

Market Update

It is with pleasure that we present this shareholder update for the Company. The investment proposition we outlined in our Prospectus was both audacious and ambitious in that it sought to leverage a unique opportunity to combine several businesses and in doing so stake out a strategic and “game changing” position in the real estate content and solutions market. We are delighted to report that we have successfully completed the establishment stage of this plan and we are on target for our longer term objectives.

The establishment stage, i.e. the establishment of a group of businesses under the Onthehouse Holdings umbrella, involved several critical steps:

- Successful completion of the purchases of Console and PortPlus, two market leading real estate solutions businesses which between them have approximately 50% market share of the real estate agencies in Australia;
- Expanding the content and service offering from the onthehouse.com.au consumer portal;
- Growing the traffic on the onthehouse.com.au and commencing the monetisation of this site; and
- Acquiring 50% of Residex, one of Australia’s pre-eminent Information and Analytics Services businesses.

We have completed these acquisitions and made good progress in integrating the businesses through:

- Creating a single platform environment under which these brands sit;
- Developing and commencing the implementation of roadmaps for rationalisation of product, people, marketing; and
- Most importantly content creation, management and distribution.



Michael Fredericks

Managing Director & CEO

Financial Performance and Position

Onthehouse achieved the financial forecasts in our targets for the 2011 year end and, notwithstanding the general economic instability, we are tracking well for the 2012 year. The company is a scalable, profitable business, which is not capital intensive, has minimal debt and generates strong cash flows.

Onthehouse has today released our Appendix 4C quarterly cash flow statement (attached within), which demonstrates the Company’s continuing growth.

The cash flow from operations before tax and interest for the quarter as shown in the attached cash flow statement is \$995,000 (this includes the payment of the restructuring provision recognised in the FY11 statutory accounts of \$400,000 and transaction costs for the Residex acquisition which were not forecast). EBITDA for the first quarter is \$1,500,000, which is also impacted by synergies which were not forecast to be realised fully in the first quarter.

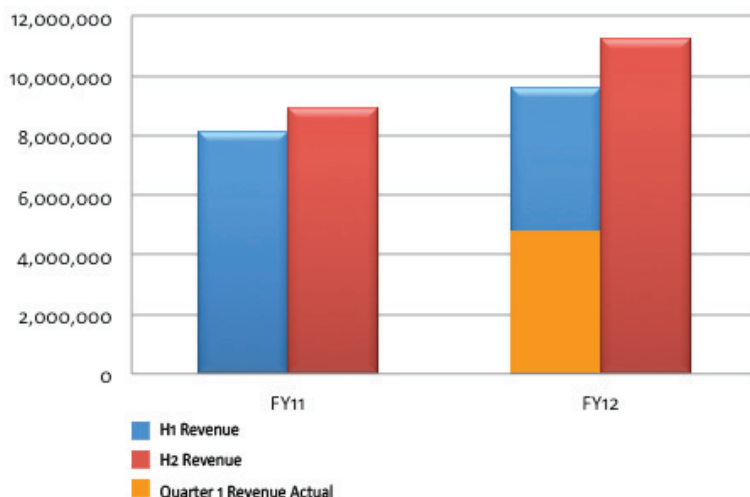
Onthehouse’s business is underpinned by stable and recurring revenues within the Real Estate Agency Solutions business, which have traditionally scaled half-on-half.

During the year ended 30 June 2011, pro-forma revenues scaled from H1 \$8,118,000 (47.7%) to H2 \$8,894,000 (52.3%), and the forecast for the year ending 30 June 2012 sees overall revenues scaling from H1 \$9,590,000 (46.0%) to H2 \$11,260,000 (54.0%).

This change in phasing reflects:

- the price repackaging process now largely executed but not included in first quarter revenues;
- forecast subscriber growth; and
- the consumer online division revenues being monetised as website traffic grows.

Revenue Break Down: Half on Half



Due to Onthehouse's scalable expense model, EBITDA traditionally grows in a similar manner.

It should be noted however the EBITDA split for the year ended 30 June 2011 is not comparable as the H1 pro-forma result did not include various corporate costs (senior management and professional fees) as noted in Onthehouse's prospectus.

The next stage of our plan involves:

- Significantly enhancing the offerings in each of our business divisions by the provision of content and applications of that content;
- Monetising the Consumer Online Division through traffic growth and advertising revenue; and
- Leveraging the earnings platform of our strong existing businesses to develop and grow a next generation on-line real estate content and solutions business.

It is now almost 5 months since Onthehouse listed on the ASX. Today I am even more excited by the opportunity we have to capitalise on our first mover advantage in introducing the Onthehouse digital real estate content and solutions platform to Australia and New Zealand. Our confidence is supported by our growing client base, expanding content and traffic, our progressive business model and expanding the calibre of our senior management team.

Growing Client List

Members of the senior management team have been busy meeting clients of the Real Estate Agency Solutions Division across Australia. These discussions have reinforced our confidence in the demand of the Australian real estate agency industry for an enhanced single digital solution to meet its software and content needs. Following the acquisition of **Console** and **Portplus**, market leaders in the Australian software market, Onthehouse is the market leader in this endeavour in Australia. As a real estate data business, including use of the **Residex** data and intellectual property assets, this product suite is being further enhanced by the inclusion of comprehensive data within the software at no extra charge to our clients.

This is a compelling value proposition for our real estate agency clients.

Onthehouse currently supplies products and services to approximately half of every real estate office in Australia. We are expanding that footprint and our product penetration to our existing clients. The onthehouse client base also extends beyond the real estate agency industry to corporate clients. Our client list is an impressive one. **Our clients include all of the major real estate franchises and other group brands, Australia's leading banks and many of the mid-tier financial brands, mortgage and broking companies, Federal and State Government departments and a handful of online media brands.** We are also seeking to expand our product and service footprint within this existing corporate client base.

Expanding Content and Data Base

A recent McKinsey Global Institute paper on data (Big Data: The next frontier for innovation, competition and productivity – McKinsey Global Institute 2011), highlighted the increasing significance of data and content in industries such as real estate.

The report highlights the manner in which data continues to evolve industries, driven by innovation in underlying technologies, platforms and analytical capabilities for handling data, as well as the evolution of behaviour among its users as more individuals live digital lives. Across industries, data will create growth opportunities for innovative companies that aggregate and analyse industry data. Many of these beneficial companies, it continues, will sit in the middle of large information flows where data about products and services, buyers and suppliers, and consumer preferences and intent can be captured and analysed. Real estate is one of the industries identified to benefit from data and its analytical applications.

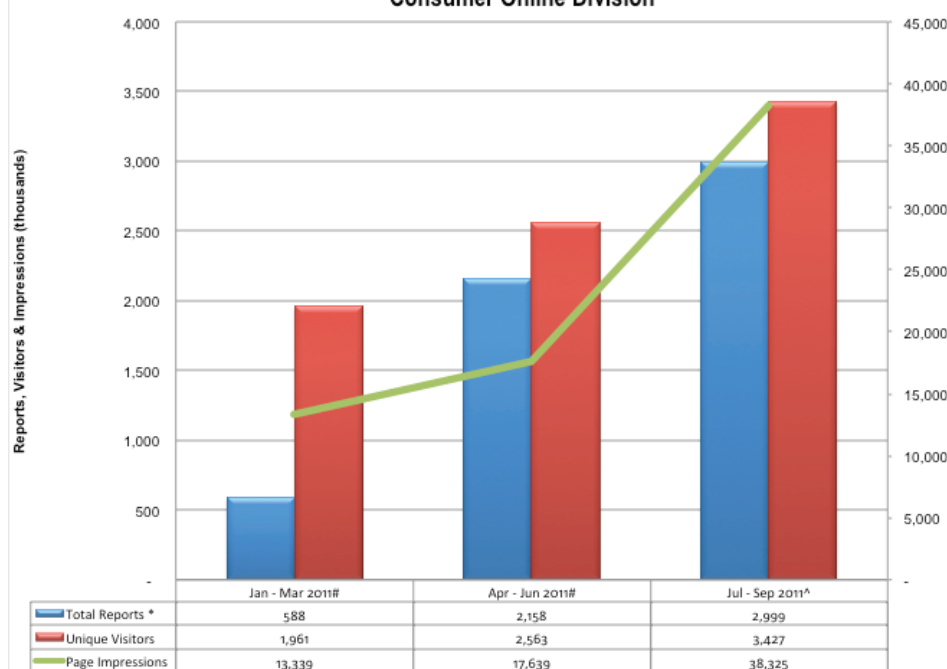
Onthehouse has its origins as a real estate data and content business. The company's recent acquisitions have provided access to valuable intellectual property in valuation and analytical applications (including **Residex** patented technology) and a significantly expanded database.

Due to the unique nature of these assets, the company is also benefiting from strategic data licensing and sharing arrangements with alliance partners seeking access to content driven solutions.

Onthehouse is very well positioned to benefit from this global and industry shift by utilising this competitive advantage across the company's three divisions, namely the Real Estate Agency Division, Consumer Online Division and the Information and Analytics Division.

Expanding Traffic and Audience

2011 Quarterly Reports, Visitors and Impressions
Consumer Online Division



Source: Google Analytics

^ Source: Nielsen Site Census

* Source: onthehouse.com.au Internal Reporting

Traffic growth across the Consumer Online Division continues to grow.

Traffic in the third quarter of this calendar year has grown to over 3.4m unique visitors.

Monetisation across the Consumer Online Division has also grown and is exceeding our forecast for this division.

Growth in the Consumer Online Division for October is also positive with a projected 10% growth in unique visitors compared to September numbers (based on data provided by Nielsen's Site Census).

Progressive Business Model and Strategy

Internationally and locally, real estate solutions markets are transitioning from segregated classified and compliance data businesses to content driven solution platforms for industry and consumers. Onthehouse is driving business model and product innovation to capitalise on this significant opportunity.

The content benefits of this solution are being applied within our real estate agency solutions products for the benefit of our real estate agency clients. We consider the analytical and reporting benefits of applying the Onthehouse data and intellectual property within these industry solutions to be a game changer for the industry by adding enhanced functionality, efficiencies and cost savings. Our industry discussions in recent months overwhelmingly support this view.

Onthehouse is also leading to market a 'Second Generation' Consumer real estate solution. This platform, incorporating the onthehouse.com.au consumer portal, is a consumer empowering online solution, with comprehensive information on almost every property in Australia, whether or not a property is currently on the market or not.


The onthehouse.com.au Consumer Online Division is very excited about the imminent launch of free valuation estimates across Australia. These estimates or "Guesstimates" are calculated using the **Residex** valuation technology, and are provided to Consumers for free, along with other detailed and analytical information about properties in Australia. The provision of this powerful tool to the Australian public is another step by Onthehouse in creating a more informed audience. The referral of inevitable queries by the public surrounding this content to local experts, our real estate agency clients, supports our mission to establish a more efficient marketplace for the consumption of traditional and innovative digital real estate products and services.




The Onthehouse model of supplying the "Guesstimates" solution and other free real estate content to the public is consistent with the leading online consumer portal in the United States, Zillow.com, which recently listed on the NASDAQ. Zillow has overtaken previous market leading 'First Generation' site, Realtor.com (online classifieds only), as the most visited site in the US market.

(Source: Business2 article: Hitwise)

Guesstimate

VALUE ESTIMATE:
\$812,000 to \$862,000
Date Generated: 28/10/2011

CONFIDENCE FLEXIBILITY SCALE

GOOD GUESS

Adjusted Guesstimates	User Type				Guesstimate	User Rating
31/10/2011 10:48am	General Public	4	2	2	\$1,061,000 - \$1,081,000	Just Right
31/10/2011 10:47am	General Public	3	2	2	\$832,000 - \$852,000	A Little Low

Add your own adjustment

i Displayed Guesstimates and User Generated Guesstimates are not a valuation of a property and should not be relied on by users as a valuation or for valuation purposes or relied on in connection with making financial or investment decisions. Displayed Guesstimates and User Generated Guesstimates are supplied for informational purposes only. In accessing this information you agree that onthehouse.com.au gives no warranty in relation to the data (including accuracy, reliability, currency or suitability) and accepts no liability (including without limitation liability in negligence) for any loss, damage or costs relating to the use of data.

Expanding the Quality of the Onthehouse Team

We are very confident about our business model and strategy. The degree of our success will be defined by the execution of this strategy by the Onthehouse team. For this reason, we will continue our endeavours to attract market leading talent to the company.

Onthehouse is pleased to announce an additional senior management appointment to the company.

Ian Wilkins joins the Company today as CTO. Ian has considerable experience in managing digital assets and working within the online content space having worked with News Digital Media and News Limited ('News') for 5 years and subsequently Tourism Australia.

I look forward to providing you with further updates on our progress and news of more exciting product releases which are on the way.

Sincerely,



Michael Fredericks
Managing Director & CEO

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Onthehouse Holdings Limited

ABN

97 150 139 781

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.1	Receipts from customers	4,754	4,754
1.2	Payments for (a) staff costs	(2,590)	(2,590)
	(b) advertising and	(64)	(64)
	marketing		
	(c) research and	-	-
	development		
	(d) leased assets	(12)	(12)
	(e) other working capital	(1,093)	(1,093)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	9
1.5	Interest and other costs of finance paid	(62)	(62)
1.6	Income taxes paid	(104)	(104)
1.7	Other	-	-
Net operating cash flows		838	838

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	838	838
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(2,795)	(2,795)
(c) intellectual property	-	-
(d) physical non-current assets	(49)	(49)
(e) software and data intangibles	(369)	(369)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	18	18
(e) other non-current assets	-	-
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(3,194)	(3,194)
1.14 Total operating and investing cash flows	(2,357)	(2,357)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Transaction costs on issue of shares	(1,380)	(1,380)
1.17 Proceeds from borrowings	3,000	3,000
1.18 Repayment of borrowings	(33)	(33)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	1,587	1,587
Net increase (decrease) in cash held	(770)	(770)
1.21 Cash at beginning of quarter/year to date	1,747	1,747
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	978	978

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,600	3,000
3.2 Credit standby arrangements	1,400	1,400

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,747	1,747
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		1,747	1,747

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Company secretary

Date: 31 October 2011

Print name: Craig Dawson

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.