	**285,023**
Deferred tax expense		
Origination and reversal of temporary differences	91,812	(65,699)
Derecognition of deferred tax asset	(574,192)	(1,019,249)
Underprovision of tax in prior years	–	(188,918)
Deferred tax expense	**(482,380)**	**(1,273,866)**
Total income tax expense in profit or loss	**(69,876)**	**(988,843)**
Reconciliation of the effective tax rate		
Loss from continuing operations before income tax expense	(1,295,471)	(1,105,346)
Tax at the Australian tax rate of 30% (2015: 30%)	388,641	331,604
Non-deductible expenses:		
> Expenses included in the R & D rebate	–	(49,654)
> Amortisation of website costs included in the R & D rebate	–	(82,989)
> Other	(4,355)	(1,981)
Non-assessable income R & D rebate	–	22,344
Derecognition of deferred tax asset	(574,192)	(1,019,249)
Gain on Acquisition	118,054	–
Under Provision Prior Year	–	(188,918)
Effect of tax rates in foreign jurisdictions	1,974	–
Income tax expense at effective tax rate of 30% (2015: 30%)	**(69,876)**	**(988,843)**

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Income tax	2016 $	2015 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in the consolidated statement of financial position for the following items:		
Unused tax losses	4,262,680	2,636,138
Deductible temporary differences	1,172,260	761,358
	5,434,940	**3,397,496**
Potential benefit at 30%	1,630,482	1,019,349

The deferred tax asset has been derecognised until the Group can demonstrate generation of sufficient taxable income to utilise the losses or to offset the temporary differences. At the point where it is more certain that sufficient taxable income will be generated to utilise the losses and to offset the temporary differences, the deferred tax asset will be recognised as an asset. There is no expiry date on the future deductibility of the unused tax losses.

Note 5. Earnings Per Share

Both the calculation of the basic and the diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares.

Earnings per share		2016 $	2015 $
Profit/(Loss) attributable to ordinary shareholders		(1,365,347)	(2,094,189)
Weighted average number of ordinary shares used in basic and diluted earnings per share		65,253,974	39,905,124[1]
Earnings per share	**(Cents)**	**(2.09)**	**(5.25)**

1 The weighted average number of ordinary shares has been updated to reflect the consolidation on the 9th Nov 2015 on the basis of 1 to 2 shares.

Note 6. Acquisition of a Business

On 1 April 2016, the Group acquired the business of The Property Factory Ltd for NZ$550,000.

At reporting date $143,409 (NZ$150,000) of the total consideration had been paid for the acquisition of the business of The Property Factory Ltd. The remaining NZ$400,000 was paid on 6th July 2016.

For the 3-months to 30 June 2016, The Property Factory Ltd contributed revenue of $1,109,524 and profit of $433,598 to the Group's results. If the acquisition had occurred on 1 July 2015, management estimates that the consolidated revenue would have been $1,850,000 higher and consolidated loss for the year would have been $640,000 less. In determining these amounts, management has assumed that the fair values at the date of acquisition would be the same if the acquisition had occurred on 1 July 2015.

A. Consideration transferred

The following table summarises the fair value of the consideration transferred/payable at acquisition date, 1st April 2016.

	AUD $	NZD $
Cash	**495,130**	**550,000**

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Note 6. Acquisition of a Business (continued)

B. Acquisition-related costs

The Group incurred acquisition-related costs of $7,747 on travel, legal fees and due diligence costs. These costs have been included in 'other expenses'.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	AUD $	NZD $
Trade receivables	822,784	913,965
Other assets	13,504	15,000
Plant and equipment	21,513	23,897
Intangible assets	23,431	26,028
Total identifiable net assets acquired	**881,232**	**978,890**

Measurement of fair values

Management have measured the assets acquired at fair value.

The trade receivables comprise gross contractual amounts of NZ$913,965, which are expected to be fully collectible as at the date of acquisition.

The fair values of the acquired intangible assets have been measured provisionally. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

D. Gain on purchase

The gain arising from the acquisition has been recognised as follows:

	AUD $	NZD $
Consideration transferred/Payable	495,130	550,000
Fair value of identifiable net assets	881,232	978,890
Gain on acquisition	**386,102**	**428,890**

The favourable terms of the business and asset sale agreement which has led to the gain on acquisition, is mainly attributable to the Director of The Property Factory Ltd gaining employment with Real Estate Investar as a condition of the contract.

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Note 7. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd and its related practices:

Remuneration of auditors	2016 $	2015 $
Audit services		
Audit or review of the financial statements	73,281	29,371
Other services – BDO Audit Pty Ltd		
Tax compliance	5,800	970
IPO related services	58,408	6,000
	137,489	**30,341**

Note 8. Cash and Cash Equivalents

Cash and cash equivalents	2016 $	2015 $
Cash at bank and in hand	215,258	125,042
Call deposits	2,056,650	3,771
	2,271,908	**128,813**

Cash at bank and in hand are non-interest bearing. Deposits at call bear floating interest rates between 1.45% and 0.95% (2015: 2.40% and 1.45%).

Note 9. Trade and Other Receivables

Trade and other receivables	2016 $	2015 $
Current		
Trade and other receivables		
Trade receivables	939,612	126,183
Provision for doubtful debts	(30,000)	–
	909,612	**126,183**
Prepayments	166,216	114,236
	1,075,828	**240,419**
Accrued income		
Research and development claim	288,842	449,121
Subscriptions	15,613	2,883
Transaction services	22,743	2,521
Property transactions	650,164	–
	977,362	**454,525**
Non Current		
Other debtors	14,700	17,470
Loan – South Mapleton Pty Ltd	331,575	–
	346,275	**17,470**
Accrued income – Property sales commissions	596,313	–

The South Mapleton Pty Ltd loan is repayable in full on or before 31 March 2018 and is identified and reported as a related party transaction. Refer to Note 26 for further details.

Doubtful debts	2016 $	2015 $
Movement in Provision for Doubtful Debts		
Opening balance	–	–
Provisions for doubtful receivables	30,000	–
Closing balance	**30,000**	**–**

Trade receivables that are past due have been impaired. Trade receivables that are neither past due nor impaired relate mainly to property developers in New Zealand that have a history of completing property developments.

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Note 10. Property, Plant and Equipment

Property, plant and equipment	2016 $	2015 $
Office equipment	174,862	139,577
Less: Accumulated depreciation	(87,592)	(99,689)
	87,270	**39,888**
Leasehold improvements	6,780	5,502
Less: Accumulated depreciation	(5,369)	(211)
	1,411	**5,291**
Total Property, plant and equipment	**88,681**	**45,179**

Movements in property, plant and equipment:

2016	Office Equipment $	Leasehold Improvement $	Total $
Carrying amount at beginning of financial year	39,888	5,291	45,179
Additions	54,622	1,278	55,900
Acquisitions through business combinations	22,848	–	22,848
Disposals	–	0	–
Depreciation expense	(30,047)	(5,158)	(35,205)
Foreign exchange translation difference	(41)	–	(41)
Carrying amount at end of financial year	**87,270**	**1,411**	**88,681**

2015	Office Equipment $	Leasehold Improvement $	Total $
Carrying amount at beginning of financial year	54,767	5,414	60,181
Additions	1,810	–	1,810
Acquisitions through business combinations	–	–	–
Disposals	–	–	–
Depreciation expense	(16,689)	(123)	(16,812)
Carrying amount at end of financial year	**39,888**	**5,291**	**45,179**

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Note 11. Intangible Assets

Intangible assets	2016 $	2015 $
Website at cost	2,383,191	2,086,865
Less: Accumulated amortisation	(810,021)	(430,928)
	1,573,170	**1,655,937**
Contracts Database	24,884	–
Less: Accumulated amortisation	(2,198)	–
	22,686	**–**
Total intangible assets	**1,595,856**	**1,655,937**

Movements in intangible assets:

2016	Website Platform $	Trademarks $	Contracts database $	Total $
Carrying amount at beginning of period	1,655,937	–	–	1,655,937
Additions	585,169	–	–	585,169
Acquisitions through business combinations	–	–	24,884	24,884
R & D Rebate	(288,842)	–	–	(288,842)
Amortisation expense	(379,094)	–	(2,109)	(381,203)
Foreign exchange translation difference	–	–	(89)	(89)
Carrying amount at end of period	**1,573,170**	**–**	**22,686**	**1,595,856**

2015	Website at cost $	Trademarks $	Contracts database $	Total $
Carrying amount at beginning of period	1,263,129	–	–	1,263,129
Additions	1,045,635	–	–	1,045,635
Acquisitions through business combinations	–	–	–	–
R & D Rebate	(374,640)	–	–	(374,640)
Amortisation expense	(278,187)	–	–	(278,187)
Carrying amount at end of period	**1,655,937**	**–**	**–**	**1,655,937**

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Note 12. Deferred Tax Assets

Deferred tax assets	2016 $	2015 $
Deferred tax assets comprise temporary differences attributable to:		
Income in advance	221,423	290,913
Tax Loss	1,278,804	790,941
Provision for Doubtful Debts	9,000	–
Provision for Superannuation	14,912	17,200
Accrued Leave entitlements	41,942	33,607
IPO Costs	45,933	–
Capital Raising Costs	109,895	–
Other	9,300	5,702
	1,731,209	**1,138,363**
Deferred tax assets not recognised	(1,630,482)	(1,019,349)
Deferred tax assets recognised	**100,727**	**119,014**

2016	1 Jul 15 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 16 $
Other	119,014	–	–	(18,287)	100,727
	119,014	**–**	**–**	**(18,287)**	**100,727**

2015	1 Jul 14 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 15 $
Other	1,117,533	–	–	(998,519)	119,014
	1,117,533	**–**	**–**	**(998,519)**	**119,014**

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Note 13. Trade and Other Payables

Trade and other payables	2016 $	2015 $
Current		
Trade creditors	775,009	2,106,330
Accruals	841,663	331,346
Income in advance	738,077	969,709
GST and other statutory liabilities	122,287	182,022
Other payables	6,527	45,626
Balance due for The Property Factory acquisition	382,424	–
ATO	–	99,962
Prepaid Service fees	–	106,329
	2,865,987	**3,841,324**

On the 10th of December 2015, the amount of $1,484,955 payable to Australian Property Monitors Pty Ltd was settled by issue of shares of $1,250,000 in Real Estate Investar Group Limited and $234,955 was settled by the issue of convertible notes as per the Equity Participation Agreement. Refer to note 14 for further information.

Trade creditors are unsecured and are normally settled within 30 to 60 days.

Note 14. Borrowings

Borrowings	2016 $	2015 $
Current		
Finance Lease	5,775	6,300
Convertible notes	234,955	700,000
	240,730	**706,300**
Non Current		
Finance Lease	–	5,775
	240,730	**712,075**

On the 10th of December 2015, the amount of $950,000 convertible notes were converted and shares issued. $700,000 were for notes prior to financial year and $250,000 was for convertible notes issued and converted in the period.

Real Estate Investar Group Limited issued $234,955 of convertible notes as part of the settlement of a payable to Australian Property Monitors Pty Ltd under the Equity Participation Agreement. This facility is on an unsecured basis and has interest payable at 5% per annum.

The convertible notes have a maturity date of the 10 December 2016 or any earlier date on which the Principal Amount of the Note is required to be repaid.

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Note 15. Deferred Tax Liabilities

Deferred tax liabilities	2016 $	2015 $
Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised in profit or loss		
Website development costs	100,727	119,014
Accrued Income	–	–
	100,727	**119,014**

2016	1 Jul 15 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 16 $
Website development costs	119,014	–	–	(18,287)	100,727
Accrued Income	–	–	–	–	–
	119,014	**–**	**–**	**(18,287)**	**100,727**

2015	1 Jul 14 $	Recognised directly in equity $	Recognised in business combination $	Recognised in Profit & Loss $	30 Jun 15 $
Website development costs	119,014	–	–	–	119,014
Accrued Income	9,680	–	–	(9,680)	–
	128,694	**–**	**–**	**(9,680)**	**119,014**

Note 16. Contributed Equity

Contributed equity	2016 $	2015 $
Ordinary shares – fully paid	11,960,581	4,383,362
Equity raising costs	(675,460)	(217,566)
	11,285,121	**4,165,796**

The share capital of the consolidated group consists only of fully paid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Real Estate Investar Group.

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Note 16. Contributed Equity (continued)

Movement in ordinary share capital:

Movement in ordinary share capital:	Shares 2016	Shares 2015	2016 $	2015 $
Balance at 1 July	80,542,605	79,477,938	4,165,796	4,002,196
Issue of ordinary shares Jul to Sep	66,360	1,074,667	6,636	178,400
Share buyback Mar 2015	–	(10,000)	–	(3,000)
Share consolidation 1 for 2 Oct 15	(40,304,466)	–	–	–
Issue of shares on exercise of options Nov 15	2,000,000	–	320,000	–
Issue of shares IPO Dec 15	25,000,000	–	5,000,000	–
Issue of shares to APM Dec 15	10,576,125	–	1,250,000	–
Issue of shares to Convertible Note Holders Dec 15	6,613,980	–	950,000	–
Interest payable to Convertible Note Holders	–	–	50,589	–
Capital raising costs	–	–	(457,900)	(11,800)
Total contributed equity at 30 June	**84,494,604**	**80,542,605**	**11,285,121**	**4,165,796**

Note 17. Share Based Payments

Director Options

The Company granted 3 million share options to the Directors upon the ASX listing on 10 December 2015. These Options do not vest until 31 December 2017.

The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued Share for each Option held. The Options have been granted for nil consideration and have an exercise price $0.20 per Option. The Options are exercisable after 31 December 2017 and lapse on 31 December 2020.

The options do not carry any dividend or voting rights.

Employee Share Option Plan

The Real Estate Investar Group Limited Employee Share Option Plan (ESOP) was approved on 13th November 2015 and gives all staff the opportunity to participate in the plan. Options vest 2 years after grant date if the staff member is still employed by The Real Estate Investar Group Limited.

The company granted 1,450,000 share options to employees under the ESOP to eligible employees.

The options have been issued on the following terms. Each holder is entitled to acquire 1 newly issued Share for each Option held. The Options have been granted for nil consideration and have an exercise price $0.20 per Option. The Options are exercisable after 27 April 2018 and lapse on 27 April 2021.

The options do not carry any dividend or voting rights.

Share based payment expense for options	2016 $	2015 $
Share-based payment expense recognised during the financial year:		
Options issued – employees	579	–
Options issued – directors	8,785	–
	9,364	**–**

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30 June 2016

Grant Date	Exercise Price	Balance at beginning of year	Granted during the year	Consolidation	Exercised during the year	Exercisable at end of year	Outstanding at end of year
30 Sep 2011	$0.16c*	4,000,000	–	(2,000,000)	(2,000,000)	–	–
10 Dec 2015	$0.20c	–	3,000,000	–	–	–	3,000,000
28 Apr 2016	$0.20c	–	1,450,000	–	–	–	1,450,000
		4,000,000	**4,450,000**	**(2,000,000)**	**(2,000,000)**	**–**	**4,450,000**

*Changed from prior year due to consolidation of shares

The weighted average remaining contractual life of share options outstanding at 30 June 2016 is $0.20.

30 June 2015

Grant Date	Exercise Price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Exercisable at end of year	Outstanding at end of year
30 Sep 2011	$0.08c	4,000,000	–	–	–	4,000,000	4,000,000
		4,000,000	**–**	**–**	**–**	**4,000,000**	**4,000,000**

The weighted average remaining contractual life of share options outstanding at 30 June 2015 was $0.08.

Options exercised

Under the South Mapleton Pty Ltd subscription agreement and the South Mapleton Pty Ltd Loan Agreement 2,000,000 shares (pre share consolidation 4,000,000 shares) were exercised on 13 November 2015. Refer to Note 26 for further details.

Fair value of options granted

The fair value at grant date was determined using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, vesting and performance criteria, the impact of dilution, the fact that the options are not tradeable. The volatility calculations were provided by an external advisor.

The inputs used for the Black-Scholes option pricing model for options granted during the year ended 30 June 2016 were as follows:

> **grant date: 10 Dec 15**

> options are granted for nil consideration, have a 3 year life and are exercisable after 2 years

> share price at grant date: $0.20

> exercise price: $0.20

> expected volatility: 70%

> expected dividend yield: 0%

> risk free rate: 2%

> **grant date: 28 Apr 16**

> options are granted for nil consideration, have a 3 year life and are exercisable after 2 years

> share price at grant date: $0.06

> exercise price: $0.20

> expected volatility: 50%

> expected dividend yield: 0%

> risk free rate: 2%

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Note 18. Capital Risk Management

The Board's policy is to maintain a strong base so to maintain investor, creditor and market confidence and to sustain future development of the business. The Group does not establish a return on capital. Capital management requires the maintenance of strong cash balance to support on going website development and growth of the business.

Note 19. Reserves

Nature and purpose of reserves

The share based payment reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The foreign currency translation reserve arises as a result of translating financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect rate at the last measurement date.

Note 20. Subsidiaries

Parent entity and subsidiaries

The parent entity of the group is Real Estate Investar Group Limited. The group's subsidiaries are as follows:

		Ownership interest held by the group	
Subsidiary Name	Place of incorporation	2016 %	2015 %
Real Estate Investar Australia Pty Ltd	Australia	100	100
Real Estate Investar Accounting Services Pty Ltd	Australia	100	100
Property Investor Mortgages Pty Ltd [1]	Australia	100	50
Winning Home Loans Pty Ltd [2]	Australia	–	100
Property Investor Developments Pty Ltd	Australia	100	100
Company Number 355 Pty Ltd	Australia	100	100
Real Estate Investar Holdings Pty Ltd	Australia	100	100
Real Estate Investar Ltd	New Zealand	100	100
0953117 B.C. Ltd	Canada	100	100

1 The group exercised its contractual option to buy back the 50% interest in Property Investor Mortgages Pty Ltd. On the 26 February 2016 the group entered into a Deed of Termination agreement and brought back the 50% interest. The effect of this buy back is not material to the financial report.

2 Winning Home Loans Pty Ltd was deregistered on the 30 June 2016 as this entity had not traded and was not required based on future growth plans. The effect of the deregistration of the company is not material to the financial report.

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Note 21. Parent Entity Information

The following information relates to the parent entity, Real Estate Investar Group Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

Real Estate Investar Group Ltd – Statement of Financial Position	2016 $	2015 $
Financial position		
Current assets	2,487,653	72,914
Non-current assets	6,903,967	3,188,012
Total assets	**9,391,620**	**3,260,926**
Current liabilities	404,906	172,652
Non-current liabilities	–	700,000
Total liabilities	**404,906**	**872,652**
Net assets	**8,986,714**	**2,388,274**
Shareholders' equity		
Issued capital	11,285,121	4,165,790
Accumulated loss	(2,390,781)	(1,860,526)
Reserves	92,374	83,010
Total equity	**8,986,714**	**2,388,274**

Comprehensive Income/(Loss) for the year	2016 $	2015 $
Profit/(loss) for the year	(530,255)	(135,183)
Total comprehensive income/(loss) for the year	**(530,255)**	**(135,183)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments.

The parent entity had no capital commitments as at 30 June 2016 and 30 June 2015.

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Note 22. Financial Instruments

Financial risk management objectives

The consolidated entity's directors monitor and manage the financial risks relating to the operation of the Group. These risks include credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Group's cash at bank is deposited with Westpac Bank and ASB.

Included in trade receivables and accrued income is $746,305 and $1,246,476 respectively that is sales commissions due from property developers undertaking property developments in New Zealand. The majority of these balances are spread across five developers. The consolidated entity manages its credit risk in relation to sales commission by:

> Performing reference checks on developers to assess past credit history.

> On a monthly basis management assesses past due amounts to determine factors impacting their recoverability.

> Selecting a diversity of property developments to limit significant credit risk exposure to a single developer.

Other than this the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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The following are the contractual maturities of financial liabilities:

Maturity analysis 2016	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6–12 Months $	1–3 Years $	> 3 Years $
Trade payables	775,009	775,009	763,676	11,333	–	–
Other payables	6,527	6,527	6,527	–	–	–
Convertible notes	234,955	234,955	234,955	–	–	–
Finance leases	5,775	5,775	3,150	2,625	–	–
	1,022,266	**1,022,266**	**1,008,308**	**13,958**	**–**	**–**

Maturity analysis 2015	Carrying Value $	Contractual Cash Flow $	< 6 Months $	6–12 Months $	1–3 Years $	> 3 Years $
Trade payables	2,106,330	2,106,330	766,561	412,693	927,076	–
Other payables	45,626	45,626	45,626	–	–	–
Convertible notes	700,000	700,000	–	700,000	–	–
Borrowings	12,075	12,075	3,150	3,150	5,775	–
	2,864,031	**2,864,031**	**815,337**	**1,115,843**	**932,851**	**–**

Cash flows in the maturity analysis are not expected to occur significantly earlier, or at significantly different amounts.

The convertible notes were issued as part of the settlement of a payable to Australian Property Monitors Pty Ltd under the Equity Participation Agreement. This facility is on an unsecured basis, has interest payable at 5% per annum and has a maturity date of 10 December 2016 or any earlier date on which the Principal Amount of the Note is required to be repaid. The group has sufficient funds on hand to make this repayment when it becomes due.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has put in place a policy requiring group entities to manage their foreign exchange risk against their functional currency. The group companies are required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts.

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Note 22. Financial Instruments (continued)

Market risk (continued)

Foreign Currency Sensitivity Analysis

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in NZ dollars (NZD). The amounts shown are those translated into $AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into $AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

		Strengthening AUD +10%	Weakening AUD –10%
Assets below are currently in NZD denominations and have been translated to AUD	AUD $	Profit or loss $	Profit or loss $
30 June 2016			
Financial assets	2,136,992	1,942,720	2,374,435
Financial liabilities	1,676,830	1,524,391	1,863,144
Total Exposure	**460,162**	**418,329**	**511,291**
30 June 2015			
Financial assets	1,343	1,221	1,492
Financial liabilities	234,844	213,495	260,938
Total Exposure	**(233,502)**	**(212,274)**	**(259,446)**

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

It is the group's policy to eliminate interest rate risk over the cash flows on its long-term debt finance through the use of fixed rate instruments. The group currently has convertible notes with fixed rate interest (refer to note 14). The group holds its surplus cash in bank deposits with floating interest rates. The group analyses its interest rate exposure on an ongoing basis.

Currently there are no assets or liabilities that are materially exposed to variations in interest rate changes.

Note 23. Fair Value Measurement

There are various methods used in estimating the fair value of a financial instrument. The methods comprise:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

> Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

> Level 3 – Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Due to their short-term nature the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the consolidated statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

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Note 24. Reconciliation of Cash Flows From Operating Activities With Operating Results

Reconciliation of Cashflows from Operating Activities	2016 $	2015 $
Loss for the period	(1,365,347)	(2,094,189)
Non cash flows in operating result:		
Depreciation	416,409	294,999
Share based payments expense	9,364	–
Gain on acquisition of business	(393,517)	–
Movements in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,173,334)	(75,383)
(Increase)/decrease in prepayments	(49,214)	119,524
(Increase)/decrease in deferred tax balances	–	988,842
(Increase)/decrease in R & D tax rebate receivable	–	(74,481)
Increase/(decrease) in trade and other payables	630,056	792,564
Increase/(decrease) in income in advance	(231,632)	(214,880)
Net cash inflow/(outflow) from operating activities	**(2,157,215)**	**(263,004)**

Note 25. Employee Remuneration

Employee benefits expense

Expenses recognised for employee benefits are analysed below:

Employee benefits expense	2016 $	2015 $
Short-term employee benefits	2,266,335	2,328,172
Post employment benefits	173,510	194,671
Other long term benefits	12,157	1,890
Termination benefits	37,462	30,709
Equity-settled share-based payments	9,364	48,165
Capitalised salaries & oncosts to website	(384,485)	(595,557)
Total remuneration	**2,114,343**	**2,008,050**

Short term employee benefits include payroll on costs and employment related expenses.

Superannuation expense for the year ended 30 June 2016 amounted to $173,510 (2015: $194,671).

Share based employee remuneration

Refer to Note 17.

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Note 25. Employee Remuneration (continued)

Employee Liabilities

Liabilities recognised for employee benefits are analysed below:

Employee liabilities	2016 $	2015 $
Current		
Short-term employee benefits	290,008	251,864
Post employment benefits	45,204	48,062
Other long term benefits	14,674	–
Termination benefits	–	–
Equity-settled share-based payments	–	–
Total current employee benefits (included in Trade and Other Payables)	**349,886**	**299,926**
Non Current		
Other long term benefits	12,537	15,054
Total non current employee benefits	**12,537**	**15,054**

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months and its accrued annual leave liabilities and current accrued long service leave.

Note 26. Related Parties

Parent entity

Real Estate Investar Group Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are disclosed in Note 20.

Key management personnel compensation

Key management personnel are identified as being the directors and CEO of the Group.

KMP Compensation	2016 $	2015 $
Short-term employee benefits	387,074	595,902
Post employment benefits	19,308	38,454
Other long term benefits	–	–
Termination benefits	–	–
Equity-settled share-based payments	8,784	32,865
Total remuneration	**415,166**	**667,221**

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Key management personnel transactions

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

KMP Transactions	2016 $	2015 $
Current payables	11,000	250,510
Director fees and director consultancy fees payable	70,708	143,000
Interest payable	–	8,132
Property sales commission fees receivable	(266,852)	–
Borrowings from a director	–	200,000
	(185,144)	**601,642**

Current payables due to directors are for consultancy, licensing and director fees owing and are paid on normal commercial terms. All are non-interest bearing and unsecured.

Borrowings from a director were settled by way of share issue during the year.

Property sales commission fees are due from a director related entity for NZ property sales that are paid on normal commercial property developer contract terms.

The following balances are for amounts recognised during the reporting period as a result of transactions with related parties, excluding employee benefits which are disclosed above:

Transactions recognised the year	2016 $	2015 $
Transmit data licencing fees	132,000	170,000
Property sales commissions receivable	(266,852)	–
International portal conference fees	3,837	1,187
	(131,015)	**171,187**

The group uses the services of Transmit Data Pty Ltd, a company controlled by a director. Contract terms are based on standard business terms.

The Group entered into an agreement to provide Real Estate Agency services to South Quest Trustee Ltd, a company controlled by a director, of which $247,731 was earned in sales commissions. The contract terms are based on standard terms for Real Estate Agency services.

Property sales commission of $19,121 was received on a property sale to 5 Foot 6 Ltd, a company controlled by a director. This sale was at the market rate and the commission earned was based on the standard terms for Real Estate Agency services entered into in the Vendor contract.

The group attended a property portal conference that is promoted by Property Portal Watch Pty Ltd, a company controlled by a director.

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Note 26. Related Parties (continued)

Key management personnel transactions (continued)

Loans to directors

KMP Loan	2016 $	2015 $
South Mapleton Pty Ltd Loan Agreement		
Principal component of loan	320,000	–
Accrued interest	11,575	–
Balance outstanding at the end of the year	**331,575**	**–**

On 30 September 2011 Real Estate Investar Group Ltd entered into a subscription agreement with South Mapleton Pty Ltd, a company owned and controlled by Mr Clint Greaves. The subscription agreement provided South Mapleton Pty Ltd the option to subscribe for 4,000,000 shares at a price of $0.08 each on the 30 September 2016.

Following Real Estate Investar Group Ltd's 1:2 share consolidation in October 2015, the subscription agreement was varied to 2,000,000 shares at a price of $0.16 each to reflect the share consolidation.

The subscription agreement was again varied, updating the subscription date to the earlier date of 13 November 2015 and on that date Real Estate Investar Group Ltd issued 2,000,000 shares to South Mapleton Pty Ltd for an aggregate subscription price of $320,000. The subscription price was funded by way of a loan provided by Real Estate Investar Group Ltd to South Mapleton Pty Ltd.

The loan to South Mapleton Pty Ltd carries an interest rate of 5.65% which if unpaid at the end of each quarter is capitalised. This loan is on based on usual and customary commercial terms. The loan is repayable in full on or before 31 March 2018.

Note 27. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2016. (2015: Nil)

Note 28. Commitments

The Group leases premises under non-cancellable operating leases expiring within 1 year and office equipment under a non-cancellable operating lease for 5 years. The leases have terms which allow for annual renewal and have annual CPI escalation clauses.

The commitments below do not include any commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of Real Estate Investar Group Limited and its subsidiaries from borrowing further funds or paying dividends.

Commitments	2016 $	2015 $
> due within one year	67,780	76,251
> due after one year and within five years	4,896	–
> due after five years	–	–
	72,676	**76,251**

Note 29. Post reporting date events

There have been no events subsequent to balance date that require disclosure in the financial report.

Directors' Declaration

For the year ended 30 June 2016

The directors of the Company declare that:

1 The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

2 The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

3 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4 The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Simon Baker
Director

Date: 29th September 2016

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Real Estate Investar Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Real Estate Investar Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Real Estate Investar Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Real Estate Investar Group Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 42 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Real Estate Investar Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 29 September 2016

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Information Provided Under ASX Listing Rule 4.10

The information in this document is as at the 31 August 2016

Note 1 – Substantial shareholders

Rank	Substantial Holder	Shares Held	% of Issued Capital
1	GOLDEN MAIL PTY LTD	10,576,125	12.52%
2	HB SUPER HOLDINGS PTY LTD <HB SUPER FUND A/C>	8,255,983	9.77%
3	POHUTUKAWA PTY LTD	8,034,281	9.51%
4	LV2 PTY LTD	7,924,705	9.38%
5	SOUTH MAPLETON PTY LTD	4,675,000	5.53%

Note 2 – Classes of equity securities on issue

Equity Security Class	Ordinary Shares	Director Options	Employee Options
Number of holders	427	5	13

Note 3 – Voting rights attached to each class of equity security

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

Options holders do not have voting rights.

Note 4 – Distribution schedule in each class of equity securities

Range	Total Holders	Units	% of Issued Capital
1–1,000	2	7	0.00%
1,001–5,000	31	152,714	0.18%
5,001–10,000	44	397,855	0.47%
10,001–100,000	264	12,762,032	15.10%
100,001–9,999,999,999	86	71,181,996	84.24%
Totals	**427**	**84,494,604**	**100.00%**

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Note 5 – Unmarketable parcels

The number of holders holding less than a marketable parcel of the Company's main class of securities (fully paid ordinary shares) based on the closing market price as at 31 August 2016.

	Unmarketable		
	Holders	Units	UMP %
Minimum $500.00 parcel at $0.04 per share	81	591,414	0.70%

Note 6 – Top 20 shareholders

The 20 largest holders of ordinary shares and the number of ordinary shares and the percentage of capital held by each are as follows:

Rank	Name	Shares Held	% Held
1	GOLDEN MAIL PTY LTD	10,576,125	12.52%
2	HB SUPER HOLDINGS PTY LTD <HB SUPER FUND A/C>	8,255,983	9.77%
3	POHUTUKAWA PTY LTD	8,034,281	9.51%
4	LV2 PTY LTD	7,924,705	9.38%
5	SOUTH MAPLETON PTY LTD	4,675,000	5.53%
6	DISRUPTIVE INVESTMENT GROUP LIMITED	3,192,386	3.78%
7	CAVIH NO 4 LIMITED	2,857,143	3.38%
8	VLAD BARBALICH	1,680,929	1.99%
9	MIRRABOOKA INVESTMENTS LIMITED	1,400,000	1.66%
10	VENTRE TRUSTEE LTD	1,199,992	1.42%
11	CITICORP NOMINEES PTY LIMITED	1,050,000	1.24%
12	CAV INVESTMENTS HOLDINGS HK 2 LIMITED	1,002,650	1.19%
13	PERFECTRIDE LTD	767,001	0.91%
14	PARRI ESTATE PTY LTD	700,307	0.83%
15	JPGP HOLDINGS PTY LTD <JPP SUPERANNUATION FUND A/C>	700,307	0.83%
16	TREVEN INVESTMENTS LIMITED	696,603	0.82%
17	MR TRISTAN GARNAUT MILLER	650,000	0.77%
18	MS GWENETH JOY MCINTYRE & MS GLENICE KAY GRONOW <GJ MCINTYRE PENSION A/C>	617,500	0.73%
19	MRS NATALIE HENDERSON	500,000	0.59%
20	MRS JOANNE LISA PLOWMAN	500,000	0.59%
		56,980,912	**67.44%**

Note 7 – Number and class of restricted securities or securities subject to voluntary escrow

	Free Float	Escrowed	Total
Fully Paid Ordinary Shares	44,526,427		44,526,427
26 Aug 2016 release		165,860	
10 Dec 2016 release		10,576,125	
10 Dec 2017 release		29,226,192	39,968,177
Total			**84,494,604**

Note 8 – Unquoted equity securities

	Holders	Units
Directors – 20c Options Vesting 31-Dec-17 Expiring 31-Dec-20	5	3,000,000
Employees – 20c Options Vesting 27-April-18 Expiring 27-April-21	13	1,450,000
Total	**18**	**4,450,000**

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Corporate Directory

ABN 39 141 276 959

Directors

Simon Baker, Non-Executive Chairman

Clinton Greaves, Managing Director & CEO

Ian Penman, Independent Non-Executive Director

Joe Hanna, Independent Non-Executive Director

Antony Catalano, Non-Executive Director

Company Secretary

Lee Mitchell

Registered Office

Level 6, 330 Collins St
Melbourne, VIC 3000

Principal Place of Business

40 Commercial Drive
Ashmore, QLD 4214

Postal Address
P O Box 4144
Ashmore, QLD 4214

Auditor

BDO Audit Pty Ltd

Bankers

Westpac (Australia)
ASB (New Zealand)

Stock Exchange Listing

Real Estate Investar Group Ltd is listed
on the Australian Securities Exchange (ASX).
ASX Code: REV

Share Registry

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