



	Sale	Buy	Grow
	\$285.00	\$314.07	10.20%
	\$375.00	\$480.75	28.00%
	\$625.00	\$663.75	6.80%
Copper	\$769.00	\$818.98	6.40%
Steel	\$424.00	\$552.90	30.40%
Aluminum	\$326.00	\$419.89	28.50%
Manganese	\$400.00	\$448.80	12.20%
Platinum	\$588.00	\$726.77	23.60%
Silver	\$285.00	\$442.26	55.20%
Beryllium	\$424.00	\$578.01	36.10%
Aluminum	\$285.00	\$375.24	31.70%



Evolve

Capital Partners

Real Matters

May 2017

Summary of Initial Public Offering



SPECIALIZED INVESTMENT BANKERS AT THE INTERSECTION OF FINANCE & TECHNOLOGY

Real Matters IPO – Executive Summary

Initial Public Offering Overview



TSX: REAL



Description

Real Matters, Inc. operates a property valuation, collateral risk management, and data analytics software platform in North America. The Company's platform 'Redihive' delivers an integrated suite of capabilities for property valuation, collateral risk management, and data analytics to customers for transforming their businesses.



Use of Proceeds

The Company intends to use the net proceeds of this offering for working capital and other general corporate purposes, which may include acquisition opportunities, investments in new services, research, grow residential mortgage appraisal market share, general and administrative matters and capital expenditures.

Source(s): Company website, sedar.com

	Headquarters	Markham, Ontario
	Founded	2004
	Employees	860
	Trading Date	05/11/2017
	Lead Underwriters	
	Filing Price	\$13.00
	Shares Offered	12 million
	Gross Proceeds	\$157 million

Real Matters IPO – Executive Summary

Key Metrics – IPO

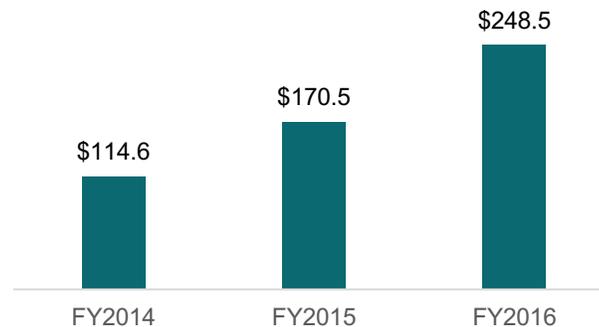
Shares Offered at the time of IPO	12 million
Filing Price	\$13.0
Total Shares Outstanding after IPO	87 million
Market Value at Filing Price*	\$1.1 billion
Enterprise Value at Filing Price#	\$1.1 billion
EV at Filing Price / 2016 Revenue	4.5x
Listing Date	05/11/2017
Listing Price	\$15.00
Listing Premium	15.38%

Source(s): *sedar.com, Capital IQ*

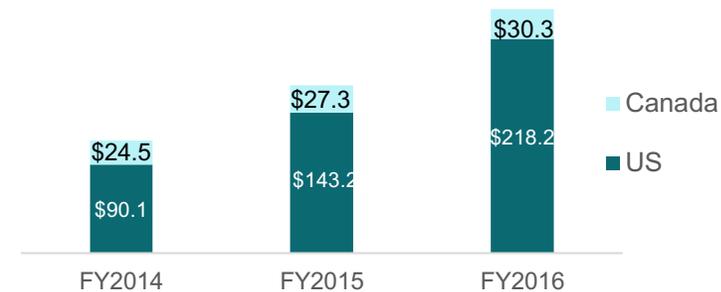
* Market Value based on shares outstanding as on May 31, 2017 and IPO share price of \$13.0

Enterprise Value based on market value, and total debt and cash in SEC filings for F2016

Net Revenue (\$mm)



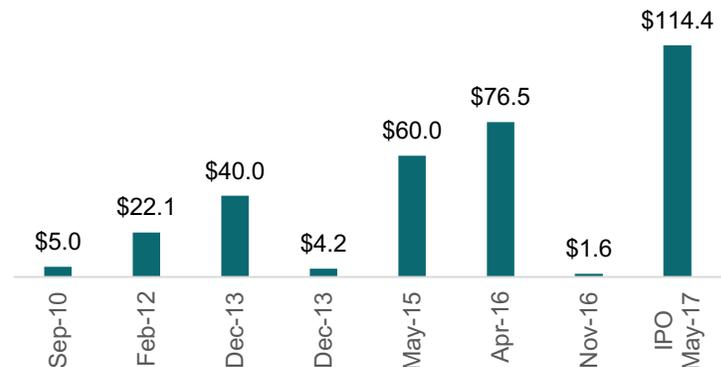
Revenue by Geography (\$mm)



EBITDA (\$mm)



Financing History (\$mm)



Real Matters IPO – Executive Summary

Company Overview

The company serves mortgage Lenders and insurance industries by providing a cloud-based real estate technology platform. It provides its customers with subject matter expertise gathered through partnerships with more than 26,000 field agents, comprised of independent appraisers as well as insurance inspectors.

Key Group Companies

	<p>Solidifi is an independent provider of residential property appraisals that provides purchase, refinance, and home equity mortgage origination transactions. The Company operates through a technology-based marketplace wherein independent property professionals and field agents compete for business.</p>
	<p>Iv3 is an inspection and data service reporting services provider to residential & commercial property insurance and casualty insurance companies in North America.</p>
	<p>Linear Title & Closing is a national independent provider of title and closing services to lenders for refinance, purchase, and Real Estate Owned (REO) transactions in all 50 states of the US.</p>

Major Shareholders

		
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Key Statistics

	<p>Revenue Mix by Geography –</p> <table border="0"> <tr> <td data-bbox="1439 475 1923 618"> <p>US (88%) Appraisal Services (83%), Title & Closing Services (17%)</p> </td> <td data-bbox="1923 475 2420 618"> <p>Canada (12%) Appraisal Services (88%) Title & Closing Services (12%)</p> </td> </tr> </table>		<p>US (88%) Appraisal Services (83%), Title & Closing Services (17%)</p>	<p>Canada (12%) Appraisal Services (88%) Title & Closing Services (12%)</p>
<p>US (88%) Appraisal Services (83%), Title & Closing Services (17%)</p>	<p>Canada (12%) Appraisal Services (88%) Title & Closing Services (12%)</p>			
	<p>Clientele – Real Matters clients include approximately 60 of the top 100 mortgage lenders in the US, 3 of the top 5 banks in Canada and 9 of the top 15 insurance carriers in Canada. The Company has a client retention rate of approximately 95%.</p>			
	<p>Total Funding – Real Matters has received funding to date of over \$200 million (Primary Capital) since its inception 12 years ago.</p>			
	<p>Market Share – The Company provides approximately one in 20 residential mortgage appraisals in the U.S. and has approximately 5% market share. As a national independent provider of title and closing services, the Company has approximately 0.4% market share.</p>			
	<p>Revenue Growth – For fiscal 2016, approximately 88% of the Company's revenues were generated in the US. Net Revenue and Adjusted EBITDA have grown at a CAGR of 75.7% and 143.1%, respectively, from 2014 to 2016.</p>			

Real Matters IPO – Executive Summary

Revenue Model and Revenue Breakdown

Revenue Model

Real Matters derives its revenue from transactions executed over the Company's Platform 'Redihive' and from Linear's current operations. The Company's contracting strategies support a land and expand model:

- given Real Matters's client retention experience of ~95%¹, existing base revenue is expected to be largely consistent, subject to overall market conditions;
- in the U.S., lenders are not typically price sensitive, favouring quality over price, and costs are borne by the borrower

Financial Targets

	F2016	5 year Target
Revenue CAGR	47% ²	20% to 25%
Net Revenue Margin ³ (%age of Revenue)	31% ⁴	35% to 40%
Adjusted EBITDA Margin (%age of Net Revenue)	18% ⁵	25% to 30%

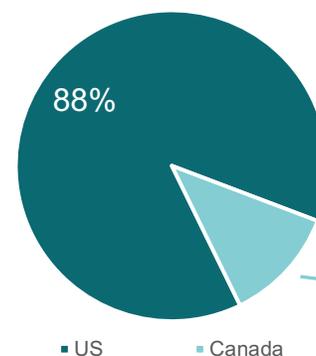
Note:

¹ Retention rate calculated since launch based on number of clients who have completed at least one transaction with the Company in the fiscal year ended September 30, 2016. Based on Real Matters clients on *Inside Mortgage Finance website: Top 100 Mortgage Lenders (first nine months of 2016)*. ; ² Revenue CAGR for Real Matters F2014 to F2016 ; ³ Net Revenue = Revenues – Transaction Costs ; ⁴ Net Revenue Margin for Real Matters Pro-forma F2016 ; ⁵ Adjusted EBITDA Margins for Real Matters Pro-forma F2016

Real Matters has three key service lines:

- Appraisal Services** – These services include Interior and Exterior Residential Appraisals, Desktop Appraisals, Broker Price Opinions, and Property Condition Reports.
- Title & Closing Services** – These services include Title Search, Title Fee Quoting, Closing Services, Escrow and Recording, and Collateral Review Services.
- Insurance Inspection Services** – These services are available only in Canada for now, and include Interior and Exterior Residential and Commercial Inspections.

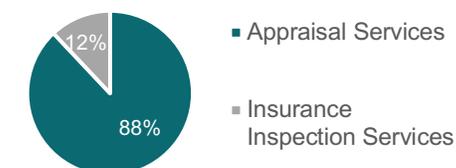
Revenue Breakdown by Geography



Revenue Breakdown by Services in the US - F2016



Revenue Breakdown by Services in Canada - F2016



Real Matters IPO – Executive Summary

Market Opportunity

Real Matters' platform addresses two new transformative markets. The Company services the Residential Mortgage Industry in the US and Canada and the Insurance Inspection Industry in Canada.

\$3.2 billion	is the size of the Residential Mortgage Appraisal Services Market in the U.S in 2016
\$13 billion	is the size of the Title & Closing Market in the U.S in 2016
\$1.9 trillion	is the size of the U.S. residential mortgage origination market estimated in 2016

Following are some of the major acquisitions by Real Matters:

 (December 2012)	<ul style="list-style-type: none"> Acquired several large Tier 2 clients in the US mortgage appraisals market Increased market share with key Tier 2 clients from 5% to 25% following acquisition
 (May 2015)	<ul style="list-style-type: none"> Home equity valuation products ported to the Real Matters platform New clients (no overlap with prior base) Product and client cross-sell has resulted in broader client relationships and new clients
 (April 2016)	<ul style="list-style-type: none"> Through Linear, established a position in \$13B title and closing market National US footprint and licensing Currently building out Next Generation Closing strategy

Source(s): Company Website, Company's Sedar filings

Continue to grow residential mortgage appraisal market share

- Real Matters recently entered into MSAs with five Tier 1 mortgage lenders. Tier 1 mortgage lenders currently account for approximately 30% of US residential mortgage appraisal spend.
- The Company recently launched these clients and expects its market share with these clients will increase substantially over the next five years.

Disrupt title and closing market

- Real Matters will seek to repeat its approach used in the residential mortgage appraisal market and leverage its platform to disrupt the title and mortgage closing business of its existing Tier 2 and Tier 1 clients.
- The Company believes it can leverage its existing MSAs with mortgage lenders in the U.S., including all Tier 1 mortgage lenders, to accelerate the sales cycle and time to first transaction with these lenders.

Continue to pursue acquisition opportunities

- Real Matters has a track record of acquiring traditional businesses and effectively integrating them with the its platform in order to scale and deliver better performance and generate high contribution margins.
- The Company will continue to seek other strategic acquisitions in its existing business or new business lines that leverage its platform and complement its existing businesses.

Real Matters IPO – Executive Summary

Financing History

Date	Series/Type	Amount (\$mm)	Investors	Transaction Notes
11/01/2016	Merger/Acquisition	\$2	 	Urbana Corporation and Caldwell Investment Management acquired an additional stake in Real Matters, Inc. from unknown shareholders for \$2 million.
04/01/2016	Private Placement	\$77	 	Funds would be used to bring Real Matters proprietary software and field agent management expertise to the market for mortgage title and closing services, and towards financing the acquisition of Linear Title & Closing Ltd.
05/04/2015	Private Placement	\$60		Whitecap III fund invested \$60 million that would be used to drive growth and to expand Real Matters reach through acquisitions.
12/18/2013	Private Placement	\$4	 	Real Matters has received \$4 million in funding from Urbana Corp and Caldwell. Real Matters issued 3,750,000 shares at CAD 1.20 per share.
12/16/2013	Private Placement	\$40	-	Real Matters will use the \$40 million fund to further drive its growth including strategic acquisitions across North America.
02/08/2012	Private Placement	\$22	-	Real Matters will use the fund to continue its strong organic growth & acquisition plan, grow its existing businesses and fully leverage its partnership with a network of more than 18,000 field agents.
03/31/2011	Private Placement	NA		Real Matters received an undisclosed amount from the existing investor Wellington Financial Fund III, L.P.
09/16/2010	Private Placement	\$5	 	Real Matters will use the fund for additional working capital to further accelerate its strategic growth across Canada and the United States.

Source(s): CapitalIQ

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