

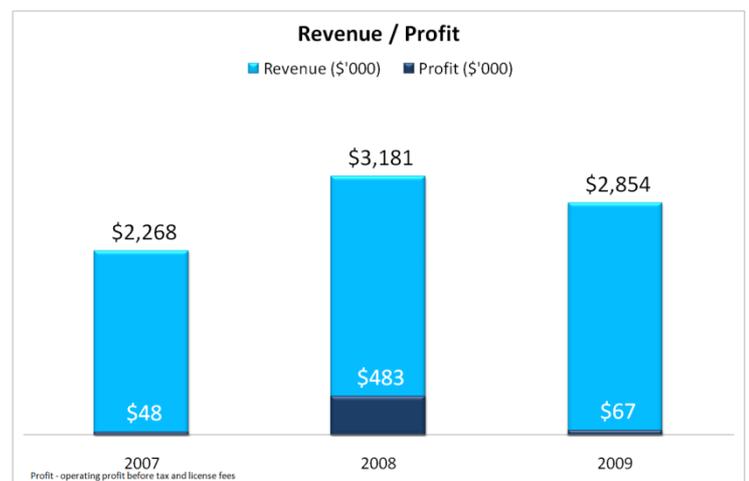
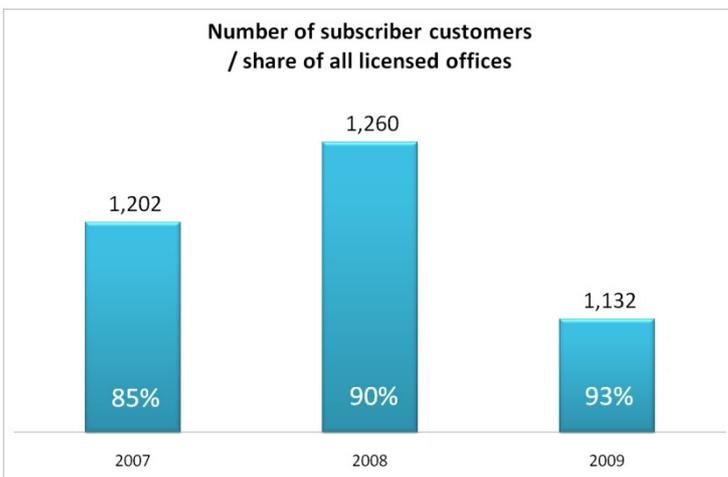
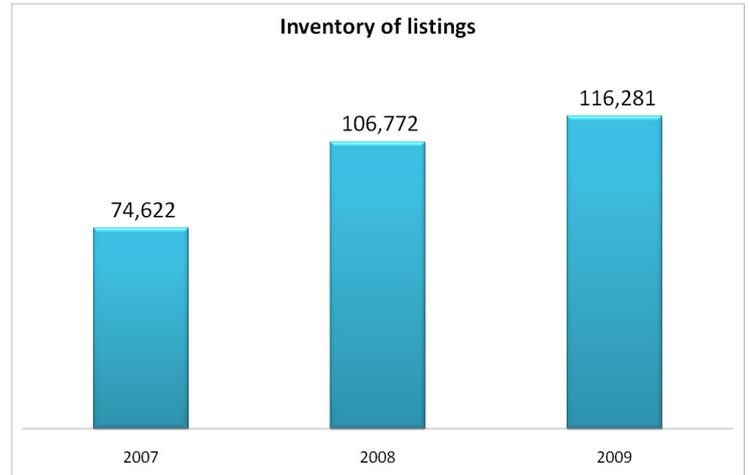
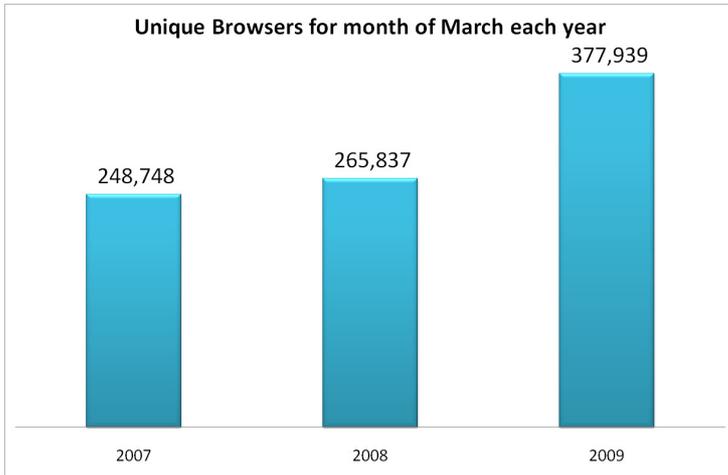
Realestate.co.nz Limited
Annual Report 2009

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Key Performance Metrics

(All data as at 31 March 2009)



Chairman's Report

This past year has been a challenging one for the whole of the real estate industry. The direct consequences of the economic recession saw property sales drop by half and sent ripples through all sectors of the industry. Online real estate marketing was not immune. Realestate.co.nz Ltd was impacted by the loss of over 150 subscribing offices that ceased operations in the past year. Such a scale of office closures impacts subscriptions, the primary revenue driver for the business. Heeding early warning signs, the Board and management embarked on protective strategies and actions which has enabled the company to end the year in excellent operational and financial health.

For the 12 months ending March 2009 the company reported total revenue of \$2,854k, a decline of \$327k from the prior year as a direct result of the loss of subscribing offices. That decline in revenue caused the operating profit before license fees to fall to \$67k, from the prior year \$483k.

Beyond ensuring that we remain financially sound, financial success for Realestate.co.nz Limited takes a back seat to ensuring the success of realestate.co.nz as an effective marketing tool for the subscribers. A key measure of the success of the company in the year can be judged in the strength of the subscriber base which grew in percentage terms to finish the year at a new high of just under 93% of all licensed real estate offices. An equally significant vindication of the growing success of the website was the closure of the competitor website of allrealestate.co.nz in December of 2008. That website had aggressively launched in October 2005 with the backing of the media muscle of News Corporation through the Australian company REA Group which runs the #1 real estate website in Australia. Despite that backing and some very aggressive attempts to dominate the NZ market the website was closed as, in the judgment of its owners, it could not justify the continuing investment required just to hold its 3rd place in the market.

Their demise has assisted the realestate.co.nz website to grow in value to the property seeking public both domestically and internationally. The monthly traffic to the website now exceeds 360,000 unique browsers per month, significantly up from the 260,000 per month a year ago. Whilst not attaining the #1 spot in terms of domestic traffic the website ably demonstrates its appeal in being the clear #1 website based on international visitors searching for NZ properties with a clear margin of 50% more traffic than the #2 website, with over 110,000 unique browsers per month from over 200 countries.

During the year the company has strategically sought to broaden its business base and consolidate its position of being the most comprehensive website for content as well as an authoritative source of real estate information. New incremental revenue was derived from the premium marketing services of featured listings and featured agents during the year. A new company was launched in January as a joint venture with Terralink International providing rich and comprehensive information on all of NZ residential property through an innovative new website – Zoodle. This website has already established itself

strongly in the market for property reports and community information and regularly receives over 35,000 monthly unique visitors as well as steady revenue from property reports sold online.

Building on the platform established in the prior year around social media and property data the company has actively promoted its growing role as a reporting service of key data from the website as a lead indicator of consumer activity. This initiative has captured significant media coverage, critical in building the visibility and credibility in the marketplace and placing the company ahead of competitors who could equally have taken the opportunity to provide and promote such data analysis.

As a demonstration of the effective role of social media the traffic from unique visitors to the agents' own Voices blogs as well as the Unconditional blog now surpass 20,000 unique browsers per month capturing a unique and credible place in the market for timely and accurate property market information.

Far from believing that our work is done the realestate.co.nz team have embarked on a challenging redevelopment of the site to provide an even more compelling marketing opportunity for a broader range of property types. This new investment will reflect the feedback provided by public users of the site and offer an improved level of engagement for users and ultimately improved marketing outcomes for subscribers.

As Chairman of the Board I would once again like to acknowledge the contribution made over the year by the directors of the company who have given generously of their time as well as their demonstrated support of the site. To the realestate.co.nz team, which includes our partner companies, I offer my thanks for their ongoing commitment, dedication and belief to deliver a high value-add service, support the continued development of the site and provide marketing to assist in developing and growing the realestate.co.nz brand. There exists within the team an urge to constantly develop and enhance the website and I am confident that the coming year will see the fruits of their vision take the website to a new level.

The last and most important thanks should go to the industry at large who continue to demonstrate their support for the site, as it is becoming a "must-have" within their marketing portfolio. Realestate.co.nz Limited respects and appreciates its role in providing the real estate industry of NZ with a highly effective, cost competitive real estate marketing website where the value created in the business will deliver long term benefit for all of those in the real estate industry

Jeff Davidson

Chairman – Realestate.co.nz Limited

Company structure

Realestate.co.nz Ltd has 2 shareholders. 50% of the shares are owned by REINZ Member Services Ltd, the remaining 50% are owned by Property Page (NZ) Ltd owning 50% of the shares.

Board of Directors

The board of directors for the year ending 31st March 2009 comprised the following:

<u>Board Member</u>	<u>Shareholder representative</u>
Murray Cleland	REINZ Member Services Ltd
Mike Pinkney	REINZ Member Services Ltd
John Ross	REINZ Member Services Ltd
Ross Hunter	Property Page (NZ) Ltd
Peter Thompson	Property Page (NZ) Ltd
Bryan Thomson	Property Page (NZ) Ltd

Independent Chairman – Jeff Davidson

Employees

The management team and employees of the company comprised the following as at 31st March 2009

Alistair Helm	Chief Executive
Phil Dunn	Chief Operating Officer
Kerry Kissane	Training and customer services manager
Katherine Jariel	Customer services representative
Crystal Fell	Customer services representative

CEO outlook for 2009/10

The website of realestate.co.nz continues to offer a tremendous service to the real estate industry of NZ.

In the 3 years of operation, the site has demonstrated that with the unified support of the industry a lean operation can compete and challenge any well resourced and funded media company to offer the property buyers and renters of New Zealand a market leading website whilst ensuring that the costs to this industry are controlled.

At no time over the past 3 years has the website rested on its laurels. With constant development and enhancement it has striven to set new benchmarks and provide new services to both its consumers and customers.

This forthcoming year will again be a period of development for the company and the website. There are many new features that we have planned to incorporate into a re-design of the website. The focus is on providing property seekers with a more engaging and valuable experience in using the website – an experience that prompts them to visit regularly as well as share their experiences with their friends, family and colleagues.

The web in general is becoming a far more social environment as people demand greater transparency and authenticity enabling them to be able to make more informed decisions in regard to products and services they buy either directly online or through information provided online. The real estate industry is being challenged by this drive for greater openness and interaction, the winners in the future will be those in the industry that recognise this trend and embrace the online opportunity – using technology to build their profile and their referral base.

The website of realestate.co.nz intends in the coming year to take a leadership position to provide tools and services to assist the industry to embrace this era of transparency and openness as well as cement the dominance of the web as the most effective medium for advertising properties and promotion of salespeople and companies. A key part of this development is the more specialised segments of the industry catering to commercial property agents, business brokers and rural specialists. To each of these dedicated areas we intend to develop bespoke solutions that are tailored to their needs as well as their clients' needs thereby ensuring that the website continues to offer a true one-stop-shop solution for all segments of the industry.

The promotion and advertising of the website is recognised as a key requirement to build consumer awareness and through that customer loyalty. In today's fragmented media world the route to achieve this awareness no longer solely relies on traditional mainstream media. It is for this reason that the company continues to seek out opportunities to utilise new and emerging platforms for promotions of the website and thereby ensure that the marketing investment is efficiently and effectively invested.

Alistair Helm
CEO – Realestate.co.nz