

## **Rent.com.au (ASX:RNT) RaaS Interview Transcript**

**30 April 2024**

**Duration 8 minutes 37 seconds**

00:00:02:03 - 00:00:18:03

**Finola Burke**

Hello I am Finola Burke from RaaS and today we're focused on purpose-led proptech Rent.com.au Ltd (ASX ticker RNT). Joining me to discuss the Q3 result is CEO Greg Bader, welcome Greg and thanks for joining me.

00:00:18:22 - 00:00:19:12

**Greg Bader**

Thank you Finola.

00:00:20:22 - 00:00:36:01

**Finola Burke**

So Rent.com.au reported Q3 revenue growth of 41% to \$0.89 million with a strong resurgence in the search portal revenues and continued strong growth in RentPay. Greg, what is behind the growth you've seen in the last quarter?

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**Greg Bader**

The January quarter's always, in the real estate industry, is always our busiest. So it's a peak time for ads and moves. So we had a cracker of a quarter. So Rent products are going well. Interestingly, really tight market, ludicrously tight market. So different products performed differently, but strong, strong results there. Advertising was great. We had a couple of one-off campaigns, I guess.

00:01:02:23 - 00:01:19:11

**Greg Bader**

So our focus has always been for a while now is to diversify our advertising revenue away from the home builder market, which has traditionally been our strongest source. So we still have some of that there, but we're looking to grow in other areas as well. So cracking result really happy with it.

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**Finola Burke**

RentPay has now surpassed \$250m, up a quarter of a billion in rental payments through the platform and generated revenue in Q3 of \$146k. Are you happy with the progress you've taken through there?

00:01:35:16 - 00:01:59:15

**Greg Bader**

Look I always want more, in the last quarter up through up to December, we had a really, really strong month, over 1500 in the quarter. This quarter net growth was a bit below that. But what we found, I mean, we work closely with real estate agents, obviously. The Jan, Feb, March period is their busiest time of the year, so moving entire customer bases across is something they are not really keen on.

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**Greg Bader**

So sales activity continued. We our pipeline has grown. We're over 4000 customers now queued up if you like ready to start coming across. Some of them will come across pretty quickly, some of them coming across slowly. It really depends on how the agency is trying to manage the migration. Obviously, from our point of view, in a perfect world, we bring everybody across all at once.

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**Greg Bader**

We talk to the customer and it takes 3 to 4 weeks to get everybody up and running. Other agencies prefer to go slow. Some choose to offer RentPay as the only solution. Some choose to offer it as an alternate solution. And then we have other agencies that are not keen on disturbing the existing tenant. So they'll let the ads, the moves will happen organically as people roll in and out of properties.

00:02:46:15 - 00:03:18:19

**Greg Bader**

So it's a bit of a mixed bag there, but we've never had a pipeline stronger. We've got meetings and demonstrations and all that booked up for weeks in advance. So we're really seeing, I guess, a bit of a step change in the awareness of RentPay. Last week we did a conference, a real estate conference and the team that we had down there is saying that last time we did that conference it was more about, you know, who the hell are you to now it's more I've heard of RentPay, can we have a chat. So we'll continue doing that.

00:03:18:19 - 00:03:36:01

**Greg Bader**

I mean the last quarter also we added in PayLab we added in Alipay, WeChat Pay. So we started to really build out a portfolio of value, not just for the renter but also for the agent as well. So I'm really happy with the progress and like always just head down, bum up and onto the next.

00:03:37:02 - 00:03:47:06

**Finola Burke**

And we also saw a big pick up in RentPay ARPU up to increase rate up to \$5.53 per customer per month. What was behind that result?

00:03:48:06 - 00:04:11:11

**Greg Bader**

There's a few pieces in there that probably the biggest one is we're starting to see. So the last quarter it's gone about as I mentioned, mass bulk agent migrations was a little slower. So what we saw was about half of customers joining RentPay were consumers off the street. People choosing to use RentPay. And out of those, around half of those people are using credit cards as their preferred payment method.

00:04:11:20 - 00:04:23:01

**Greg Bader**

Now, we're the lowest in the market. You cannot pay your rent with the credit card cheaper than through us at 0.99%. So obviously that that transactional value increases. So that has an impact on ARPU as well.

00:04:24:23 - 00:04:34:13

**Finola Burke**

And you now have 16% of revenue coming from repeat transactions, or annuity income. What is your expectation for this in the near term Greg?

00:04:34:13 - 00:04:58:08

**Greg Bader**

Look, one of the core drivers of RentPay was to move out of that sell on Monday, sell on Tuesday type cycle where we saw right through COVID, then we saw the building dramas. So we're so susceptible to changes in market forces that, you know, we're a small, small scale business. So those changes can have a big impact on us.

00:04:58:08 - 00:05:17:16

**Greg Bader**

So moving away to that annuity revenues is a form of insulation for us. Secondary to that, I guess is back to our original point that we when someone's moving house, we've got 4 to 6 weeks to play with that person. The products that we put in front of that person need to be related to their moving journey. That's all they're interested in.

00:05:17:16 - 00:05:37:20

**Greg Bader**

It's just it's just such a stressful, horrible time to be trying to find a property that you just focused on, you're laser focused. So RentPay by takes us into another part of the market where 95% of the tenants in Australia are not actually looking at the moment. So this allows us to, I guess, chat to the entire market now between Rent and RentPay.

00:05:38:02 - 00:05:59:10

**Greg Bader**

So that was that was another driver as well. So look, we continue to focus on growing RentPay, but we'll continue to focus on adding new product features. We've got some you know, some of the stuff we want to want to do is, to be honest, pretty bloody crazy and literally can change this market forever. But we need scale, we need influence, scale to do that.

00:06:01:12 - 00:06:07:11

**Finola Burke**

Well Greg perhaps you could take us through some of the what we could expect in the next quarter in terms of things you'd like to roll out.

00:06:08:07 - 00:06:30:11

**Greg Bader**

That we'll probably do a bit more with PayLab. I mean, the concept is sound so, so PayLab essentially, it allows you to just do your normal spending, shopping, fuel, alcohol, etc. and then you get a rebate on that 3 to 15%. And that rebate can now be directed back into your rent or you can cash it out. It's up to you.

00:06:30:11 - 00:06:46:11

**Greg Bader**

So what we really like about that model is that you don't have to jump through ten different hoops and then buy at some random brand you've never heard of. I mean, I'm talking Coles, Woolworths, sort of sort of stuff. So we'll do some more there as well. We're looking to possibly take that out to our Rent customers.

00:06:46:11 - 00:07:02:11

**Greg Bader**

Well, because once again, even if you're not a RentPay customer, there's value to be derived there for the consumer. So that's part of it. The mortgage side of it, I know and I apologise in advance, investors are getting a bit tired of this. We've done a lot of work in this space. We know where we want to go.

00:07:03:03 - 00:07:35:04

**Greg Bader**

The reality for me is we've got to get to a situation where I can offer a rental customer, a high interest savings account above market, and I can obviously through RentPay, I can also demonstrate their ability to service. We can package up a proposition to allow them to get into a property earlier. Now, not every rental wants to get into a property right now, but for those that do, there'll be an option that the challenge with that is we go through there's an immense regulatory and compliance load there as well.

00:07:35:04 - 00:07:58:16

**Greg Bader**

And I'm talking, you know, \$20-25K per month that we'll need to absorb. So we need a certain scale. We've worked through our conversion rates, etc. So we need a certain scale for that to become reality and we're well on our way there. But we're not talking the next three months. We're looking at a couple of interim solutions as well to start, if you like, putting that product together and offering people solutions.

00:07:59:01 - 00:08:17:13

**Greg Bader**

So that's some of the stuff. We will keep working through with our payment options as well. We made a promise to agents and to tenants that we will take on the payments arms race on your behalf. So there's more payment options coming in that vein, I guess, and that'll be pretty exciting as well.

00:08:19:03 - 00:08:28:02

**Finola Burke**

Well thank you Greg for joining me today to discuss Rent.com.au Q3 results. I'm looking forward to catch up with you through the course of 2024 to check on your progress.

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