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Rolling out the carpet for a legion of landlords

TIM BOREHAM
CRITERION

Rent.com.au (RNT) 15c

The proposition behind the property rental portal is that 30 per cent of Australians (7 million) rent, with this share creeping up to European levels where home ownership is not the sacred cow that it is here in Australia.

The reasons, says Rent founder and CEO Mark Woschnak, pertain not just to dwindling home affordability, but increased work mobility and an acceptance of renting as a lifestyle choice.

"We see renting as a percentage of the population growing massively over the next five to 10 years, to more like the 50-60 per cent rate in most other countries," he says.

Given that, Rent aspires to become the next Domain or Realestate.com, albeit focused on being a one-stop portal for rental listings.

Since listing nine months ago after a $5 million raising, Rent has attracted listings from 7300 of the country's 10,000-odd agencies, which account for half the rental market.

Rent has also attracted "thousands" of listings from private landlords, which account for the other half.

(Rent doesn't list share accommodation, so it won't be competing with those creepy Gumtree ads for someone to share a third of a bedroom in a high-rise inner city ghetto.)

Rent's quarterly update this week showed unique viewings at 650,000 per month, double the rate of six months ago, with private landlord listings up 50 per cent and agent registrations up 10 per cent.

While the numbers are impressive, the rub is that advertisers have not been charged to date, the idea being to build a critical mass of listings.

The next step is to persuade the agents to part with an all-you-can-eat $200 per month for the service, while private landlords will be charged $100 per listing.

A key aspect is a tie-up with data house Veda for an add-on called RentChecker, which vets the potential renter's credit record.

In league with listed Flexigroup's Certigy arm, Rent has also developed a bond financing product for renters, as well as utility connection and removalist services.

While Rent generated $223,000 in the quarter from third-party advertising and premium listings, the acid test lies with acceptance of the paid-for model.

Woschnak reckons that, taking into account the add-on services, 1000 agents paying $200 a month equates to $4m-$5m of annual revenue.

He envisages a $40m-$50m a year turnover business within five years.

Rent is doing the rounds to flog a $5.5m, one-for-three rights raising, at 15c a share to fund a marketing campaign.

The stock has traded as high as 55c.

Presumably, the troubles at listed real estate agent McGrath have weighed on sentiment.

Greybeards will also recoil at the dismal listed experience of rent roll consolidator Run Corp (now owned by reformed truckie and Essendon tragic Paul Little).

Rent could do with some more flesh on the bone, but has a leading position in a market no one has bothered to tap.

We rate Rent a **speculative buy**.

Animoca Brands (AB1) 21c

The mobile games developer hasn't been shy about tapping the market for funds, having raised $16m over four separate efforts since its IPO in January last year.

Happily, the Honkers-based Animoca hasn't outworn its welcome, with its latest $6.5m institutional placement closing oversubscribed.

Animoca is also in the throes of a $1m share purchase plan, also at 20c.

Animoca owns the virtual rights to socialite Paris Hilton, who this month sought to boost her flagging profile with a sultry striptease on her Instagram account.

Animoca's commentary now stresses the innocent delights of Thomas the Tank Engine, rather than the cavorting hotel heiress.

To date, Animoca has worked on the model of free app downloads with revenue derived from in-app purchases and advertising.

But a new e-books tie-up with toy maker Mattel moves Animoca to a subscription-based model for kids' titles, starting with the earnest locomotive.

Animoca CEO Robby Yung says if Thomas delivers the goods, the extensive exploits of Barbie (another key Mattel brand) will follow.

Poor Barbie needs support in more ways than one, with global sales falling 3 per cent in the last quarter after tumbling 14 per cent last year.

Animoca's imminent quarterly results will reveal whether the company has improved on its calendar 2015 run rate of $7.5m revenue and $630,000 of cash burn.

While we're on it, fellow Asian-centric mobile games developer **iCandy Interactive (ICI, 18c)**, listed in February, as a spin-off of the listed tech

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incubator Fatfish Group.

iCandy shares delivered a stunning first day gain of 25 per cent — the best of any float this year — but the 20c shares have since traded as low as 13.5c.

It's also share price fun and games at Anomica, which has traded in a range of 24.5c and 12.5c since listing in January last year.

As with Animoca, iCandy's business model is built around "freemium" games that generate revenue via add-on virtual items.

With revenue of $150,000 in the nine months to December 2015, iCandy doesn't have the scale to get us excited.

Like Thomas, Animoca is puffing down the right track. **Speculative buy**.

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Poor Barbie needs support with global sales falling 3 per cent in the last quarter

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