



## Reis, Inc. Announces Third Quarter 2009 Results

### ***Reis Services Segment Remains Highly Profitable with a 45% EBITDA Margin in Current Quarter***

NEW YORK, November 6, 2009: Reis, Inc. (NASDAQ:REIS) ("Reis" or the "Company"), a leading provider of commercial real estate market information and analytical tools, announced its financial results and operational achievements for the quarter ended September 30, 2009.

#### **Results and Performance**

Reis presents financial information for its two operating segments: the Reis Services segment, which is our primary business of real estate information services; and the Residential Development Activities segment, which business we are in the process of exiting.

#### *Consolidated Financial Results*

Consolidated revenues for the three months ended September 30, 2009 were \$6,699,633 compared to \$11,563,802 for the three months ended September 30, 2008. During the third quarter of 2009, revenue was comprised of subscription revenue (from the Reis Services segment) of \$5,801,078 and revenue from sales of residential units of \$898,555. During the 2008 period, consolidated revenue was comprised of subscription revenue of \$6,524,346 and revenue from sales of residential units of \$5,039,456.

On a consolidated basis, the Company reported a net (loss) of \$(162,535) for the three months ended September 30, 2009, or \$(0.02) per basic and diluted share. For the three months ended September 30, 2008, the Company's consolidated net (loss) was \$(209,110), or \$(0.02) per basic and diluted share.

For the nine months ended September 30, 2009 and 2008, consolidated revenues were \$24,772,637 and \$39,262,149, respectively. During the 2009 year to date period, revenue was comprised of subscription revenue (from the Reis Services segment) of \$18,065,398 and revenue from sales of residential units of \$6,707,239. During the 2008 period, consolidated revenue was comprised of subscription revenue of \$19,440,153 and revenue from sales of residential units of \$19,821,996.

For the nine months ended September 30, 2009, the Company's consolidated net income was \$645,615, or \$0.06 per basic and diluted share. For the nine months ended September 30, 2008, the Company's consolidated net income was \$1,263,326, or \$0.12 and \$0.09 per basic and diluted share, respectively.

#### *Reis Services EBITDA and Revenue*

Management uses EBITDA (earnings before interest, taxes, depreciation and amortization) to monitor and assess Reis Services's performance and believes it is helpful to investors in understanding Reis Services's business (see Reconciliations of Net Income to EBITDA and Adjusted EBITDA below). Reis Services's EBITDA was \$2,586,000 and the EBITDA margin was 44.6% during the third quarter of 2009. During the third quarter of 2008, EBITDA was \$2,965,000 and the EBITDA margin was 45.4%. During the second quarter of 2009, EBITDA was \$2,740,000 and the EBITDA margin was 46.4%. Reis Services's EBITDA was \$8,342,000 and \$8,515,000 for the nine months ended September 30, 2009 and 2008, respectively, with EBITDA margins of 46.2% and 43.8%, respectively.

Reis Services's EBITDA decreased \$379,000 from the third quarter of 2008 to the third quarter of 2009, primarily as a result of a revenue reduction between the two periods of \$723,000. For the nine months ended September 30, 2009, EBITDA decreased \$173,000, primarily as a result of a revenue reduction between the two periods of \$1,375,000. The \$154,000 decline in EBITDA in consecutive quarters (second quarter 2009 to third quarter 2009) is primarily the result of a decline in revenue of \$108,000. We have been able to maintain our EBITDA margins through the significant cost control measures initiated in the fourth quarter of 2008 and in place during the 2009 periods.

The revenue decreases referred to above are driven by the cumulative impact of declines in Reis Services's renewal rates over the trailing twelve month period. Our overall renewal rate was 83% for the trailing twelve months ended September 30, 2009, down from 84% for the twelve months ended June 30, 2009 and 88% for the year ended December 31, 2008. Although the trailing twelve month renewal rate continued to decline through September 30, 2009, the rate of decline slowed dramatically. This is attributable to the fact that our renewal rates during the third quarter of 2009 increased significantly to 88% overall and 89% for institutional customers, up from 80% and 83%, respectively, during the second quarter of 2009. This was our first sequential quarter over quarter increase in renewal rates since the beginning of the market downturn in 2008.

Separately, the net effect of price increases and decreases upon renewals has also negatively impacted revenue. During the past twelve months, contract price increases on renewals were constrained due to usage reductions at certain customers as well as budgetary pressures at our customers, predominantly in the banking industry, but also impacting other of our customers. Our pricing model is based on actual and projected usage, and we believe it is generally not as susceptible to downturns and personnel reductions at our

customers as would be a model based upon individual user licenses. We generally impose contractual restrictions limiting our immediate exposure to revenue reductions due to mergers and consolidations. However, we have been and we may in the future be impacted by consolidation among our customers and potential customers, or in the event that customers enter bankruptcy or otherwise go out of business. During the nine months ended September 30, 2009, our bad debt expense aggregated \$27,000 or only 0.1% of revenue during that period.

According to Reis's CEO, Lloyd Lynford, "Reis has come through, in our view, the worst of the recession extremely well, maintaining strong levels of EBITDA and EBITDA margin. Although we don't foresee an imminent return to historical transaction volumes, we do believe that many properties and mortgages will be revalued and change hands over the next several years. In such an environment, the demand for Reis's market information and analytics will be robust."

#### *Consolidated Balance Sheet Information*

At September 30, 2009, Reis had consolidated assets of approximately \$110,996,000 (including approximately \$21,509,000 of cash and cash equivalents), approximately \$38,251,000 of consolidated liabilities (including \$9,912,000 of deferred revenue and \$20,125,000 of acquisition debt) and consolidated stockholders' equity of approximately \$72,745,000 or \$7.01 per common share based upon 10,383,871 shares outstanding. Officers and directors of Reis beneficially own approximately 28.9% of the common shares outstanding.

Total book assets related to the residential real estate aggregated approximately \$6,086,000, or 5.5% of consolidated assets at September 30, 2009. This represents a \$4,322,000 decrease from December 31, 2008.

#### *Operational and Financial Highlights*

Following are recent operational and financial highlights:

- Expanded Reis's retail coverage by 35 additional markets in August 2009;
- Enhanced Reis's Single Property Valuation module and its Asset and Portfolio Analysis<sup>SM</sup> service, in August 2009, which were designed to help clients better quantify the value and risk associated with their commercial real estate holdings;
- Completed the sellout of condominium units at our 259 unit Gold Peak project in September 2009;
- Executed contracts in October 2009 to sell three fully improved East Lyme lots which are expected to close in the fourth quarter of 2009;
- Continued to reduce real estate project-related operating and carrying costs by reducing real estate staff, salaries and other costs and further minimizing operating activities at the Claverack and East Lyme projects;
- Remained net cash positive - our consolidated cash balance of \$21,509,000 exceeds our acquisition debt balance of \$20,125,000. Based on our cash on hand and our current cash flow generation, we believe we have sufficient liquidity to meet our scheduled principal payments, which in the aggregate will reduce this debt balance to \$19,250,000 at December 31, 2009 and to approximately \$13,000,000 at December 31, 2010; and
- Repurchased an aggregate of 640,086 shares at an average price of \$4.21 per share during the nine months ended September 30, 2009. From the inception of the share repurchase program in December 2008 through October 31, 2009, the Company purchased an aggregate of 653,317 shares of common stock at an average price of \$4.23 per share, for an aggregate of approximately \$2,765,000 (leaving approximately \$235,000 that may be used to purchase additional shares under the program).

#### **Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA**

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, impairment losses on real estate assets and stock based compensation. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, senior management uses EBITDA and Adjusted EBITDA to measure operational and management performance. Management believes that EBITDA and Adjusted EBITDA are appropriate metrics that may be used by investors as supplemental financial measures to be considered in addition to the reported GAAP basis financial information to assist investors in evaluating and understanding the Company's business from year-to-year or period-to-period, as applicable. Further, these measures provide the reader with the ability to understand our operational performance while isolating non-cash charges, such as depreciation and amortization expenses, as well as other non-operating items, such as interest income, interest expense and income taxes, and in the case of Adjusted EBITDA, isolates non-cash charges for impairment losses on real estate assets and stock based compensation. Management also believes that disclosing EBITDA and Adjusted EBITDA will provide better comparability to other companies in Reis Services's type of business. However, investors should not consider these measures in isolation or as substitutes for net income (loss), operating income (loss), or any other measure for determining operating performance that is calculated in accordance with GAAP. In addition, because EBITDA and Adjusted EBITDA are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. Reconciliations of EBITDA and Adjusted EBITDA to the most comparable GAAP financial measure, net income (loss), follow for each identified period:

(amounts in thousands)

Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Three Months Ended September 30, 2009	Reis Services	Residential Development Activities and Other*	Consolidated
Net (loss)			\$ (162)
Income tax (benefit)			(70)
Income (loss) before income taxes	\$ 1,263	\$ (1,495)	(232)
Add back:			
Depreciation and amortization expense	1,217	8	1,225
Interest expense (income), net	106	(8)	98
EBITDA	2,586	(1,495)	1,091
Add back:			
Stock based compensation expense, net	—	559	559
Adjusted EBITDA	\$ 2,586	\$ (936)	\$ 1,650

(amounts in thousands)

Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Nine Months Ended September 30, 2009	Reis Services	Residential Development Activities and Other*	Consolidated
Net income			\$ 646
Income tax expense			513
Income (loss) before income taxes	\$ 4,377	\$ (3,218)	1,159
Add back:			
Depreciation and amortization expense	3,666	60	3,726
Interest expense (income), net	299	(18)	281
EBITDA	8,342	(3,176)	5,166
Add back:			
Stock based compensation expense, net	—	1,213	1,213
Adjusted EBITDA	\$ 8,342	\$ (1,963)	\$ 6,379

Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA for the Three Months Ended September 30, 2008	Reis Services	Residential Development Activities and Other*	Consolidated
Net (loss)			\$ (209)
Income tax (benefit)			(73)
Income (loss) before income taxes	\$ 1,564	\$ (1,846)	(282)
Add back:			
Depreciation and amortization expense	1,161	53	1,214
Interest expense (income), net	240	(138)	102
EBITDA	2,965	(1,931)	1,034
Add back:			
Stock based compensation expense, net	—	402	402
Adjusted EBITDA	\$ 2,965	\$ (1,529)	\$ 1,436

Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Nine Months Ended September 30, 2008	Reis Services	Residential Development Activities and Other*	Consolidated
Net income			\$ 1,263
Income tax (benefit)			(865)
Income (loss) before income taxes	\$ 4,345	\$ (3,947)	398
Add back:			
Depreciation and amortization expense	3,308	182	3,490
Interest expense (income), net	862	(491)	371
EBITDA	8,515	(4,256)	4,259
Add back:			
Stock based compensation expense, net	—	887	887
Adjusted EBITDA	\$ 8,515	\$ (3,369)	\$ 5,146

Reconciliation of Net Income to EBITDA and Adjusted EBITDA for the Three Months Ended June 30, 2009	Reis Services	Residential Development Activities and Other*	Consolidated
Net income			\$ 531
Income tax expense			378
Income (loss) before income taxes	\$ 1,449	\$ (540)	909
Add back:			
Depreciation and amortization expense	1,192	29	1,221
Interest expense, net	99	(35)	64

EBITDA.....	2,740	(546)	2,194
Add back:			
Stock based compensation expense, net.....	—	353	353
Adjusted EBITDA.....	<u>\$ 2,740</u>	<u>\$ (193)</u>	<u>\$ 2,547</u>

\* Includes Gold Peak, East Lyme, the Company's other residential developments and corporate level income and expenses.

### **Residential Development Activities**

At September 30, 2009, the Company's residential development activities were comprised primarily of the following:

- The 259 unit Gold Peak condominium development in Highlands Ranch, Colorado. Sales commenced in January 2006 and all of the Gold Peak units were sold as of September 30, 2009.
- The Orchards, a single family home development in East Lyme, Connecticut, upon which the Company could build 161 single family homes on 224 acres. Sales commenced in June 2006 and an aggregate of 36 homes and lots (28 homes and eight lots) were sold as of September 30, 2009. At September 30, 2009, there were one East Lyme home, five improved lots and 119 fully approved lots in inventory.
- The Stewardship, a single family home development in Claverack, New York, which is subdivided into 48 developable single family home lots on 235 acres and includes two model homes and substantially completed infrastructure and amenities.

The following table presents Gold Peak and East Lyme sales information for the respective periods:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Project Total Through September 30, 2009
	2009	2008	2009	2008	
<b>Gold Peak:</b>					
Number of units sold.....	4	12	20	47	259
Gross sales proceeds.....	\$ 898,000	\$ 3,479,000	\$ 4,965,000	\$ 14,522,000	\$ 77,402,000
<b>East Lyme:</b>					
Number of homes and lots sold.....	—	9	3	14	36
Gross sales proceeds.....	\$ —	\$ 1,560,000	\$ 1,742,000	\$ 5,300,000	\$ 20,429,000

### **Investor Conference Call**

The Company will host a conference call on Friday, November 6, 2009, at 1:00 PM (EST). This call is for the benefit of existing and prospective stockholders, stock analysts, and other interested parties to discuss the third quarter 2009 results and other matters. The Company has a policy of not providing quarterly or annual guidance.

The dial-in number for this teleconference is (877) 723-9521 in the United States and Canada and (719) 325-4801 outside the United States and Canada. Refer to conference reservation number 5453909. A replay of the conference call will be available from shortly after the conference call through midnight (EST) on November 20, 2009 by dialing (888) 203-1112 in the United States and Canada and (719) 457-0820 outside the United States and Canada, and referring to the same conference reservation number. An audio webcast of the conference call will be available on Reis's website at [www.reis.com/events](http://www.reis.com/events) and will remain on the website for a period of time following the call.

### **About Reis**

The Company's primary business is providing commercial real estate market information and analytical tools for its customers, through its Reis Services subsidiary. Reis Services, including its predecessors, was founded in 1980. Reis maintains a proprietary database containing detailed information on commercial properties in metropolitan markets and neighborhoods throughout the U.S. The database contains information on apartment, office, retail and industrial properties and is used by real estate investors, lenders and other professionals to make informed buying, selling and financing decisions. In addition, Reis data is used by debt and equity investors to assess, quantify and manage the risks of default and loss associated with individual mortgages, properties, portfolios and real estate backed securities. Reis currently provides its information services to many of the nation's leading lending institutions, equity investors, brokers and appraisers.

Reis's flagship product is *Reis SE*, which provides web based online access to information and analytical tools designed to facilitate debt and equity transactions as well as ongoing evaluations. In addition to trend and forecast analysis at metropolitan and neighborhood levels, the product offers detailed building-specific information such as rents, vacancy rates, lease terms, property sales, new construction listings and property valuation estimates. *Reis SE* is designed to meet the demand for timely and accurate information to support the decision-making of property owners, developers and builders, banks and non-bank lenders, and equity investors, all of whom require access to information on both the performance and pricing of assets, including detailed data on market transactions, supply, absorption, rents and sale prices. This information is critical to all aspects of valuing assets and financing their acquisition, development

and construction.

For more information regarding Reis's products and services, visit [www.reis.com](http://www.reis.com).

Reis acquired the Reis Services business in a May 2007 merger. Prior to May 2007, Reis operated as Wellsford Real Properties, Inc. Its primary operating activities immediately prior to the merger were the development, construction and sale of its three residential projects and its approximate 23% ownership interest in the Reis Services business. The Company has completed the sale of the remaining units at its Gold Peak project and is seeking to exit the residential development business by selling its remaining two projects in bulk, in order to focus solely on the Reis Services business.

### **Cautionary Statement Regarding Forward-Looking Statements**

The Company makes forward-looking statements in this press release. These forward-looking statements may relate to the Company's or management's outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on the Company's business's operations or performance. Specifically, forward-looking statements may include:

- statements relating to future services and product development of the Reis Services segment;
- statements relating to future sales of the Company's real estate;
- statements relating to future business prospects, potential acquisitions, revenue, expenses, income (loss), cash flows, valuation of assets and liabilities and other business metrics of the Company and its businesses, including EBITDA and Adjusted EBITDA; and
- statements preceded by, followed by or that include the words "estimate," "plan," "project," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions.

These statements reflect management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, management has made certain assumptions. Future performance cannot be assured. Actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include:

- revenues may be lower than expected;
- the inability to retain and increase the Company's customer base;
- additional adverse changes in the real estate industry and the markets in which the Company has property;
- the inability to dispose of existing residential real estate development projects at expected prices or at all;
- competition;
- the inability to attract and retain sales and senior management personnel;
- difficulties in protecting the security, confidentiality, integrity and reliability of the Company's data;
- changes in accounting policies or practices;
- legal and regulatory issues; and
- the risk factors listed under "Part I, Item 1A. Risk Factors" of the Company's annual report on Form 10-K for the year ended December 31, 2008, which was filed with the Securities and Exchange Commission (the "SEC") on March 13, 2009 and "Part II, Item IA. Risk Factors" of the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2009, which was filed with the SEC on November 6, 2009.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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Financial Information

The following financial information should be read in conjunction with Reis's consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are included in Reis's quarterly report on Form 10-Q for the quarterly period ended September 30, 2009, which was filed with the Securities and Exchange Commission on November 6, 2009.

**REIS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 21,509,344	\$ 24,151,720
Restricted cash and investments.....	1,546,332	3,081,469
Receivables, prepaid and other assets .....	5,989,580	5,944,607
Real estate assets.....	4,278,499	7,137,636
Total current assets.....	33,323,755	40,315,432
Furniture, fixtures and equipment, net .....	1,377,545	1,737,430
Intangible assets, net of accumulated amortization of \$9,317,665 and \$5,981,961, respectively.....	21,136,164	23,161,695
Goodwill.....	54,824,648	54,824,648
Other assets .....	334,359	398,334
Total assets.....	\$ 110,996,471	\$ 120,437,539
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of loans and other debt.....	\$ 200,266	\$ 189,136
Current portion of Bank Loan.....	5,624,999	3,500,000
Construction payables.....	18,346	156,653
Construction loans payable.....	—	5,077,333
Accrued expenses and other liabilities.....	6,501,954	5,365,034
Reserve for option liability.....	122,030	55,830
Deferred revenue.....	9,912,010	12,120,997
Total current liabilities.....	22,379,605	26,464,983
Non-current portion of Bank Loan.....	14,500,001	19,250,000
Other long-term liabilities.....	843,197	988,716
Deferred tax liability, net.....	528,580	66,580
Total liabilities.....	38,251,383	46,770,279
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.02 par value per share, 101,000,000 shares authorized, 10,383,871 and 10,988,623 shares issued and outstanding, respectively .....	207,677	219,772
Additional paid in capital.....	98,828,610	100,384,302
Retained earnings (deficit).....	(26,291,199)	(26,936,814)
Total stockholders' equity.....	72,745,088	73,667,260
Total liabilities and stockholders' equity.....	\$ 110,996,471	\$ 120,437,539

**REIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>Revenue:</b>				
Subscription revenue.....	\$ 5,801,078	\$ 6,524,346	\$ 18,065,398	\$ 19,440,153
Revenue from sales of residential units.....	898,555	5,039,456	6,707,239	19,821,996
Total revenue.....	<u>6,699,633</u>	<u>11,563,802</u>	<u>24,772,637</u>	<u>39,262,149</u>
<b>Cost of sales:</b>				
Cost of sales of subscription revenue.....	1,385,711	1,413,573	4,153,990	4,119,221
Cost of sales of residential units.....	654,588	4,553,641	4,655,557	17,005,326
Total cost of sales.....	<u>2,040,299</u>	<u>5,967,214</u>	<u>8,809,547</u>	<u>21,124,547</u>
Gross profit.....	<u>4,659,334</u>	<u>5,596,588</u>	<u>15,963,090</u>	<u>18,137,602</u>
<b>Operating expenses:</b>				
Sales and marketing.....	1,293,824	1,260,167	3,817,133	3,996,307
Product development.....	431,009	473,491	1,361,796	1,436,201
Property operating expenses.....	169,753	267,800	654,971	801,631
General and administrative expenses, inclusive of costs (reductions) attributable to stock based liability amounts of \$177,503, \$79,544, \$121,673 and \$(272,219), respectively.....	2,899,314	3,775,683	8,689,845	11,157,848
Total operating expenses.....	<u>4,793,900</u>	<u>5,777,141</u>	<u>14,523,745</u>	<u>17,391,987</u>
<b>Other income (expenses):</b>				
(Loss) income from joint ventures.....	34,351	173,666	182,285	496,155
Interest expense.....	(132,320)	(275,223)	(463,015)	(843,444)
Total other income (expenses).....	<u>(97,969)</u>	<u>(101,557)</u>	<u>(280,730)</u>	<u>(347,289)</u>
(Loss) income before income taxes.....	<u>(232,535)</u>	<u>(282,110)</u>	<u>1,158,615</u>	<u>398,326</u>
Income tax (benefit) expense.....	<u>(70,000)</u>	<u>(73,000)</u>	<u>513,000</u>	<u>(865,000)</u>
Net (loss) income.....	<u>\$ (162,535)</u>	<u>\$ (209,110)</u>	<u>\$ 645,615</u>	<u>\$ 1,263,326</u>
<b>Net (loss) income per common share:</b>				
Basic.....	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>
Diluted.....	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ 0.06</u>	<u>\$ 0.09</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic.....	<u>10,660,758</u>	<u>10,984,517</u>	<u>10,798,841</u>	<u>10,984,517</u>
Diluted.....	<u>10,660,758</u>	<u>10,984,517</u>	<u>10,993,089</u>	<u>11,196,660</u>