Real Estate Investar Group Ltd

Appendix 4D

Half-year information given to ASX under listing rule 4.2A

COMPANY DETAILS

Name of entity:	Real Estate Investar Group Ltd
ABN:	39 141 276 959
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2017)

	Up / down	Movement %		$
Revenues and income from ordinary activities	down	40.8%	to	1,191,031
Revenues from ordinary activities excluding interest income	down	40.5%	to	1,190,842
Net Loss for the half-year after tax from ordinary activities	down	58.2%	to	(673,401)

DIVIDEND INFORMATION

There were no dividends declared or paid during the period.

NET TANGIBLE ASSETS

	31 Dec 2018 Cents	30 Jun 2018 Cents	31 Dec 2017 Cents
Net tangible assets per ordinary security	(1.22)	(0.46)	0.22

CONTROL GAINED OVER ENTITIES / LOSS OF CONTROL OVER ENTITIES

Not applicable.

This information should be read in conjunction with the 2018 Annual Financial Report of Real Estate Investar Group Ltd and its controlled entities and any public announcements made in the period by Real Estate Investar Group Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half-year ended 31 December 2018.

This report is based on the consolidated financial statements for the half-year ended 31 December 2018 of Real Estate Investar Group Ltd and its controlled entities, which have been reviewed by RSM Australia Partners. The Independent Auditor's Review Report provided by RSM Australia Partners includes a paragraph on a material uncertainty related to going concern, and is included in the consolidated financial statements for the half-year ended 31 December 2018.

SIGNED

Signed SBaker

Date: 27 February 2019

Simon Baker
Chairman

REAL ESTATE INVESTAR GROUP LIMITED
ACN 141 276 959

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The directors present their report, together with the financial statements, on the consolidated entity consisting of Real Estate Investar Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Real Estate Investar Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Simon Baker

Mr Clinton Greaves

Mr Joe Hanna

Mr Ian Penman (retired 29 November 2018)

Mr Sam Plowman (appointed 29 January 2019)

Principal activities

The Real Estate Investar Group Limited is a leading prop tech company that provides investment property analysis, tracking and Software-as-a-Service (SaaS) services to Australian and New Zealand property investors.

The consolidated entity 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 monetises this base via its SaaS offering by providing members with paid memberships for advanced tools and services.

The Group is proactively looking for opportunities to leverage its assets, including its database of property investors, to secure investment in Australian and New Zealand prop tech companies.

During the financial half-year the principal activities of the consolidated entity were in the investment in development, sales and support of software and lead nurturing platforms to provide integrated solutions for property investors to generate new members and to increase the profiling of existing members, to ultimately grow revenues from the sale of SaaS subscriptions to these members.

Review of operations

During the financial half-year a strategic review of the Group's operations was conducted. This resulted in a number of key findings, namely:

- Changes in the macro economic environment placed significant downward pressure on Australian property investors. In particular the decrease in Australian home prices and the tightening of credit reduced the attractiveness of investment properties;
- The Property Transaction business unit failed to grow at an acceptable rate and was unlikely to do so in the short to medium term;
- The SaaS business unit was operating profitably on a contribution margin basis and has upside growth potential;
- The Group has developed valuable assets including its database of current and potential property investors that can be leveraged into other Australian and New Zealand prop tech businesses; and
- The Group needed to improve its financial position by retiring Domain related debt and directors’ convertible notes.

Review of operations (continued)

At the date of this report, as a result of these findings the Group has:

- Closed its Property Transaction business unit;
- Successfully completed a $1.4 million capital raise to retire debt and fund working capital;
- Focused operations on stabilising and growing the SaaS business unit;
- Restructured the management team with Joe Hanna appointed as an executive director; and
- Commenced identification of prop tech investment opportunities that leverage the Groups assets.

The loss for the consolidated entity after providing for income tax amounted to $673,401 (31 December 2017: $1,610,912).

Outlook and strategy update

The SaaS business continues to operate profitably on a stand-alone basis and the focus is now on profitable growth of SaaS revenues. Significant cost reductions have been made, particularly in data, listing feeds, and employment costs, to ensure that the SaaS offering can be delivered in a cost effective way.

The Group will continue with the process of identifying prop tech investment opportunities that leverage its assets, in particular its database of over 300,000 members.

The Directors believe that Real Estate Investar Group Limited, in conjunction with the opportunities provided by the Australian and New Zealand property investment markets and the expertise of the Board and management, now has a strong platform for future growth.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the period.

Subsequent events

The Group successfully completed a non-renounceable entitlement offer on 28 December 2018 raising $1,399,231, excluding costs. Cash proceeds amounting to $681,648 from the offer were received by 7 January 2019 and $717,583 in debt was converted to equity. The cash raised will be used to provide initial funding to make initial prop tech investments that leverage the existing Group assets, and for general working capital to strengthen the Group's financial position.

In January 2019 the Group completed a restructure of operations which is expected to result in significant reductions of costs in key areas, including data services and employment costs. Clint Greaves stepped down as CEO and a number of other staff changes were made to materially reduce the operating expenses of the Group. The next 12 months will see the full impact of this on operational cash flows.

On 29 January 2019, Sam Plowman was appointed to the Board as a non-executive director. Mr Plowman has extensive experience in both fin tech and prop tech and will provide guidance for the business as it grows SaaS operations and seeks to partner with new and existing prop tech companies in Australia and New Zealand.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included following this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

S Baker

Simon Baker
Chairman
27 February 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Real Estate Investar Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 February 2019
Melbourne, Victoria

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Contents

General Information

The financial report covers Real Estate Investar Group Limited as a consolidated entity consisting of Real Estate Investar Group Limited and the entities it controlled. 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 financial statements, notes to the financial statements and the directors' declaration.

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

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

The address of the registered office is:

Suite 810 Level 8
2 Queen St
Melbourne VIC 3000

The address of the principal place of business is:

Level 1
142 Bundall Road
Bundall QLD 4217

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Entity Half Year	
		2018	2017
		$	$
Revenue and Income			
Revenue		955,887	2,002,192
Other Income	5	234,955	-
Total Revenue and Other Income	2	1,190,842	2,002,192
Expenses			
Commissions		(245,976)	(724,134)
Costs of website and data		(134,768)	(564,370)
Employment expense		(715,850)	(1,067,162)
Depreciation and amortisation		(328,795)	(306,707)
Occupancy		(73,470)	(76,997)
Marketing		(59,506)	(166,766)
IT and legal		(72,018)	(81,523)
Bad debts and provision for doubtful debts		(48,186)	-
Impairment expense		-	(359,833)
Other Expenses		(155,474)	(259,471)
		(1,834,043)	(3,606,963)
Finance costs		(30,389)	(16,385)
Finance income		189	10,265
Net finance Costs		(30,200)	(6,120)
Loss before income tax expense from continuing operations		**(673,401)**	**(1,610,891)**
Income tax expense		-	(21)
Loss after income tax expense for the period		**(673,401)**	**(1,610,912)**
Other comprehensive income / (loss)			
Items that will be reclassified to profit or loss in future periods:			
Foreign currency translation differences		(18,007)	(8,692)
Total comprehensive loss for the period		**(691,408)**	**(1,619,604)**
Earnings per share		**Cents**	**Cents**
Basic and diluted loss per share (cents per share)		**(0.58)**	**(1.63)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Consolidated Entity	
	Note	31 December 2018	30 June 2018
Assets			
Current assets			
Cash and cash equivalents		43,313	107,444
Receivables	3	718,353	1,415,639
Prepayments	3	118,249	96,406
Total current assets		879,915	1,619,489
Non-current assets			
Receivables	3	91,875	78,243
Plant and equipment		22,291	32,390
Intangible assets		678,430	923,101
Total non-current assets		792,596	1,033,734
Total Assets		**1,672,511**	**2,653,223**
Liabilities			
Current liabilities			
Trade and other payables	4	1,617,011	1,759,295
Borrowings	5	650,000	334,955
Provision for employee entitlements		155,254	114,785
Total current liabilities		2,422,265	2,209,035
Non-current liabilities			
Trade and other payables	4	-	23,959
Provision for employee entitlements		-	31,543
Total non- current liabilities		-	55,502
Total Liabilities		**2,422,265**	**2,264,537**
Net (Liabilities) / Assets		**(749,754)**	**388,686**
Equity			
Contributed equity	6	12,469,579	12,469,579
Accumulated losses		(13,572,866)	(12,422,022)
Reserves		353,533	341,129
Total Equity		**(749,754)**	**388,686**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
		$	$	$	$	$
Balance at 1 July 2017		11,285,121	(9,860,124)	323,992	4,826	1,753,815
Loss after income tax expense for the half year		-	(1,610,912)	-	-	(1,610,912)
Other comprehensive income for the half year						
Exchange difference on translation of foreign operations		-	-	-	(8,692)	(8,692)
Total comprehensive loss for the half year		-	(1,610,912)	-	(8,692)	(1,619,604)
Transaction with owners in their capacity as owners:						
Options vesting		-	-	18,671	-	18,671
Shares issued, net of transaction costs		1,184,458	-	-	-	1,184,458
Balance at 31 December 2017		**12,469,579**	**(11,471,036)**	**342,663**	**(3,866)**	**1,337,340**
Balance at 1 July 2018		12,469,579	(12,422,022)	342,663	(1,534)	388,686
Adjustment for change in accounting policy	1		(477,443)		4,346	(473,097)
Balance at 1 July 2018 - restated		12,469,579	(12,899,465)	342,663	2,812	(84,411)
Loss after income tax expense for the half year		-	(673,401)	-	-	(673,401)
Other comprehensive income for the half year						
Exchange difference on translation of foreign operations		-	-	-	(18,007)	(18,007)
Total comprehensive loss for the half year		-	(673,401)	-	(18,007)	(691,408)
Transaction with owners in their capacity as owners:						
Options vesting		-	-	26,065	-	26,065
Shares issued, net of transaction costs	6	-	-	-	-	-
Balance at 31 December 2018		**12,469,579**	**(13,572,866)**	**368,728**	**(15,195)**	**(749,754)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Entity Half Year	
		2018	2017
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		923,627	2,051,457
Payments to suppliers and employees (inclusive of GST)		(1,576,164)	(3,414,724)
Income tax paid		-	(43)
Interest paid		(47,502)	(9,514)
Interest received		189	928
Net cash flow used in operating activities		**(699,850)**	**(1,371,896)**
Cash flows from investing activities			
Payment for website development		(73,379)	(89,068)
Receipt of research and development claim		159,098	160,742
Payment for property, plant and equipment		-	(813)
Net cash flow from investing activities		**85,719**	**70,861**
Cash flows from financing activities			
Proceeds from borrowings		550,000	-
Proceeds from issue of shares		-	1,284,318
Payments for equity raising costs		-	(99,860)
Net cash flow from financing activities		**550,000**	**1,184,458**
Net decrease in cash and cash equivalents		(64,131)	(116,577)
Cash and cash equivalents at the beginning of the financial period		107,444	599,823
Cash and cash equivalents at the end of the financial period		**43,313**	**483,246**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 1. Basis of Preparation of Half-Year Financial Statements

These interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Real Estate Investar Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.
AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* are applicable to the Group for the first time for the half-year.

Impact of Adoption of AASB 15

The Group performed an assessment of the impact on the consolidated financial statements of AASB 15 and concluded that the current revenue recognition policy takes account of the new standard, resulting in no changes necessary to comply with the requirements of the new standard. This is consistent with the assessment of likely impact disclosed in the Group's 30 June 2018 financial statements.

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. Financial assets are to be measured at amortised cost if it is held within a business model with an objective to hold assets to collect contractual cash flows which arise on specified dates and are solely of principal and interest. All other financial assets are to be classified and measured at fair value through profit or loss, unless the entity makes an irrevocable election on initial recognition to present gains and losses in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities, the portion of the change in fair value relating to the entity's own credit risk is to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method, unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of Adoption of AASB 9

AASB 9 was adopted using the modified restrospective approach and as such comparatives have not been restated. The application of AASB 9 has resulted in increased provisions for impairment of receivables. The Group has used an ECL method to determine an allowance for expected credit losses on trade receivables, as prescribed under AASB 9. That is, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance.

The impact of adoption on opening accumulated losses as at 1 July 2018 amounted to an increase in losses by $477,443 for an allowance for expected credit losses.

Except for the adoption of AASB 15 and AASB 9, the same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 1. Basis of Preparation of Half-Year Financial Statements (continued)

Significant Judgements

The preparation of the interim financial report required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying the consolidated entity accounting policies were the same as those applied to the annual financial report for the year ended 30 June 2018.

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 Group has incurred a loss after tax of $673,401 and had net cash outflows from operations of $699,850. At 31 December 2018, current liabilities exceeded current assets by $1,542,350.

The Group successfully completed a non-renounceable entitlement offer on 28 December 2018 raising $1,399,231, excluding costs. Cash proceeds amounting to $681,648 from the offer were received by 7 January 2019 and $717,583 in debt was converted to equity. The cash received will be used to provide initial funding to make initial prop tech investments that leverage the existing Group assets, and for general working capital to strengthen the Group's financial position.

Despite the recent capital raising, the various matters detailed above give rise to the existence of a material uncertainty that casts significant doubt on the ability of the Group to continue as a going concern.

Notwithstanding this, the Directors are satisfied that the Group will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cash flow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the Group has the ability to meet its debts as and when they fall due. The Directors believe there are sufficient funding strategies and alternatives to meet working capital requirements should the need arise including:

- The Group completed a restructure in January 2019 which is expected to result in significant reductions of costs in key areas, including data services and employment costs. The next 12 months will see the full impact of this on operational cash flows, resulting in material savings;
- The Software-as-a-Service business continues to operate profitably on a standalone basis;
- The Group has closed the loss-making Property Transaction business;
- The Directors have agreed to accept between 75% and 100% of their base directors’ fees in script in 2019 (subject to shareholder approval);
- Amounts owed to related parties include directors’ fees of $55,000 and licencing fees of $30,800. These are not required to be paid until such time as the Group has improved cash flows from trading activities; and
- The cash flows prepared by management support the going concern basis in the preparation of the financial statements without a need for a further fund raise in the next 12 months from signing, but if required, additional funds may be sought.

If for any reason the Group is unable to continue as a going concern then this could have an impact on the Group’s ability to realise assets at their recognised values and settle its liabilities in the normal course of business at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities which might be necessary should the consolidated entity not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 1. Basis of Preparation of Half-Year Financial Statements (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 2. Segment Reporting (continued)

2018 Half Year	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
	$	$	$	$
Segment Revenue - from external customers	792,068	7,028	156,791	955,887
Gross Profit	**451,636**	**7,028**	**116,479**	**575,143**
Other segment information				
Interest income	189	-	-	189
Interest expense	(29,412)	-	(977)	(30,389)
Depreciation and amortisation	(268,701)	(3,138)	(56,956)	(328,795)
Bad debts and provision for doubtful debts	18	-	(48,204)	(48,186)
Unallocated Revenue				
Debt forgiveness on the Domain Holdings Australia Ltd loan				234,955
Unallocated Expenses				
Other operating expenses				(1,076,318)
Net Loss				**(673,401)**

2018 Half Year	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
	$	$	$	$
Assets				
	686,805	13,652	928,741	1,629,198
Unallocated Assets:				
Cash and cash equivalents				43,313
Total Assets				**1,672,511**
Additions to non-current assets	73,379	-	-	73,379
Liabilities				
Segment liabilities	1,236,067	-	536,198	1,772,265
Unallocated Liabilities:				
Borrowings				650,000
Total Liabilities				**2,422,265**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 2. Segment Reporting (continued)

2017 Half Year	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
	$	$	$	$
Segment Revenue - from external customers	1,281,107	3,761	717,324	2,002,192
Gross Profit	**342,372**	**3,761**	**367,555**	**713,688**
Other segment information				
Interest income	10,265	-	-	10,265
Interest expense	(14,650)	-	(1,735)	(16,385)
Depreciation and amortisation	(195,801)	-	(110,906)	(306,707)
Unallocated Expenses				
Impairment				(359,833)
Other operating expenses				(1,651,919)
Net Loss				**(1,610,891)**

30 June 2018	Reportable Segments			
	Subscriptions	Transaction Services	Property	Total
	$	$	$	$
Assets				
Segment assets	967,939	83,187	1,494,653	2,545,779
Unallocated Assets:				
Cash and cash equivalents				107,444
Total Assets				**2,653,223**
Additions to non-current assets	89,068	-	818	89,886
Liabilities				
Segment liabilities	1,465,924	-	463,658	1,929,582
Unallocated Liabilities:				
Borrowings				334,955
Total Liabilities				**2,264,537**

Geographic location	Revenues From External Customers		Non-current Assets [1]	
	Half Year 2018	Half Year 2017	Half Year 2018	30 June 2018
	$	$	$	$
Australia	779,682	1,718,340	686,115	934,797
New Zealand	176,205	283,852	14,606	20,694
Total	**955,887**	**2,002,192**	**700,721**	**955,491**

[1] These non-current assets exclude financial instruments.

Major customers

During the half year ended 31 December 2018 and 2017, no single customer accounted for greater than 10% of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 3. Trade and Other Receivables

	Dec 2018	Jun 2018
Current	$	$
Trade and other receivables		
Trade receivables	596,813	577,553
Provision for doubtful debts	(539,608)	(73,561)
Other debtors	12,636	14,700
	69,841	518,692
Accrued income		
Research and development claim	-	159,098
Subscriptions	397	5,317
Provision for doubtful debts	(20)	-
Property transactions	707,223	732,532
Provision for doubtful debts	(59,088)	-
	648,512	896,947
Total current receivables	718,353	1,415,639
Prepayments	118,249	96,406
Total current prepayments	118,249	96,406
Non Current		
Trade and other receivables		
Other debtors	-	2,218
Loan - South Mapleton Pty Ltd	369,216	369,216
Provision for impairment	(369,216)	(369,216)
	-	2,218
Accrued income		
Property sales commissions	105,025	76,025
Provision for doubtful debts	(13,150)	-
	91,875	76,025
Total non-current receivables	91,875	78,243

The South Mapleton Pty Ltd loan relates to a loan provided to a related party. This loan was outstanding as at 31 December 2018 and accordingly a provision has been made during the reporting period to account for the full balance outstanding until such time as the loan is either repaid or its collection terms amended.

Non-current accrued income relates to property transaction commissions that are earned however the payment terms are such that they are not due for payment until property settlement which is scheduled in a future period greater than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 4. Trade and other payables

	Dec 2018	Jun 2018
Current	$	$
Trade creditors	989,380	1,005,957
Accruals	450,545	469,561
Income in advance	158,861	252,101
Other payables	18,225	31,676
	1,617,011	**1,759,295**
Non Current		
Accruals - Property Sales Commissions	-	23,959
	-	**23,959**

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

Note 5. Borrowings

	Dec 2018	Jun 2018
Current	$	$
Convertible notes (related parties)	650,000	100,000
Convertible notes	-	234,955
	650,000	334,955

The convertible notes to related parties were issued by Real Estate Investar Group Limited as an unsecured convertible note facility of $650,000 provided by entities associated with directors, Simon Baker and Joe Hanna. These convertible notes mature in May 2019 with interest on a non-cumulative coupon rate of 12% per annum. The total loan of $600,000 plus interest to CAV Investment Holdings HK Limited was settled on 7 January 2019 by issue of shortfall shares from the Entitlement Offer to the Underwriters. The total loan of $50,000 plus interest to Atherley Investments Pty Ltd was settled on 7 January 2019 by issue of shortfall shares from the Entitlement Offer to the Underwriters.

Convertible notes totalling $234,955 were issued to Australian Property Monitors Pty Ltd on 10 December 2015 and originally had 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 facility repayment or conversion date was extended by a deed of mutual agreement to 30 June 2018 and then verbally extended further subject to written agreement between Real Estate Investar Group Limited and the noteholder. A Deed of Settlement was agreed on 26 November 2018 which released and discharged Real Estate Investar Group Limited from all of its obligations under the Convertible Note subject to payment of a trade payable in the amount of $148,500 plus accrued interest on the principal amount of $234,955. The facility was on an unsecured basis and interest accrued at 5% per annum. Settlement took effect on 14 December 2018 with a payment of $148,500 plus $37,341 in interest.

Note 6. Equity securities issued

	Dec 2018	Jun 2018	Dec 2018	Jun 2018
Movement in Ordinary Share Capital:	Shares	Shares	$	$
Balance at 1 July	116,602,554	116,602,554	12,469,579	12,469,579
Balance at 31 December	116,602,554	116,602,554	12,469,579	12,469,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note 7. Contingent Liabilities

After 31 December 2018, a previous services provider to the Group issued a legal notice against the company for an outstanding balance owed to them. During the period, the company disputed the amount claimed and has held discussions with the provider to agree on a settlement. The directors are of the view that an agreement will be reached, however, at this stage are not able to predict the outcome of the negotiations or quantification of the final settlement.

Note 8. Events subsequent to the reporting period

On 29 November 2018, Real Estate Investar Group Limited announced its intention to complete a 1:1 non-renounceable entitlement offer to be offered to shareholders at an issue price of $0.012 per share. The Company issued 116,602,554 new shares relating to applications, including applications under a shortfall facility, lodged by eligible shareholders under the entitlement offer on 7 January 2019. The entitlement offer raised an amount of $681,648 in cash, with a further $717,583 in debt being converted to equity. Total capital injection, excluding costs, amounted to $1,399,231. As a result, movements in shares increase the total ordinary shares issued in Real Estate Investar Group Limited to 233,205,108.

Proceeds from the entitlement offer were received by 7 January 2019 and will be used to provide initial funding to make initial prop tech investments that leverage the existing Group assets, and for general working capital to strengthen the Group's financial position.

After 31 December 2018, a previous services provider to the Group issued a legal notice against the company for an outstanding balance owed to them as detailed in Note 7.

In January 2019, the Group completed a restructure of operations which is expected to result in significant reductions of costs in key areas, including data services and employment costs. Clint Greaves stepped down as CEO and a number of other staff changes were made to materially reduce the operating expenses of the Group. The next 12 months will see the full impact of this on operational cash flows.

On 29 January 2019 Sam Plowman was appointed to the Board as a non-executive director. Mr Plowman has extensive experience in both fin tech and prop tech and will provide guidance for the business as it grows SaaS operations and seeks to partner with new and existing prop tech companies in Australia and New Zealand.

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The directors of the Company declare that:

1 The interim 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:

(a) comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001 and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2 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.

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:

....

Director: Simon Baker

Date: 27 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

REAL ESTATE INVESTAR LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Real Estate Investar Limited which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Real Estate Investar Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

Independence

In conducting our review, 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 Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Real Estate Investar Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the consolidated entity incurred a net loss of $673,401 for the half-year ended 31 December 2018 and incurred net cash outflows from operating activities of $699,850 for the half-year ended 31 December 2018. As at 31 December 2018 the consolidated entity had net current liabilities of $1,542,350. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 28 February 2019
Melbourne, Victoria