real estate investar
invest better

29 September 2020

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000
By E-lodgement

Dear Sir/Madam

Annual Report

Attached for release is the Real Estate Investar Group Limited Annual Report for the full year ended 30 June 2020.

Yours sincerely

Lee Mitchell
Company Secretary
Real Estate Investar Group Limited

real estate investar group limited

ACN 141 276 959

ANNUAL REPORT

2020

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Chairman's letter

On behalf of the Board of Directors, management and team at the REV Group, I would like to welcome you to our FY 2020 Annual Report.

FY 2020 was a challenging year for the REV Group with growth impacted by limited investment capital, COVID-19, and the fragile Australian property market. With these challenges in mind, the REV Group focused on:

- stabilising the core SaaS business;
- running at operationally cashflow breakeven; and
- identifying and finalising a transaction within the PropTech industry that leverages the Group's core assets.

The core SaaS business was stabilised by reducing churn, growing the subscriber base, and increasing the ARPU (Average Revenue Per User)

The Company was cash flow positive for the full year and delivered $1,038,681 in revenue from ordinary activities. This was similar to FY 2019 when revenue from ordinary activities was $1,070,795.

In addition to delivering solid financial results, the Company also:

- continued to operate the SaaS business unit profitably on a stand-alone basis;
- entered key partnerships with complementary businesses which has allowed members to get access to an enhanced suite of property investor tools; and
- has enhanced its Board through the appointment of Georg Chmiel as a Director.

Most importantly, the Company has entered into a transaction that, if approved by shareholders, will see the Company transform into a leading player in the Australian/New Zealand PropTech industry.

The transaction involves the acquisition of Real Estate CRM Pty Ltd, the owner and operator of leading real estate CRM software, MyDesktop, and the next generation of CRM software, VaultRE. In addition, the Company is conducting a capital raise of approximately AUD 10.6 million, relisting on the ASX, and looking to rename as the PropTech Group Limited.

On a pro-forma basis, the combined business (Real Estate Investar, MyDesktop and VaultRE) had AUD 11.0 million revenues in FY 2019 with an EBITDA of AUD 2.9 million.

Shareholders will vote on the transaction and associated resolutions on 30 September 2020.

I would like to thank my fellow Board members, in particular Joe Hanna who has lead the team, Michael Fiorenza our CFO for his tireless work, and the rest of team at Real Estate Investar for their hard efforts in FY 2020.

Finally, I would like to thank all of our shareholders, partners and customers for their continued support throughout the year as we look to grow the business in FY 2020 and beyond.

Simon Baker

Chairman

Board of directors

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 REV in November 2010 and serves as chairman of the nomination and remuneration committee.

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.

From 2015 to 2019, Simon was the independent non-executive chairman of ASX listed Mitula Group Limited (ASX: MUA), a leading player in the global online classifieds industry. Mitula Group Limited (ASX: MUA) was successfully sold to a Japanese listed company Lifull Co Ltd (TYO: 2120) in January 2019.

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

Simon is an investor in multiple prop tech and e-commerce companies.

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

Joe Hanna
Executive Director

Joe Hanna was appointed as executive director of REV in January 2019 and prior to this, served as non-executive director from October 2015.

Joe has extensive product and technology experience within online classifieds, search and SaaS. He is a serial entrepreneur, having co-founded PredictiveMatch: a behavioral classifieds recommendation technology company, xLabs: an AI tech company delivering world leading webcam eye tracking software, and ModernSearch (Acquired by Mitula in 2010).

From 2015 to 2019, Joe served as a non-executive director of ASX listed Mitula Group Limited (ASX: MUA).

In Nov 2010 ModernSearch (a company Joe founded and grew in 2010) merged with Mitula Classifieds SL. From Nov 2010 - Oct 2012 Joe served as Mitula Classifieds South East Asia CEO and was responsible for growing presence in key South East Asian markets.

Previously Joe spent 8 years at Fairfax Media Ltd in various senior roles.

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

Sam Plowman
Independent
Non-Executive Director

Sam Plowman was appointed as a non-executive director of REV in January 2019 and serves as chairman of the audit committee.

Sam has extensive experience in the prop tech and fin tech industries. He is the former general manager of Domain and has headed up online banking at both ANZ and NAB, Sam was the CEO for Sandstone a fin tech company, and is currently the CEO at Payment Logic.

Sam is the chairman of Vertical Networks Group - the owner and operator of Artshub and Screenhub, Australia's leading Arts' new sites, and Property Portal Watch, the global leader in online real estate news and conferences.

Sam holds a Bachelor of Business with a major in Marketing from RMIT, and a Graduate Diploma in Finance from the Securities Institute of Australia.

Georg Chmiel
Independent
Non-Executive Director

Georg Chmiel was appointed as a non-executive director of REV in August 2020.

Georg has over 25 years of experience in the online media, real estate and financial services industry. Georg is Executive Chair of Juwai IQI Holdings, one of Asia's largest proptech platforms in Asia with more than 12,000 sales agents and leading portals. Previously he was Managing Director and CEO of iProperty Group (ASX:IPP), the owner of Asia's No. 1 network of property portal sites. He played a key role in finalising the sale of iProperty Group to REA Group. Prior to iProperty Group, Georg was Managing Director and CEO of LJ Hooker Group with 700 offices across 10 countries providing residential and commercial real estate as well as financial services. Before that, Georg was CFO of REA Group (ASX:REA).

Georg holds an MBA from INSEAD (France) and Diplom-Informatiker (Computer Science) Degree from TU Munich (Germany).

Georg is a CPA (USA) and a Fellow of the Australian Institute of Company Directors. Georg has over 25 years of experience in growth business, especially in the real estate and online industry. Georg is the recipient of the Asia Pacific Entrepreneurship Award in 2016 and the Top Outstanding Leaders Asia Award in 2015.

Corporate governance statement as at 30 June 2020

The Board of Directors of Real Estate Investar Group Ltd is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines (4th edition) as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

An overview of the Company's corporate governance structures and practices is published on the Company's website at *http://www.rei-group.com.au/corporate-governance*.

The 2019/2020 Corporate Governance Statement is dated as at 28 September 2020 and reflects the corporate governance practices in place throughout the reporting period. The Corporate Governance Statement was approved by the Board on 28 September 2020 and can be viewed at *http://www.rei-group.com.au/corporate-governance*.

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 2020.

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
Joe Hanna	Executive Director
Sam Plowman	Independent Non-Executive Director
Georg Chmiel	Independent Non-Executive Director (appointed 1 August 2020)

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

Company secretary

Mr Lee Mitchell BA LLM has held the position of company secretary for the year and was appointed company secretary on 31 July 2015. 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. Convergence Legal merged with Nicholson Ryan lawyers on 1 September 2018 with Mr Mitchell becoming a director.

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.

Operating results

The consolidated loss of the Group after providing for income tax amounted to $1,102,030 (2019: loss of $1,148,099).

Dividends

No dividend has been declared for the financial year ended 30 June 2020 (2019: nil).

Review of operations

During the financial year, the Group's key strategies included:

1) stabilising the business by reducing net churn, growing the subscriber base, and increasing the ARPU (Average Revenue Per User) and;

2) identifying and finalising a potential transformational transaction within the PropTech industry that can leverage the group's core assets.

During FY 2020, and particularly in the second half of the financial year, the growth of the business was impacted by COVID-19 and the fragile Australian property market

Even with these challenges, the Company was cash flow positive for the full year and delivered $1,038,681 in revenue from continuing operations. This was similar to FY 2019 when revenue from continuing operations was $1,070,795.

In addition to delivering solid financial results, the Company also:

- entered key partnerships with complementary businesses which has allowed members to get access to an enhanced suite of property investor tools; and;
- entered into a transformational transaction that positions the Company to be a leader in the Australian / New Zealand PropTech industry **("Proposed Transaction").**

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Events after the reporting period

Proposed Transaction

As per the Company's strategy to make acquisitions of PropTech companies, on 3 March 2020, the company entered into an implementation deed with Real Estate CRM Pty Ltd (RECRM) (an entity with common directors), a special purpose vehicle that had made the acquisitions of 100% of shares outstanding in Commerce Australia Pty Ltd (MyDesktop) which had been acquired from Domain Holdings Group and 100% of shares outstanding in Vault Group Pty Limited. RECRM provides Customer Relationship Management (CRM) tools to real estate agents in Australia, New Zealand, United Kingdom and Indonesia.

As a part of this process the Group will be required to issue a Notice of Meeting ("NoM") to its shareholders and call an extraordinary general meeting ("EGM"), where the shareholders will be required to vote on the proposed transaction and other resolutions which will be made available upon release of the NoM.

The NoM was released on 31 August 2020, along with the announcement of the EGM to be held 30 September 2020. The NoM and other details about the EGM (including how to vote) has been released and can be found here

Appointment of Independent non-executive director

On 1 August 2020, Georg Chmiel was appointed as an Independent non-executive director for the Group.

Future developments

Over the coming year, the Group expects continued growth in member numbers which will, ultimately drive increases in paid SaaS memberships. The Group plans to continue adding to the auxiliary partners and complementary products to expand the suite of tools that are offered to the Australian property investment community.

The focus is 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 its pursuit on searching for property technology investment opportunities to add to the current proposed transaction of Real Estate CRM Pty Ltd.

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, has a strong platform for future growth.

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.

DIRECTORS' REPORT (CONTINUED)

Director information

The following information is current 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. From 2015 to 2019, Simon was the independent non-executive Chairman of ASX listed Mitula Group Limited (ASX: MUA), a leading player in the global online classifieds industry. Mitula Group Limited (ASX: MUA) was successfully sold to a Japanese listed company Lifull Co Ltd (TYO: 2120) in January 2019. Simon was the former CEO and Managing Director of the ASX listed REA Group from 2001 through 2008. Simon was also the Chairman of ASX listed iProperty Group Limited from 2009 to 2012. Simon is a Serial Investor , and has invested in many online classifieds and e-commerce companies around the world including Vivareal, Redbubble (ASX:RBL), Mitula Group (ASX:MUA), Vertical Networks Group, Fintonic, 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 directorships	Nil	
Former Australian listed company Directorships in last 3 years	Non-executive chairman of Mitula Group Limited (ASX: MUA). Appointed 1 April 2015 and Retired 8 January 2019	
Special responsibilities	Chairman of the board Member of the audit committee Chairman of the nomination and remuneration committee	
Relevant interests in shares and options	Ordinary shares – Real Estate Investar Group Ltd	78,488,344
	Options over ordinary shares – Real Estate Investar Group Ltd	500,000
	Contractual rights to shares – Real Estate Investar Group Ltd	Nil

Joe Hanna - Executive director		
Date of appointment	1 January 2019 (previously non-executive director from 15 October 2015)	
Experience and expertise	Joe has extensive product and technology experience with online classifieds, search and SaaS. He is a serial entrepreneur, having co-founded PredictiveMatch: a behavioral classifieds recommendation technology company, xLabs: an AI tech company delivering world leading webcam eye tracking software, and ModernSearch (Acquired by Mitula in 2010). From 2015 to 2019, Joe served as a non-executive Director of ASX listed Mitula Group Limited (ASX: MUA), a leading player in the global online classifieds industry. Mitula Group Limited (ASX: MUA) was successfully sold to a Japanese listed company Lifull Co Ltd (TYO: 2120) in January 2019. In November 2010 ModernSearch (a company Joe founded and grew in 2010) merged with Mitula Classifieds SL. From Nov 2010 - Oct 2012 Joe served as Mitula Classifieds South East Asia CEO and was responsible for growing presence in key South East Asian markets, and helped shape the companies product and technology strategy Previously 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 directorships	Nil	
Former Australian listed company Directorships in last 3 years	Non-executive director of Mitula Group Limited (ASX: MUA). Appointed 1 April 2015 and Retired 8 January 2019 Non-executive chairman of Latam Autos Limited (ASX: LAA) Appointed 26 July 2019 to current; ASX De-listing on 8 May 2020	
Special responsibilities	Nil	
Relevant interests in shares and options	Ordinary shares – Real Estate Investar Group Ltd	Nil
	Options over ordinary shares – Real Estate Investar Group Ltd	4,500,000
	Contractual rights to shares – Real Estate Investar Group Ltd	Nil

Sam Plowman - Independent non-executive director		
Date of appointment	29 January 2019	
Experience and expertise	Sam has extensive experience in the prop tech and fin tech industries. He is the former General Manager of Domain, headed up online banking at both ANZ and NAB, was the CEO at fin tech company Sandstone, and is currently the CEO at Payment Logic From a corporate governance perspective, Sam is the chairman of Vertical Networks Group - the owner and operator of Artshub and Screenhub, Australia's leading Arts' new sites, and Property Portal Watch, the global leader in online real estate news and conferences. Sam holds a Bachelor of Business with a major in Marketing from RMIT, and a Graduate Diploma in Finance from the Securities Institute of Australia.	
Other current Australian listed directorships	Nil	
Former Australian listed company Directorships in last 3 years	Nil	
Special responsibilities	Chairman of the audit committee Member of the nomination and remuneration committee	
Relevant interests in shares and options	Ordinary shares – Real Estate Investar Group Ltd	Nil
	Options over ordinary shares – Real Estate Investar Group Ltd	4,000,000
	Contractual rights to shares – Real Estate Investar Group Ltd	Ni

Georg Chmiel - Independent non-executive director

Date of appointment	1 August 2020
Experience and expertise	Georg brings over 25 years of experience in the online media, real estate and financial services industry. Georg is Executive Chair of Juwai IQI Holdings, one of Asia's largest proptech platforms in Asia with more than 12,000 sales agents and leading portals. Previously he was Managing Director and CEO of iProperty Group (ASX:IPP), the owner of Asia's No. 1 network of property portal sites. He played a key role in finalising the sale of iProperty Group to REA Group. Prior to iProperty Group, Georg was Managing Director and CEO of LJ Hooker Group with 700 offices across 10 countries providing residential and commercial real estate as well as financial service. Before that, Georg was CFO of REA Group (ASX:REA). Georg holds an MBA from INSEAD (France) and Diplom-Informatiker (Computer Science) Degree from TU Munich (Germany). Georg is a CPA (USA) and a Fellow of the Australian Institute of Company Directors. Georg has over 25 years of experience in growth business, especially in the real estate and online industry. Georg is the recipient of the Asia Pacific Entrepreneurship Award in 2016 and the Top Outstanding Leaders Asia Award in 2015.
Other current Australian listed directorships	Executive Chair of iCar Asia Limited (ASX: ICQ) Non-Executive Director of Centrepoint Alliance (ASX:CAF) Director of iProperty Group Limited (ASX:IPP)
Former Australian listed company Directorships in last 3 years	Appointed 1 January 2011 and Retired 16 February 2016 Non-Executive Director of Mitula Group Limited (ASX: MUA) Appointed 18 January 2017 and Retired 8 January 2019
Special responsibilities	Nil
Relevant interests in shares and options	Ordinary shares – Real Estate Investar Group Ltd Nil Options over ordinary shares – Real Estate Investar Group Ltd Nil Contractual rights to shares – Real Estate Investar Group Ltd Nil

Meetings of directors

During the financial year 10 director meetings were held. Attendances by each director during the financial year were as follows:

Director's name	Board meetings		Audit committee		Nomination and remuneration committee	
	A	B	A	B	A	B
Simon Baker	10	10	2	2	2	2
Joe Hanna	10	10	2	2	-	-
Sam Plowman	10	10	2	2	2	2

Where:

- Column A is the number of meetings the director was entitled to attend.
- Column B is the number of meetings the director attended

Shares

As at 30 June 2020, Real Estate Investar Group Limited had 233,205,108 total ordinary shares on issue. On 3 March 2020, the group went into voluntary suspension, and will remained suspended until the ASX is satisfied that all rulings and information has been satisfied and provided.

Shares under option

The following share options existed as at 30 June 2020.

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	2,500,000
28 Apr 2016	27 Apr 2021	$ 0.20	450,000
29 Nov 2018	30 Nov 2023	$ 0.015	4,000,000
29 Jan 2019	27 Jan 2023	$ 0.012	4,000,000
31 Jan 2019	30 Jan 2021	$ 0.015	4,000,000

All share options relate to ordinary shares of the Company.

Remuneration report (audited)

Introduction

This Remuneration Report for the financial year ended 30 June 2020 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)), the Chief Financial Officer (CFO) 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. Option holdings of key management personnel
9. Additional information

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 2020.

Name	
Executive director	
Joe Hanna	Executive director
Non-executive directors	
Simon Baker	Chairman & Non-executive director
Sam Plowman	Independent non-executive director (appointed 29 January 2019)
Joe Hanna	Independent non-executive director (until 01 January 2019 when he became an Executive director)
Senior Management	
Michael Fiorenza	Chief Financial Officer

Remuneration report (audited) (continued)

2. Principles of remuneration and strategy

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 (NEDs) 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 are made up of members of the board, each of which are NEDs for the year ended 30 June 2020:

- Simon Baker serves as remuneration committee chair; and
- The following directors served as members of the committee - Simon Baker and Sam Plowman.

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 2020 Joe Hanna and Michael Fiorenza were provided an STI component that was linked to 2 separate performance metrics that would deliver a high degree of shareholder value if achieved, 1) Group performance along; and 2) A transformational acquisition.

Remuneration report (audited) (continued)

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 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 2020, 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.

No external advice was obtained during the current or previous financial year.

Variable remuneration – short term incentive (STI)

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

For eligible executive staff, the Group awards STI payments each financial year currently comprising of a bonus which will be at the discretion of the board to pay the STI out in either cash or equity or a combination of both, 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 two key KPIs of the executive STI:

- Operational performance (Component 1) ; and
- Transformative transaction (Component 2)

* Joe Hanna and Michael Fiorenza

Remuneration report (audited) (continued)

4. Executive remuneration arrangements (continued)

Variable remuneration – short term incentive (STI) (continued)

Key performance indicators (KPIs) 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 determined that the weightings of the STI components for the year ending 30 June 2020 to be accrued and become payable, where as follows;

KMP	Component 1	Component 2	Total STI Payable
	$	$	$
Joe Hanna	53,750	107,500	161,250
Michael Fiorenza	21,250	42,500	63,750
	75,000	150,000	225,000

The remuneration and nomination 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.

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 2020, unless mentioned in this report.

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.

Employee share option plan (ESOP)

The Real Estate Investar Group Limited 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 during FY2016, with no further options being granted since 2016.

The current number of options issued is 450,000 due to a net reduction of 25,000 (2019: 600,000) employee shares under option for staff who have ceased employment with REI and their options have lapsed.

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.

Remuneration report (audited) (continued)

6. Remuneration of key management personnel

Details of the nature and amount of each element of the remuneration of each KMP of Real Estate Investar Group Ltd is set out in the table below:

	Short term employee benefits		Post employee benefit	Share based payments		
	Salary & fees	Bonus (STI) [1]	Superannuation	Other	Total	Performance based % of remuneration
FY 2020	$	$	$	$	$	
Executives						
Joe Hanna, Executive director	239,166	161,250			400,416	40%
Michael Fiorenza, Chief Financial Officer	135,000	63,750			198,750	32%
Non-executive directors						
Simon Baker, Non-executive chair	60,000				60,000	0%
Sam Plowman, Independent non-executive	40,000			9,404	49,404	0%
Total	**474,166**	**225,000**		**9,404**	**708,570**	**32%**

[1] The bonus component has been accrued and not paid as at the date of this report.

	Short term employee benefits		Post employee benefit	Share based payments		
	Salary & fees	Non-monetary benefits	Superannuation	Other	Total	Performance based % of remuneration
FY 2019	$	$	$	$	$	
Executives						
Clint Greaves, CEO & Managing director [1]	239,383	-	12,735	-	252,118	0%
Joe Hanna, Executive director [2]	112,500	-	-	26,065	138,565	0%
Non-executive directors			-	-		
Simon Baker, Non-executive chair	57,500	-	-	-	57,500	0%
Ian Penman, Independent non-executive [3]	16,670	-	-	-	16,670	0%
Sam Plowman, Independent non-executive [4]	16,996	-	-	3,918	20,914	
Total	**443,049**	**-**	**12,735**	**29,983**	**485,767**	**0%**

[1] Clint Greaves – termination of employment effective 29 January 2019 as CEO. Salary and fees include consulting fees of $20,000 paid as per engagement after CEO role terminated.
[2] Joe Hanna appointed as managing director from 01 January 2019. Salary and fees include consulting fees of $75,000 payable for services performed as managing director from 01 January 2019.
[3] Ian Penman – ceased 29 November 2018
[4] Sam Plowman – appointed 29 January 2019

7. Shareholdings of key management personnel

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

FY 2020	Balance 1 July 2019	Granted as compensation	Received on exercise of options	Other changes	Balance 30 June 2020	Balance held nominally
Simon Baker	78,488,344	-	-	-	78,488,344	78,488,344
Joe Hanna	26,455,952	-	-	-	26,455,952	26,455,952
Sam Plowman	-	-	-	-	-	-
Michael Fiorenza	2,100,500*	-	-	-	2,100,500	2,100,500
Total	**107,044,796**	**-**	**-**	**-**	**107,044,796**	**107,044,796**

*Michael Fiorenza has been classified as a key management personnel from 1 July 2019. Balance at 1 July 2019 represents shares held in the company prior to being classified as a key management personnel.

FY 2019	Balance 1 July 2018	Granted as compensation	Received on exercise of options	Other changes [1]	Balance 30 June 2019	Balance held nominally
Simon Baker	14,538,933	-	-	63,949,411	78,488,344	78,488,344
Clint Greaves	5,533,000	-	-	(1,154,000)	4,379,000	4,379,000
Ian Penman	292,500	-	-	-	292,500	292,500
Joe Hanna	-	-	-	26,455,952	26,455,952	26,455,952
Sam Plowman	-	-	-	-	-	-
Total	**20,364,433**	**-**	**-**	**89,251,363**	**109,615,796**	**109,615,796**

[1] Other changes included the purchase of additional shares under entitlement offer and on market and off market trades.

8. 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 vested on 31 December 2017.

On 29 November 2018, at the Annual General Meeting, shareholders' approved the granting of 4 million share options to Joe Hanna.

In conjunction with the appointment of the director, on 29 January 2019, the Company granted 4 million share options to Sam Plowman.

On 31 January 2019, the Company granted 4 million share options to Michael Fiorenza in lieu of cash consideration for the provision of accounting and corporate advisory services for the Company throughout FY2019. Michael Fiorenza is a key management personnel effective 1 July 2019.

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.

FY 2020	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
Joe Hanna	10-Dec-15	500,000	31-Dec-17	31-Dec-20	$0.10	$50,000	$0.20
Joe Hanna	29-Nov-18	4,000,000	29-Nov-18	30-Nov-23	$0.015	$60,000	$0.015
Sam Plowman	29-Jan-19	4,000,000	29-Jan-21	27-Jan-23	$0.012	$48,000	$0.012
Michael Fiorenza	31-Jan-19	4,000,000	31-Jan-19	30-Jan-21	$0.015	$60,000	$0.015

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

FY 2020	Balance 1 July 2019	Granted during year	Exercised during year	Lapsed during year	Vested during year	Balance 30 June 2020 unexercisable	Balance 30 June 2020 vested and exercisable
Simon Baker	500,000	-	-	-	-		500,000
Joe Hanna	4,500,000	-	-	-	-		4,500,000
Sam Plowman	4,000,000	-	-	-	-	4,000,000	-
Michael Fiorenza	4,000,000	-	-	-	-		4,000,000
Total	**13,000,000**	**-**	**-**	**-**	**-**	**4,000,000**	**9,000,000**

FY 2019	Balance 1 July 2018	Granted during year	Exercised during year	Lapsed during year	Vested during year	Balance 30 June 2019 unexercisable	Balance 30 June 2019 vested and exercisable
Simon Baker	500,000	-	-	-	-		500,000
Clint Greaves	1,000,000	-	-	-	-		1,000,000
Ian Penman	500,000						500,000
Joe Hanna	500,000	4,000,000	-	-	4,000,000	4,000,000	4,500,000
Sam Plowman	-	4,000,000	-	-	-		-
Total	**2,500,000**	**8,000,000**	**-**	**-**	**4,000,000**	**4,000,000**	**6,500,000**

Remuneration report (audited) (continued)

9. Additional information

The earnings of the consolidated entity since IPO is as follows:

	2020 $	2019 $	2018 $	2017 $	2016 $
Loss for the year attributable to ordinary shareholders	(1,102,030)	(1,148,099)	(2,561,898)	(2,222,750)	(1,365,347)
Earnings per share for the year (cents per share)	(0.47)	(0.67)	(2.38)	(2.63)	(2.09)
Total dividends declared (cents per share)	-	-	-	-	-
Share price at financial year end ($)	0.011	0.010	0.011	0.022	0.052

End of remuneration report (audited)

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, there were no non-audit services paid or payable to the auditor, RSM Australia Partners or their related practices.

Auditor's independence declaration

There were no former partners or directors of RSM Australia Partners, 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 the following page.

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 28 September 2020.

Simon Baker

Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Real Estate Investar Group Limited and its controlled entities for the year ended 30 June 2020, 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 audit; and

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

RSM

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 28 September 2020
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020	Consolidated 2019
			$
Revenue and income			
Revenue		1,038,681	1,070,795
Other income		150,513	250,955
Total revenue and other income	3	**1,189,194**	**1,321,750**
Expenses			
Commissions		(20,900)	(15,724)
Costs of website and data		(209,408)	(212,618)
Employment expense	22	(607,276)	(902,161)
Depreciation and amortisation	10 & 11	(229,613)	(498,902)
Occupancy		(40,473)	(98,853)
Marketing		(69,510)	(99,245)
IT and legal		(200,071)	(121,786)
Professional and consulting expenses		(663,333)	(171,106)
Bad debts and provision for doubtful debts		(604)	(381)
Other expenses		(226,003)	(171,816)
		(2,267,191)	**(2,292,592)**
Finance costs		(13,819)	(40,351)
Finance income		132	548
Net finance costs		**(13,687)**	**(39,803)**
Loss before income tax expense from continuing operations		**(1,091,684)**	**(1,010,645)**
Income tax expense	4	-	-
Loss after income tax expense from continuing operations		**(1,091,684)**	**(1,010,645)**
Loss after income tax expense from discontinued operations	5	(10,346)	(137,454)
Loss after income tax expense for the year		**(1,102,030)**	**(1,148,099)**
Other comprehensive income / (loss)			
Items that will be reclassified to profit or loss in future periods:			
Foreign currency translation differences		10,102	(18,730)
Total comprehensive loss for the year		**(1,091,928)**	**(1,166,829)**
Earnings per share		**Cents**	**Cents**
Basic and diluted loss per share (cents per share)	6	**(0.47)**	**(0.67)**

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 30 JUNE 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	8	369,419	251,974
Receivables	9	304,802	727,845
Prepayments	9	40,533	45,917
Total current assets		**714,754**	**1,025,736**
Non-current assets			
Plant and equipment	10	3,037	15,439
Intangible assets	11	277,970	454,971
Total non-current assets		**281,007**	**470,410**
Total assets		**995,761**	**1,496,146**
Liabilities			
Current liabilities			
Trade and other payables	12	1,852,929	1,203,111
Provision for employee entitlements	22	64,268	60,022
Total current liabilities		**1,917,197**	**1,263,133**
Non-current liabilities			
Trade and other payables	12	-	71,925
Total non- current liabilities		**-**	**71,925**
Total liabilities		**1,917,197**	**1,335,058**
Net (liabilities) / assets		**(921,436)**	**161,088**
Equity			
Contributed equity	13	13,842,150	13,842,150
Accumulated losses		(15,148,795)	(14,046,765)
Reserves	16	385,209	365,703
Total equity		**(921,436)**	**161,088**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Contributed equity	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total equity
		$	**$**	**$**	**$**	**$**
Balance at 1 July 2018		12,469,579	(12,422,022)	342,663	(1,534)	388,686
Adjustment for change in accounting policy	1, 9	-	(476,644)	-	3,547	(473,097)
Balance at 1 July 2018 - restated		12,469,579	(12,898,666)	342,663	2,013	(84,411)
Loss after income tax expense for the year			(1,148,099)			(1,148,099)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		-	-	-	(18,730)	(18,730)
Total comprehensive loss for the year		-	(1,148,099)	-	(18,730)	(1,166,829)
Transaction with owners in their capacity as owners:						
Share-based payments	14	-	-	39,757	-	39,757
Shares issued, net of transaction costs	13	1,372,571	-	-	-	1,372,571
Balance at 30 June 2019		**13,842,150**	**(14,046,765)**	**382,420**	**(16,717)**	**161,088**
Balance at 1 July 2019		13,842,150	(14,046,765)	382,420	(16,717)	161,088
Loss after income tax expense for the year		-	(1,102,030)	-	-	(1,102,030)
Other comprehensive income for the year						
Exchange difference on translation of foreign operations		-	-	-	10,102	10,102
Total comprehensive loss for the year		-	(1,102,030)	-	10,102	(1,091,928)
Transaction with owners in their capacity as owners:						
Share-based payments	14	-	-	9,404	-	9,404
Balance at 30 June 2020		**13,842,150**	**(15,148,795)**	**391,824**	**(6,615)**	**(921,436)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020	Consolidated 2019
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,471,567	1,444,076
Payments to suppliers and employees (inclusive of GST)		(1,428,764)	(2,490,108)
Receipt of government grants and tax incentives		40,940	-
Interest paid		(16,301)	(51,587)
Interest received		132	548
Net cash flow from / (used in) operating activities	**21(a)**	**67,574**	**(1,097,071)**
Cash flows from investing activities			
Payment for website development		(51,376)	(123,491)
Receipt of research and development claim		100,140	159,098
Proceeds from disposal of property, plant and equipment		1,107	1,006
Net cash flow from investing activities		**49,871**	**36,613**
Cash flows from financing activities			
Proceeds from borrowings		-	550,000
Proceeds from issue of shares		-	681,648
Payments for equity raising costs		-	(26,660)
Net cash flow from financing activities		**-**	**1,204,988**
Net increase in cash and cash equivalents		117,445	144,530
Cash and cash equivalents at the beginning of the financial year		251,974	107,444
Cash and cash equivalents at the end of the financial year	**8**	**369,419**	**251,974**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, and is inclusive of the cash flows from discontinued operations, refer to Note 5 (c).

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:

Suite 810 Level 8
2 Queen St
Melbourne, Victoria 3000

The address of the principle place of business is:

Suite 3 Level 1
7-9 Stevens St
Southport, Queensland 4215

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 September 2020. 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 Group incurred a loss after tax of $1,102,030 and had net cash inflows from operations of $67,574 for the year ended 30 June 2020. As at that date, the current liabilities of the Group exceeded its current assets by $1,202,443 and the Group had net liabilities of $921,436.

The Directors are satisfied that the Group will have sufficient cash resources to meet its working capital requirements in the future. The Directors believe there are sufficient funding strategies and alternatives to meet working capital requirements should the need arise, including:

- As part of the relisting process and the proposed transaction (refer to note 26), which following a detailed review the board unanimously determined is in the best interest of its shareholders, the following resolutions (not limited to) and initiatives that will form part of the process (pending shareholders' approval):
    - a capital raise of $10,600,000 by issuing new shares in the company (excludes capital raise fees); for future working capital, repayment of remaining related party debt and any future commitments in relation to the proposed transaction;
    - The conversion of $446,496 of the related party payables into shares of the company.
    - The acquisition of Real Estate CRM Pty Ltd, a positive cash generating business, which is expected to provide cash inflows from operating activities to the Group on an ongoing basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

B. Basis of preparation (continued)

Going concern (continued)

- If the proposed transaction is voted down by shareholders, the board believes that there are sufficient strategies and cash resources for the Group to meet all commitments and working capital requirements, including the following plans:
  - The directors have identified areas where further cost reductions within the business can be implemented over the next 12 months, which will include, but not limited, to substantially reducing the expenses related to professional and consultancy fees;
  - With regard to the related party payables amounting to $990,276, it has been agreed by each party that repayment of these amounts will not be called upon, for a period of at least 12 months after the signing of the Group's financial report for the year ended 30 June 2020, if this would affect the solvency of the Group, including jeopardising its ability to pay its debts as and when they fall due; and
  - The cash flows forecasts reviewed by the directors, supports 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 all commitments and working capital requirements, without a need for a further fund raise in the next 12 months from signing, but if required, additional funds may be sought.

Although the directors believe they will be successful with the above measures, there remains a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore its ability to realise assets and extinguish liabilities in the normal course of business and at the amounts stated in the financial report.

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 Group not be able to continue as a going concern.

C. New or amended accounting standards and interpretations adopted

The consolidated entity has adopted all of the new, revised and amended 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 16 *Leases* is applicable to the Group for the first time for the current year.

AASB 16 Leases

AASB 16 Leases applies to the Group for the year ending 30 June 2020. 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.

Impact of adoption of AASB 16

The initial application of this standard had no material impact on the opening accumulated losses as at 1 July 2019 or the results of the current year.

Except for the adoption of AASB 16, the same accounting policies and methods of computation have generally been followed in these current financial statements as compared with the prior annual financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

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 18.

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 and the amount of any non-controlling interest in the acquiree 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 over the period which the services are provided to the customer.

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 settlement of the contract.

Based on historical data, management estimate all unconditional contracts to have a high probability of settlement, 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. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

I. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

J. 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.

K. Impairment non-financial assets

Non-financial assets are assessed for indicators of impairment on an annual basis or 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.

The recoverable amount is the higher of an asset’s fair value less costs to sell and its 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.

L. 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.

M. Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

N. Accrued income

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. Accrued income is recognised at cost less any allowance for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

O. 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: 3–10 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 derecognized.

P. Intangible assets

Website

Costs incurred in acquiring and developing the website that will contribute to future financial period benefits are capitalised as 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 acquired in a business combination (customer lists) that qualify for separate recognition are recognised as intangible assets at their fair values (see note E. 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

Q. Trade and other payables

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

R. 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.

S. Employee benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be wholly 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. Non-accumulating sick leave is recognised when leave is taken, and measured at the actual rates paid or payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

S. Employee benefits (continued)

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 at 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.

T. 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

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.

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.

U. 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.

V. 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.

W. Foreign currency translation

The financial report is presented in Australian dollars, which is the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

W. Foreign currency translation (continued)

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.

X. 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.

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

Y. Fair value measurement

Fair values may be used for financial and non-financial asset and liability measurement. 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.

Z. 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.

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, management considers its property sales portfolio probability of settlement of the unconditional property sales based upon historical data for all property sales, reliable evidence supporting this judgment. The Group maintains data which demonstrates that unconditional property sales have a high probability of settlement, 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, comprising of tax losses and temporary differences, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1. Statement of significant accounting policies (continued)

Z. Use of estimates and judgements (continued)

Impairment review

The Group assesses impairment of non-financial assets and other indefinite life intangible assets at each reporting date by evaluation conditions specific to the 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.

AA. Change of accounting policy

Except for the adoption of AASB 16, the same accounting policies and methods of computation have generally been followed in these current financial statements as compared with the prior annual financial statements.

AB. Comparatives

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

AC. New accounting standards and amendments to accounting standards and interpretations issued but not yet effective

AASB Revised Conceptual Framework for Financial Reporting

The revised AASB Framework is effective for the Group's annual financial reporting period beginning on 1 July 2020.

The AASB Framework provides the AASB with a base of consistent concepts upon which future accounting standards will be developed. The AASB Framework will also assist financial report preparers to develop consistent accounting policies when there is no specific or similar standard that addresses an issue. The AASB Framework includes amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts. The application of the AASB Framework from 1 July 2020 is not expected to have a material impact on the Group’s financial statements.

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a business

AASB 2018-6 is applicable for the Group’s annual reporting period beginning on 1 July 2020. This standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of the AASB 2018-6 from 1 July 2020 is not expected to have a material impact on the Group’s financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 is applicable to the Group’s annual reporting period beginning on 1 July 2020. The amendments refine the definition of “material” in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. The Group has assessed that there is unlikely to be any impact on adoption of AASB 2018-7 on the reported financial position, performance or cash flows in the financial statements.

There are no other new accounting standards or interpretations, applicable to the Group that would have any effect to the Group financial position and results.

Note 2. Segment reporting

Due to the discontinued operations of the segment known as the property transaction business unit in FY 2019, the Group no longer has any significant operating segments to report other than the subscriptions business unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3. Revenue and other income

	2020	2019
Revenue from contracts with customers	**$**	**$**
Rendering of services	1,038,681	1,070,795
Total revenue	**1,038,681**	**1,070,795**
Debt forgiveness (refer to Note 21 (b))	-	234,955
Government grants and tax incentives	40,940	-
Consulting and corporate services (refer to Note 23)	109,573	16,000
Total other income	**150,513**	**250,955**
Total revenue and other income	**1,189,194**	**1,321,750**

The Group derives its revenue from the transfer of services over time and at a point in time. The following table provides a breakdown of revenue by the timing of when performance obligations are satisfied and by major service line.

	2020	2019
(a) Disaggregation of revenue	**$**	**$**
Subscriptions – transferred over a period of time	930,478	1,032,981
Transaction services – transferred at a point in time	108,203	37,814
Total revenue from contracts with customers	**1,038,681**	**1,070,795**
Geographical sources of revenue		
Australia	921,786	989,215
New Zealand	116,895	81,580
Total revenue	**1,038,681**	**1,070,795**

(b) Revenue received in advance

The Group has recognised the following revenue received in advance related to contracts with customers at reporting date. The balances represent the aggregate transaction price allocated to contract liabilities for performance obligations that are partially unsatisfied at reporting date. There is no consideration that has been excluded from the transaction price.

	2020	2019
Current	**$**	**$**
Subscriptions	201,122	154,623
Total current revenue received in advance	**201,122**	**154,623**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 4. Income tax

	2020	2019
Income Tax	**$**	**$**
Total income tax expense in profit or loss	-	-
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Profit/(loss) from continuing operations before income tax expense	(1,091,684)	(1,010,645)
Profit/(loss) from discontinued operations before income tax expense	(10,346)	(137,454)
Add back other adjustments	-	(483,252)
	(1,102,030)	**(1,631,351)**
Income tax benefit at the Australian tax rate of 27.5% (2019: 27.5%)	303,058	448,621
Non-deductible expenses:		
Share based expense	(2,586)	(10,933)
Other	(12,174)	(430)
Non-assessable income R & D rebate	39,193	39,193
Other non-assessable income COVID-19 related government grants	11,259	
Tax effect of deferred tax assets not brought to account	338,750	476,451
Income tax expense at effective tax rate of 27.5% (2019: 27.5%)	**-**	**-**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the statement of financial position for the following items:

	2020	2019
	$	**$**
Unused tax losses	10,963,545	9,989,472
Deductible temporary differences	699,052	716,171
	11,662,597	**10,705,643**
Potential benefit at 27.5% (2019: 27.5%)	**3,207,214**	**2,944,052**

The deferred tax asset has not been brought to account 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 probable 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 5. Discontinued operations

(a) During FY19 the board decided to discontinue the operations of the property transaction business unit. The decision was made due to its unsatisfactory performance and future growth opportunities in a difficult market. Further investment and large amounts of working capital would have been required which was not seen viable from an operational and overall business position.

(b) Result of discontinued operations

	2020	2019
Financial performance information	**$**	**$**
Revenue		
Property	-	132,959
Total revenue	**-**	**132,959**
Commissions	-	17,430
Employment expense	-	(150,324)
Depreciation and amortisation	(348)	(9,689)
Occupancy	(66)	(10,146)
Marketing	-	(10,986)
Professional and consulting expenses	-	(49,177)
Bad debts and allowance for expected credit losses (net)	(331)	(34,263)
Other Expenses	(9,601)	(23,258)
Total expenses	**(10,346)**	**(270,413)**
Loss before income tax expense	(10,346)	(137,454)
Income tax	-	-
Loss after income tax from discontinued operations	**(10,346)**	**(137,454)**

(c) Cash flow information

	2020	2019
	$	**$**
Net cash from operating activities	119,446	72,331
Net cash from investing activities	1,107	-
Net increase in cash and cash equivalents from discontinued operations	**120,553**	**72,331**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 6. 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.

		2020	2019
Earnings per share		**$**	**$**
Profit/(Loss) attributable to ordinary shareholders		(1,102,030)	(1,148,099)
Weighted average number of ordinary shares used in basic and diluted earnings per share [1]		233,205,108	172,507,888
Earnings per share	**(Cents)**	(0.47)	(0.67)
Diluted Earnings per share	**(Cents)**	(0.47)	(0.67)

[1] The weighted average number of ordinary shares for FY2019 was updated to reflect new issues of shares in January 2019.

Note: Potential shares comprising options over ordinary shares have not been considered in the calculation of Weighted average number of ordinary shares for diluted earnings per share as they are anti-dilutive in nature.

Note 7. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by RSM Australia Partners and its related practices:

	2020	2019
Remuneration of auditors	**$**	**$**
Audit services		
Audit and review of the financial statements by RSM Australia Partners	50,620	51,797
	50,620	**51,797**

Note 8. Cash and cash equivalents

	2020	2019
Cash and cash equivalents	**$**	**$**
Cash at bank and in hand	208,121	125,907
Call deposits	161,298	126,067
	369,419	**251,974**

Cash at bank and in hand are non-interest bearing. Deposits at call bear floating interest rates between 0.05% and 0.25% (2019: 0.25% and 0.50%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 9. Trade and other receivables

	2020	2019
Current	**$**	**$**
Trade and other receivables		
Trade receivables	204,028	185,686
Allowance for expected credit losses	(149,349)	(151,795)
Other debtors	4,217	11,649
	58,896	**45,540**
Accrued income		
Research and development claim	-	100,140
Subscriptions	7,258	14,973
Property transactions	301,135	674,035
Allowance for expected credit losses	(62,487)	(106,843)
	245,906	**682,305**
Total current receivables	**304,802**	**727,845**
Prepayments	40,533	45,917
Total current prepayments	**40,533**	**45,917**

The movement in the loss allowance for trade and other receivables is as follows:

	2020	2019
Current	**$**	**$**
Movement in allowance for expected credit losses		
Opening balance	**258,638**	**73,561**
Amounts restated through opening accumulated losses	-	476,644
Amounts restated through opening foreign currency translation reserve	-	(3,547)
Opening loss allowance as at 1 July 2018 (calculated under AASB9)	**-**	**546,658**
Increase in the allowance recognised in profit or loss during the period	-	34,644
Receivables written off during the year as uncollectible	-	(341,215)
Loss allowance subsequently reversed	(45,315)	-
Foreign exchange translation difference	(1,487)	18,551
Closing balance at 30 June	**211,836**	**258,638**

The consolidated entity has recognised a gain of $45,315 (2019: loss $34,644) in respect of remeasurement of expected credit losses for the year ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 9. Trade and other receivables (continued)

The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

2020	Expected credit loss rate 30 June 2020	Carry amount 30 June 2020	Allowance for expected credit losses 30 June 2020
Consolidated	**%**	**$**	**$**
Not overdue	17%	359,344	62,487
0 to 3 months overdue	10%	2,112	211
3 to 6 months overdue	-	-	
Over 6 months overdue	96%	155,182	149,138
		516,638	**211,836**

2019	Expected credit loss rate 30 June 2019	Carry amount 30 June 2019	Allowance for expected credit losses 30 June 2019
Consolidated	**%**	**$**	**$**
Not overdue	13%	807,206	106,468
0 to 3 months overdue	7%	16,754	1,197
3 to 6 months overdue	-	-	-
Over 6 months overdue	93%	162,523	150,973
		986,483	**258,638**

Note 10. Plant and equipment

	2020	2019
Plant and equipment	**$**	**$**
Office equipment	48,905	78,604
Less: Accumulated depreciation	(45,868)	(63,165)
Total plant and equipment	**3,037**	**15,439**

	Office equipment	Leasehold improvements	Total
Movements in plant and equipment	**$**	**$**	**$**
2020			
Carrying amount at beginning of financial year	15,439	-	15,439
Disposals	(10,565)	-	(10,565)
Depreciation expense	(1,584)	-	(1,584)
Foreign exchange translation difference	(253)	-	(253)
Carrying amount at end of financial year	**3,037**	**-**	**3,037**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 10. Plant and equipment (continued)

	Office equipment	Leasehold improvements	Total
Movements in plant and equipment	**$**	**$**	**$**
2019			
Carrying amount at beginning of financial year	32,288	102	32,390
Disposals	(610)	-	(610)
Depreciation expense	(16,884)	(102)	(16,986)
Foreign exchange translation difference	645	-	645
Carrying amount at end of financial year	**15,439**	**-**	**15,439**

Note 11. Intangible assets

	2020	2019
Intangible assets	**$**	**$**
Website at cost	2,699,255	2,647,879
Less: Accumulated amortisation	(2,421,285)	(2,192,908)
Total intangible assets	**277,970**	**454,971**

	Website platform	Contracts database	Total
Movements in intangible assets	**$**	**$**	**$**
2020			
Carrying amount at beginning of financial year	454,971	-	454,971
Additions	51,376	-	51,376
Amortisation expense	(228,377)	-	(228,377)
Carrying amount at end of financial year	**277,970**	**-**	**277,970**

	Website platform	Contracts database	Total
Movements in intangible assets	**$**	**$**	**$**
2019			
Carrying amount at beginning of financial year	918,226	4,875	923,101
Additions	123,490	-	123,490
R & D Rebate	(100,140)	-	(100,140)
Amortisation expense	(486,605)	(5,001)	(491,606)
Foreign exchange translation difference	-	126	126
Carrying amount at end of financial year	**454,971**	**-**	**454,971**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 12. Trade and other payables

	2020	2019
Current	**$**	**$**
Trade creditors	676,001	542,064
Accruals	975,806	453,942
Income in advance	201,122	154,623
Other payables	-	52,482
	1,852,929	**1,203,111**
Non Current		
Trade creditors	-	71,925
	-	**71,925**

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

Note 13. Contributed equity

	2020	2019
Contributed equity	**$**	**$**
Ordinary shares - fully paid	14,644,130	14,644,130
Equity raising costs	(801,980)	(801,980)
	13,842,150	**13,842,150**

The share capital of the company consists only of fully paid ordinary shares, which 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 Ltd.

	2020	2019	2020	2019
Movement in ordinary share capital:	**Shares**	**Shares**	**$**	**$**
Balance at 1 July	233,205,108	116,602,554	13,842,150	12,469,579
Issue of shares rights issue (2019: 7 Jan 19)	-	116,602,554	-	1,399,231
Capital raising costs	-	-	-	(26,660)
Total contributed equity at 30 June	**233,205,108**	**233,205,108**	**13,842,150**	**13,842,150**

Note 14. Share based payments

There were no new options granted during the financial year 2020.

Options granted in prior periods

On 29 November 2018, at the Annual General Meeting, shareholders' approved the granting of 4 million share options to Joe Hanna. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price $0.015 per option. The options vested on the date of issue and will lapse on 30 November 2023.

In conjunction with the appointment of the director, on 29 January 2019, the Company granted 4 million share options to Sam Plowman. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price $0.012 per option. The options are exercisable after 29 January 2021, subject to Sam Plowman being a director of the Company at that time, and will lapse on 27 January 2023.

On 31 January 2019, the Company granted 4 million share options to an independent contractor in lieu of cash consideration for the provision of accounting and corporate advisory services for the Company throughout FY2019. The option holder is entitled to acquire 1 newly issued share for each option held. These options have been granted for nil consideration and have an exercise price $0.015 per option. The options vested on the date of issue and will lapse on 30 January 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 14. Share based payments (continued)

Options granted in prior periods (continued)

The Company granted 3 million share options to the directors upon the ASX listing on 10 December 2015. These options vested 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.

No options have been exercised in the reporting period. 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 13 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, of which 450,000 options are outstanding as at 30 June 2020 (30 June 2019: 475,000).

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.

No options have been exercised in the reporting period. The options do not carry any dividend or voting rights.

	2020	2019
Share based payment expense for options	**$**	**$**
Share-based payment expense recognised during the financial year		
Share options to directors	9,404	29,983
Share options to contractor	-	9,774
	9,404	**39,757**

FY 2020 Grant Date	Exercise Price	Balance at beginning of year	Granted during year	Lapsed during year[1]	Exercised during year	Exercisable at end of year	Outstanding at end of year
10-Dec-15	$ 0.20	2,500,000	-	-	-	2,500,000	2,500,000
28-Apr-16	$ 0.20	475,000	-	(25,000)	-	450,000	450,000
29-Nov-18	$ 0.015	4,000,000	-	-	-	4,000,000	4,000,000
29-Jan-19	$ 0.012	4,000,000	-	-	-	-	4,000,000
31-Jan-19	$ 0.015	4,000,000	-	-	-	4,000,000	4,000,000
		14,975,000	**-**	**(25,000)**	**-**	**10,950,000**	**14,950,000**

FY 2019 Grant Date	Exercise Price	Balance at beginning of year	Granted during year	Lapsed during year[1]	Exercised during year	Exercisable at end of year	Outstanding at end of year
10-Dec-15	$ 0.20	2,500,000	-	-	-	2,500,000	2,500,000
28-Apr-16	$ 0.20	1,075,000	-	(600,000)	-	475,000	475,000
29-Nov-18	$ 0.015	-	4,000,000	-	-	4,000,000	4,000,000
29-Jan-19	$ 0.012	-	4,000,000	-	-	-	4,000,000
31-Jan-19	$ 0.015	-	4,000,000	-	-	4,000,000	4,000,000
		3,575,000	**12,000,000**	**(600,000)**	**-**	**10,975,000**	**14,975,000**

Options lapsed

[1] There is a net reduction of 25,000 (2019: 600,000) employee shares under option in 2020 due to staff who have ceased employment with REI and their options have lapsed. Where options have lapsed and prior to the vesting date, the share-based payment total expensed to date is derecognised as an expense in the period in which they lapse.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 14. Share based payments (continued)

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 in prior periods were as follows:

Grant Date	Consideration	Exercise Price	Share price at grant date	Expected volatility	Expected dividend yield	Risk free rate	Vesting period	Expiry date
10-Dec-15	Nil	$0.20	$0.20	70%	0%	2%	3 Years	2 Years
28-Apr-16	Nil	$0.20	$0.06	50%	0%	2%	3 Years	2 Years
29-Nov-18	Nil	$0.015	$0.015	70%	0%	2%	At grant date	5 Years
29-Jan-19	Nil	$0.012	$0.012	70%	0%	2%	2 Years	4 Years
31-Jan-19	Nil	$0.015	$0.012	70%	0%	2%	At grant date	2 Years

Note 15. Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital management requires the maintenance of strong cash balance to support on-going website development, growth of the business. In the event the company finds an opportunity to invest in another business that adds value to the existing business or is seen as a worthy investment that will increase shareholders value, the company may look to raise capital to complete such activities.

Note 16. 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 and consultants, 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.

	Share based payment reserve		Foreign currency translation reserve		Total	
	2020	2019	2020	2019	2020	2019
Movements in reserves:	$	$	$	$	$	$
Balance at 1 July	382,420	342,663	(16,717)	(1,534)	365,703	341,129
Amounts restated (calculated under AASB 9)	-	-	-	3,547	-	3,547
Recognition of director share options	9,404	29,983	-	-	9,404	29,983
Recognition of employee share options	-	-	-	-	-	-
Recognition of contractor share options	-	9,774	-	-	-	9,774
Recognition of exchange differences	-	-	10,102	(18,730)	10,102	(18,730)
Balance at 30 June	**391,824**	**382,420**	**(6,615)**	**(16,717)**	**385,209**	**365,703**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 17. Subsidiaries

Parent entity and subsidiaries

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

		Ownership interest held by the group	
		2020	2019
Subsidiary name	Place of incorporation	%	%
Real Estate Investar Australia Pty Ltd	Australia	100	100
Real Estate Investar Accounting Services Pty Ltd	Australia	100	100
Property Investor Developments Pty Ltd	Australia	100	100
Real Estate Investar Ltd	New Zealand	100	100
0953117 B.C. Ltd [1]	Canada	-	100

[1] 0953117 B.C. Ltd was deregistered on 1 February 2020 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.

Note 18. 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.

	2020	2019
Real Estate Investar Group Ltd - Statement of financial position	**$**	**$**
Financial position		
Current assets	219,020	153,479
Non-current assets	-	10,306,666
Total assets	**219,020**	**10,460,145**
Current liabilities	1,149,453	370,208
Total liabilities	**1,149,453**	**370,208**
Net (liabilities) / assets	**(930,433)**	**10,089,937**
Shareholders' equity		
Issued capital	13,842,150	13,842,150
Accumulated loss	(15,164,407)	(4,134,633)
Reserves	391,824	382,420
Total equity	**(930,433)**	**10,089,937**

During the financial year the company fully impaired its loan to subsidiaries in the amount of $10,055,988.

	2020	2019
Comprehensive loss for the year	**$**	**$**
Loss for the year	(11,029,774)	(266,684)
Total comprehensive loss for the year	**(11,029,774)**	**(266,684)**

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 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments

The parent entity had no capital commitments as at 30 June 2020 and 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 19. 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 amounts to $674,221 (2019: $979,819) which represents the financial assets after considering allowances for expected credit losses. The Group's cash at bank is deposited with Westpac Bank and ASB.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has a number of receipts from New Zealand property transactions which are past due, relating to sales already completed in prior years. Credit risk in relation to property sales commissions was managed by:

- Performing reference checks on developers to assess past credit history.
- Assessing on a monthly basis, past due amounts to determine factors impacting their recovery.
- 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.

The expected loss rates for property transactions reflect current and forward-looking information mainly, changes in the macro economic environment which have placed significant downward pressure on Australian and New Zealand property developers and the Group's decision to exit the property transaction segment.

On that basis, the loss allowance as at 30 June 2020, which is consistent with the prior year, was determined as follows for trade receivables:

30 June 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	-	10%	-	-	96%	
Gross carrying amount - trade receivables	50,951	2,112	-	-	155,182	208,245
Loss allowance	**-**	**211**	**-**	**-**	**149,138**	**149,349**
Expected loss rate	20%	-	-	-	-	
Gross carrying amount - accrued income	308,393	-	-	-	-	308,393
Loss allowance	**62,487**	**-**	**-**	**-**	**-**	**62,487**
Total loss allowance	**62,487**	**211**	**-**	**-**	**149,138**	**211,836**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 19. Financial instruments (continued)

30 June 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	-	6%	10%	-	93%	
Gross carrying amount - trade receivables	21,810	12,944	59	-	162,523	197,336
Loss allowance	**-**	**816**	**6**	**-**	**150,973**	**151,795**
Expected loss rate	14%	10%	-	-	-	
Gross carrying amount - accrued income	785,397	3,750	-	-	-	789,147
Loss allowance	**106,468**	**375**	**-**	**-**	**-**	**106,843**
Total loss allowance	**106,468**	**1,191**	**6**	**-**	**150,973**	**258,638**

Refer Note 9 for a reconciliation of the opening and closing loss allowances.

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.

The following are the contractual maturities of financial liabilities:

Maturity Analysis 2020	Carrying value	Contractual cash flow	Less than 6 months	6 to 12 months	1 to 3 Years
	$	$	$	$	$
Trade payables	676,001	676,001	429,056	30,000	216,945
Accruals	975,806	975,806	873,810	-	101,996
	1,651,807	**1,651,807**	**1,302,866**	**30,000**	**318,941**

Maturity Analysis 2019	Carrying value	Contractual cash flow	Less than 6 months	6 to 12 months	1 to 3 Years
	$	$	$	$	$
Trade payables	613,989	613,989	374,657	48,000	191,332
Other payables	52,482	52,482	52,482	-	-
Accruals	453,942	453,942	344,446	-	109,496
	1,120,413	**1,120,413**	**771,585**	**48,000**	**300,828**

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 19. Financial instruments (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.

Assets below are currently in NZD denominations and have been translated to AUD		Strengthening AUD + 10%	Weakening AUD - 10%
	AUD	Profit or (Loss)	Profit or (Loss)
30 June 2020	$	$	$
Financial assets	346,878	(31,534)	38,542
Financial liabilities	53,618	(4,874)	5,958
Total exposure	**293,260**	**(26,660)**	**32,584**
30 June 2019	$	$	$
Financial assets	603,854	(54,896)	67,095
Financial liabilities	268,260	(24,387)	29,807
Total exposure	**335,594**	**(30,509)**	**37,288**

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

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 20. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 21(a). Reconciliation of cash flows from operating activities with operating results

	2020	2019
Reconciliation of cashflows from operating activities	**$**	**$**
Loss for the period	(1,102,030)	(1,148,099)
Non cash flows in operating result:		
Depreciation and amortisation	229,755	508,191
Loss on disposal of equipment	9,807	3
Share based payment expense	9,404	107,340
Doubtful debts expense	(45,315)	34,644
Debt forgiveness	-	(234,955)
Movements in operating assets and liabilities:		
Decrease in trade and other receivables	368,218	195,790
Decrease in prepayments	5,384	50,489
Increase / (decrease) in trade and other payables	535,639	(497,047)
Increase / (decrease) in income in advance	46,499	(97,478)
Increase / (decrease) in foreign translation reserve	10,213	(15,949)
Net cash inflows / (outflows) from operating activities	**67,574**	**(1,097,071)**

Note 21(b). Significant non cash transactions

(i) During FY19, the Group had issued new shares which had increased contributed capital by $1,372,570 (net of transaction costs).

The transaction was part cash and non-cash as per below:	$
Cash	681,648
Non-Cash	717,583
Total increased contributed capital (Pre-transaction costs)	**1,399,231**

The non-cash element was in relation to the following:	$
Conversion of borrowings (refer Note 23)	650,000
Conversion of interest on borrowings	19,085
Conversion of director payables	48,498
Total non-cash element	**717,583**

(ii) During FY19, a Deed of Settlement was agreed with Australian Property Monitors Pty Ltd which released and discharged Real Estate Investar Group Limited from all of its obligations under the convertible note. The non-cash element of the transaction amounted to $234,955.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 22. Employment expense

Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2020	2019
Employee benefits expense	**$**	**$**
Short-term employee benefits	569,466	843,090
Post employment benefits	43,808	69,744
Other long-term benefits	6,871	39,907
Termination benefits	-	12,000
Equity-settled share-based payments	9,404	29,983
Capitalised salaries & oncosts to website	(39,927)	(101,152)
Total employee benefits expense	**589,622**	**893,572**
Other employment related costs	17,654	8,589
Total employment expense	**607,276**	**902,161**

Share based employee remuneration

Refer to Note 14.

Employee liabilities

Liabilities recognised for employee benefits are analysed below:

	2020	2019
Employee liabilities	**$**	**$**
Current		
Provision for employee entitlements	64,268	60,022
Total current employee benefits	**64,268**	**60,022**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 23. Related parties

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are disclosed in note 17.

(c) Related party transactions and balances

On 13 March 2020 the group entered into an agreement with Real Estate CRM Pty Ltd ("RECRM"), an entity with common directors, to offer consulting and corporate services in relation to assisting RECRM during the transition and preparation for the relisting process.

These services were provided by the executive and senior team of the group. These services were charged on arm's length terms.

	2020	2019
	$	$
Consulting and corporate services fee income	109,573	-
Receivable balance at 30 June	39,558	-

(d) Key management personnel compensation

Key management personnel (KMP) are identified as being the directors and CFO of the Group. In 2019, KMP were directors and the CEO of the Group. Clinton Greaves was reported as a KMP until his resignation and departure on 29 June 2019. Mr Greaves resigned as Managing Director and CEO on 25 January 2019 and resigned as Independent Non-Executive Director on 29 June 2019.

	2020	2019
KPM compensation	$	$
Short-term employee benefits	699,166	397,926
Post employment benefits	-	12,735
Other long term benefits	-	33,124
Termination benefits	-	12,000
Equity-settled share-based payments	9,404	29,983
Total remuneration	**708,570**	**485,767**

(e) Balances due to KMP

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

	2020	2019
	$	$
Licensing fees incurred with Transmit Data Pty Ltd	30,800	30,800
Directors fees payable	242,178	136,345
Professional and consulting fees payable	478,333	75,000
Loan payable to Clinton Greaves	-	52,482
Short-term incentives payable	225,000	-
Travel expenses payable	13,965	-
	990,276	**294,627**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 23. Related parties (continued)

(e) Balances due to KMP (continued)

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.

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:

	2020	2019
Transactions recognised during the year	**$**	**$**
Contractor fees incurred with Cupertino Group Pty Ltd	-	22,000
	-	**22,000**

On 1 April 2019, the Group engaged Cupertino Group Pty Ltd, a company controlled by a director, to provide consulting services. Contract terms are based on standard business terms for independent contractors. The agreement included terms that allowed either party to terminate the agreement by providing one week of notice. The agreement was terminated by the company and ended 31 May 2019.

On 1 January 2019 Joe Hanna was appointed Managing Director, for his role the board had agreed to remunerate him for the work undertaken of managing the restructure of the business and taking over the day to day responsibility from the previous CEO, a fee for the 6 months period of $75,000 was charged to the company which will be taken in shares (pending shareholders' approval).

Loans to directors and their related entities

	2020	2019
KMP Loan: South Mapleton Pty Ltd Loan Agreement	**$**	**$**
Principal component of loan	-	320,000
Accrued interest	-	49,216
Write-downs & Provision for impairment	-	(353,216)
Proceeds received from sale of loan	-	(16,000)
Balance outstanding at the end of the year	**-**	**-**

On the 13 November 2015 Real Estate Investar Group Limited issued 2,000,000 shares to South Mapleton Pty Limited for an aggregate subscription price of $320,000 under a subscription agreement with South Mapleton Pty Limited, a company owned and controlled by Mr Clint Greaves. The subscription price was funded by way of a loan provided by Real Estate Investar Group Limited to South Mapleton Pty Limited.

Under a Deed of Assignment dated 20 June 2019, Real Estate Investar Group Limited assigned to an external party all of its rights, title and interest in the loan for a cash consideration of $16,000. The loan balance of $353,216 was written off as uncollectable at the date of the assignment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 23. Related parties (continued)

(e) Balances due to KMP (continued)

Loans from directors and their related entities

	2020	2019
KMP loan: CAV Investment Holdings HK Limited Convertible Note Facility	**$**	**$**
Principal component of loan	-	600,000
Accrued interest	-	16,470
Settled by issue of shares: Rights Issue (7 Jan 2019)	-	(616,470)
Balance outstanding at the end of the year	**-**	**-**

	2020	2019
KMP loan: Atherley Investments Pty Ltd Convertible Note Facility	**$**	**$**
Principal component of loan	-	50,000
Accrued interest	-	2,615
Settled by issue of shares: Rights Issue (7 Jan 2019)	-	(52,615)
Balance outstanding at the end of the year	**-**	**-**

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. 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.

Loans from directors and their related entities

	2020	2019
KMP loan: Clint Greaves Convertible Note Facility	**$**	**$**
Principal component of loan	-	50,000
Accrued interest	-	2,482
Balance outstanding at the end of the year	-	52,482

On 28 June 2019, the convertible note to Clint Greaves was issued by Real Estate Investar Group Limited as an unsecured convertible note facility in the amount of $50,000 representing accrued service entitlements owing from 31 January 2019. The convertible note was to mature on 1 December 2019 with interest on a non-cumulative coupon rate of 12% per annum, with a conversion price of a 1 month VWAP with a 20% discount. The shareholders' voted against the conversion of the convertible note and the company was liable to pay the amount due which has been extinguished by cash payments over a period of time during FY 2020.

Note 24. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2020 (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 25. Commitments

The Group leases premises under non-cancellable operating leases expiring within 1 year for both the Australian and New Zealand (FY19) offices. Office equipment was leased under non-cancellable operating leases for 2 year and 5 year periods. 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.

	2020	2019
Commitments	**$**	**$**
due within one year	15,336	16,770
due after one year and within five years	-	-
	15,336	**16,770**

Note 26. Subsequent events

Proposed Transaction

As per the Company's strategy to make acquisitions of PropTech companies, on 3 March 2020, the company entered into an implementation deed with Real Estate CRM Pty Ltd (RECRM) (an entity with common directors), a special purpose vehicle that had made the acquisitions of 100% of shares outstanding in Commerce Australia Pty Ltd (MyDesktop) which had been acquired from Domain Holdings Group and 100% of shares outstanding in Vault Group Pty Limited. RECRM provides Customer Relationship Management (CRM) tools to real estate agents in Australia, New Zealand, United Kingdom and Indonesia.

As a part of this process the Group will be required to issue a Notice of Meeting ("NoM") to its shareholders and call an extraordinary general meeting ("EGM"), where the shareholders will be required to vote on the proposed transaction and other resolutions which will be made available upon release of the NoM.

The NoM was released on 31 August 2020, along with the announcement of the EGM to be held 30 September 2020. The NoM and other details about the EGM (including how to vote) has been released and can be found here

DIRECTORS' DECLARATION

For the year ended 30 June 2020

The directors of the Company declare that:

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 2020 and of its performance for the year ended on that date;

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

(d) 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.

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:

....

Director: Simon Baker

Date: 28 September 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REAL ESTATE INVESTAR GROUP LIMTIED

Opinion

We have audited the financial report of Real Estate Investar Group Limited ("the Company") and its controlled entities (together referred to as "the Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of $1,102,030 during the year ended 30 June 2020, and, as of that date, the Group's current liabilities exceeded its current assets by $1,202,443. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1 B., indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Revenue Recognition Refer to Note 3 in the financial statements	
The Group's revenue from continuing operations for the year ended 30 June 2020 was $1,038,681 (2019: 1,070,795) Revenue is considered to be a Key Audit Matter because: • The Group's revenue from subscriptions is subject to potential errors in the calculation of income in advance, resulting in revenue being recognised in the wrong period; and • Revenue is generated from sales of high volumes of low value items, so a systemic error could materially impact revenue recognition.	Our audit procedures in relation to the recognition of revenue included: • Evaluating and testing whether the Group's internal controls relating to revenue recognition for subscription revenues operated effectively during the year; • Performing substantive analytical review to assess the completeness and accuracy of both deferred and recognised subscription revenue by reference to membership numbers and fees; • Performing test of details over the subscription revenues on a sample basis to test the occurrence and accuracy of revenues; and • Assessing the appropriateness of disclosures in the financial report.
Related party transactions *Refer to Note 23 in the financial statements*	
The Group recorded a significant value of transactions with related parties, including Key Management Personnel (KMP) during the year. We assessed this to be a Key Audit Matter due to the materiality of related party transactions.	Our audit procedures included: • Reviewing management's policies, procedures and processes to ensure the completeness and accuracy of the existing related party transactions during the year; • Reviewing the controls in place to authorise and approve significant transactions and arrangements with related parties; • Testing in detail KMP remuneration disclosures; and • Reviewing the accuracy of the disclosures in the financial statements to ensure they were in accordance with the requirements of AASB 124 *Related Party Disclosures.*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020; but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Real Estate Investar Group Limited for the year ended 30 June 2020 complies with section *300A* of the *Corporations Act 2001.*

RSM

Report on the Remuneration Report (Continued)

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO
Partner

Dated: 28 September 2020
Melbourne, Victoria

Information provided under ASX listing rule 4.10

The information in this document is as at 31 August 2020

Note 1 – Substantial shareholders

Rank	Substantial holder	Shares held	% of Issued capital
1	CAV INVESTMENT HOLDINGS HK LIMITED	61,786,110	26.49%
2	ATHERLEY INVESTMENTS PTY LTD	26,455,952	11.34%
3	INVIA CUSTODIAN PTY LTD <SDS CAPITAL NO 3 UNIT A/C>	18,124,975	7.77%

Note 2 – Classes of equity securities on issue

Equity security class	Ordinary shares	Director options	Employee / contractor options
Number of holders	336	6	5

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	9	2,172	0.00%
1,001–5,000	23	110,214	0.05%
5,001–10,000	34	293,705	0.13%
10,001–100,000	140	6,951,870	2.98%
100,001–9,999,999,999	130	225,847,147	96.84%
Totals	**336**	**233,205,108**	**100.00%**

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 3 March 2020, which is the last trading day and when the Company went into voluntary suspension.

	Holders	Unmarketable units	UMP %
Minimum $500.00 parcel at $0.011 per share	126	1,931,996	0.83%

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	CAV INVESTMENT HOLDINGS HK LIMITED	61,786,110	26.49%
2	ATHERLEY INVESTMENTS PTY LTD	26,455,952	11.34%
3	INVIA CUSTODIAN PTY LTD <SDS CAPITAL NO 3 UNIT A/C>	18,124,975	7.77%
4	HB SUPER HOLDINGS PTY LTD <HB SUPER FUND A/C>	10,987,948	4.71%
5	CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	8,643,478	3.71%
6	POHUTUKAWA PTY LTD	8,034,281	3.45%
7	CAVIH NO 5 LIMITED	5,714,286	2.45%
8	OCTIFIL PTY LTD	5,288,060	2.27%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,999,030	2.14%
10	DISRUPTIVE INVESTMENT GROUP LIMITED	3,830,864	1.64%
11	MR ANDREW JOHN MCFADYEN	3,158,594	1.35%
12	SOUTH MAPLETON PTY LTD <SOUTH MAPLETON A/C>	2,675,000	1.15%
13	ASSET GROWTH FUND PTY LTD	2,644,030	1.13%
14	CORPORATE PROPERTY SERVICES PTY LTD <K W SHARE A/C>	2,532,474	1.09%
15	INVIA CUSTODIAN PTY LIMITED <FERN ESTATES PTY LTD A/C>	2,502,914	1.07%
16	SAILORS OF SAMUI PTY LTD	2,250,000	0.96%
17	TONER HOLDINGS PTY LTD <TONER SUPER FUND A/C>	2,245,000	0.96%
18	THREE ZEBRAS PTY LTD <JUDD FAMILY A/C>	2,095,000	0.90%
19	MR MICHAEL FIORENZA	2,000,000	0.86%
20	LV2 PTY LTD	1,926,787	0.83%
		177,894,783	**76.28%**

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

	Free float	Escrowed	Total
Fully paid ordinary shares	233,205,108	-	233,205,108

Note 8 – Unquoted equity securities

	Holders	Units
Directors – 20c options vested 31-Dec-17, expiring 31-Dec-20	4	2,500,000
Employees – 20c options vested 27-Apr-18, expiring 27-Apr-21	4	450,000
Director – 0.015c options vested 29-Nov-18, expiring 30-Nov-23	1	4,000,000
Director – 0.012c options vesting 29-Jan-21, expiring 27-Jan-23	1	4,000,000
Contractor – 0.015c options vested 31-Jan-19, expiring 30-Jan-21	1	4,000,000
Total	**12**	**14,950,000**

Corporate directory

ABN 39 141 276 959

Directors

Simon Baker, Non-executive chairman

Joe Hanna, Executive director

Sam Plowman, Independent non-executive director

Georg Chmiel, Independent non-executive director

Company secretary

Lee Mitchell

Registered office

Suite 810, Level 8
2 Queen St
Melbourne, VIC 3000

Principal place of business

Level 1, 7-9 Stevens St
Southport, QLD 4215

Postal address
P O Box 4144
Ashmore, QLD 4214

Auditor

RSM Australia Partners

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

Boardroom Pty Limited

Level 12, 225 George Street Sydney, NSW, 2000, Australia

Postal address
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Sydney NSW 2001

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real estate investar group limited

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