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**MANAGEMENT DISCUSSION SECTION**

Operator: Good day, everyone and welcome to the Reis, Inc. Third Quarter 2009 Financial Results Conference Call. Today's call is being recorded.

At this time, I would like to turn the conference over to Mr. Lloyd Lynford, President and CEO of Reis. Please go ahead, sir.

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**Lloyd Lynford, President and Chief Executive Officer**

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Good afternoon. This is Lloyd Lynford, President and CEO of Reis. Today on our third quarter 2009 conference call, we have with us, Jonathan Garfield, Co-Founder and Executive Vice President of Reis, Mark Cantaluppi, Reis's Chief Financial Officer and other members of Reis's senior management team.

First I need to provide our legal disclaimer. Today's comments may include forward-looking statements, which involve a number of risks and uncertainties and are based on currently available information and current management outlook or expectations. Actual results may differ materially from those in the forward-looking statements. In addition, we do not plan to update any forward-looking statements to reflect subsequent events or circumstances or if our expectations change.

For more information relating to the risks and uncertainties involved in our forward-looking statements and the Company generally, please see the Risk Factors and Forward-Looking Statements sections of our recent filings with the SEC including our third quarter 2009 Form 10-Q filed earlier today, and our 2008 Form 10-K filed March 13, 2009. This call is being broadcast live over the Internet and will be available for replay for a period of time following the call. A link to the webcast of this call as well as information on the replay is available at [www.reis.com/events](http://www.reis.com/events).

Earlier today, we filed our quarterly report on Form 10-Q and issued an earnings press release, copies of which can be found at the Investor Relations portion of our website. Our presentation this afternoon will include my comments on Reis's third quarter 2009 as well as current market conditions. I will in turn ask Mark to speak about our two legacy real estate projects and review our financial performance. Afterwards, we will open the telephone lines for your questions.

The Reis Services segment continued its very strong performance during the third quarter of 2009. We were highly profitable, posting EBITDA of \$2.6 million, representing an EBITDA margin of 45%. Last quarter, I referred to Reis's strong performance in the context of what I called, "This comparatively late date in the cycle of U.S. economic contraction." It is especially gratifying this quarter, despite today's announcement of a 10.2% unemployment rate, to reflect on the third quarter's 3.5% rate of GDP growth and consider these the early days of the economy's expansion, tentative though it may be, and to reflect on how Reis has managed to sustain strong EBITDA levels and margins through the protracted recession."

Further, we believe that an improving economy and hopefully a loosening credit market will positively influence the demand for Reis's market information and analytics. First and foremost, the Company is fortunate to offer products and services that our customers have continued to rely upon in difficult times.

As we have mentioned on previous calls, market information, particularly granular data that supports buy/sell/hold decisions including decisions about property values and credit extensions, remains vital in markets experiencing instability and declining prices. Our customers recognize this reality, and it is borne out in our improving renewal rates.

Our overall renewal rate in the third quarter increased to just under 88%, up from 80% in the second quarter. While we aspire to return to the 90% plus rates that we consistently reported prior to this recession, we are extremely pleased that our customers are feeling sufficiently confident about their own business prospects to renew, and in some cases, expand their commitments to our services. While we can't be sure that the economy will cooperate with us, at least without the periodic hiccup, and thereby continue to support our improved renewal rates, we believe that there are reasons for optimism.

Bankruptcies and reorganizations among major financial institutions, while they continue to occur, are not happening with the frequency that they did late last year, and through the first quarter of this year.

While mergers among our customers may become more of an issue in the future, our usage-based model which generally correlates our annual subscription fees to report consumption and thus in part to the number of assets that a customer has an interest in, offers us some measure of insulation in the event that two customers combine their commercial real estate portfolios.

I believe that most of you on the call understand that as a subscription business, we recognize revenue from contracts rapidly, typically 1/12th of an annual contract each month. As a result, there is a lag between, for example, a one-year contract and the cumulative impact of that contract on revenue. Just as our lower renewal rates of last year and early this year have taken a cumulative toll on revenue as this year has unfolded, a similar but favorable dynamic is at work as contract signings improve.

Although, we cannot assure you that the stronger renewal rate that we enjoyed in the third quarter will be sustained. If renewal rates do remain strong, the higher level of contract signings will ultimately translate favorably into revenue.

Positive signs are not limited to the rate at which we are renewing existing accounts. New business was also stronger in the third quarter. As some firms begin, if not to deploy large amounts of capital in search of real estate bargains, to inch closer to deployment, investors appear to be more actively searching out opportunities. And while the credit log jam has not been broken, buyers and sellers are reassessing their respective positions, especially those sellers who may have refinancing pressures fast approaching on the horizon. While recognizing the fragility of the economy, we are optimistic about the green shoots that higher renewal rates and our new business acquisition represent.

Towards the end of our last quarterly conference call, I noted that we were about to release some major enhancements to Reis SE. These releases occurred in August and included the following: our Single Property Valuation Tool, Version 2.0, substantially upgrading our existing valuation product by adding two additional approaches to valuing real estate: direct capitalization and price per square foot, both based on transaction data that Reis develops for each local market. These approaches provide critical information to augment our discounted cash flow valuation method, and support our efforts to be the critical source for real estate professionals seeking guidance on the value of commercial real estate assets.

We also introduced coverage on an additional 35 new shopping center markets, continuing the programmatic expansion of our geographic footprint. We also launched sales comps coverage on 87 additional apartment markets, 50 office markets, and 60 shopping center markets with historical records going back to January 2005.

As we expand our coverage of both the space and sales markets and integrate sophisticated analytical tools into our interface, we continue to put distance between Reis and our competitors with respect to providing the holistic solutions for larger enterprises as well as to customizing subscription packages for smaller entities doing business primarily in smaller markets.

We place great emphasis on our suite of evaluation and credit risk products, on expanding our geographic footprint with respect to market coverage, and on integrating our tools in such a way that we continue to play an indispensable role in the underwriting, acquisition, asset management and financial reporting functions of our customers.

It is by relentlessly pursuing this strategy, blending the highest quality market information with the most sophisticated analytics for the most markets that we validate the statement that Reis is the Bloomberg of commercial real estate. While there is much work to be done to fulfill the implications of that statement, it is a worthy vision and one that motivated Reis's management team and all its employees on behalf of the Company's customers and shareholders.

Mark will review our financial results in detail. But in addition to the strong EBITDA results I noted at the outset of the call, I would also like to point out that we have wrapped up our operations at our Gold Peak condominium development project in Denver, are debt-free with respect to our two remaining real estate projects, continue to make significant principal payments on the Reis acquisition debt, generate significant positive cash flow in the Reis Services segment, and we have \$21.5 million of consolidated cash on hand. Reis Services is, from the standpoint of all financial metrics, a strong and profitable segment.

Last December, we announced that we were implementing a \$1.5 million stock repurchase program. Almost one year later, and after doubling the size of the program to \$3 million this past August, we are very pleased with the results we have achieved. Over that period, we have used our excess cash to buy in approximately 6% of the Company at what we believe to be very attractive prices.

Looking at the repurchase program today, we have realized a very healthy return on behalf of our stockholders. The average cost of the shares we repurchased was \$4.23 per share which compares very favorably to our current stock price of around \$6.30 and a 52-week high of 6.86 hit earlier this week resulting in substantial accretion for all of our stockholders.

I would now like to turn the call over to Mark Cantaluppi to discuss our real estate and our financial results.

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**Mark P. Cantaluppi, Vice President and Chief Financial Officer**

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Thank you, Lloyd. First I would like to update you on the legacy real estate. At Gold Peak, our 259-unit Denver project, we closed the final unit in September. At East Lyme, one home and five improved lots remain available for sale. Three of the five improved lots are under contract as of today. However, there's no guarantee that we will close these sales. Separately, we are still actively marketing the 119 unimproved, but fully approved lots.

Regarding the bulk sale initiatives at East Lyme and Claverack, we continue to make every effort in our marketing of these projects, all the while reducing our overhead and carrying costs to the greatest extent possible.

As of September 30, 2009, we had total real estate assets aggregating \$6.1 million or just 5.5% of consolidated total assets at that date, which includes approximately \$3 million each for East Lyme and Claverack. This represents a net reduction of \$4.3 million from the \$10.4 million of real estate assets I reported to you at December 31, 2008. As a reminder, there is no debt on any of the real estate we own.

In addition, we've continued to work to reduce project -related operating and carrying costs. We have further reduced the real estate staff, salaries, and other costs as we completed the sell-out of

Gold Peak and minimized operating activities at the other two projects. The effects of these reductions will be fully reflected in lower property operating and maintenance costs, and general and administrative expenses in the fourth quarter of 2009 and into 2010. I will now briefly discuss our consolidated financial results.

Consolidated revenue for the third quarter 2009 aggregated \$6.7 million, which is comprised of subscription revenue of \$5.8 million, and revenue from residential development activities of \$900,000. During the comparable 2008 quarter, consolidated revenue was \$11.6 million, which was comprised of subscription revenue of \$6.5 million, and revenue from residential development activities of \$5.1 million.

For the nine months ended September 30, 2009, consolidated revenue aggregated \$24.8 million, of which 18.1 million was subscription revenue and 6.7 million was revenue from residential development activities. During the comparable 2008 nine-month period, consolidated revenue was \$39.2 million, which was comprised of subscription revenue of \$19.4 million and sales revenue from residential development activities of \$19.8 million.

The Company had a consolidated net loss of \$163,000 for the third quarter of 2009 or negative \$0.02 per basic and fully diluted share. This compares to a net loss of \$209,000 for the third quarter of 2008 or also negative \$0.02 per basic and fully diluted share.

For the nine months ended September 30, 2009, the Company had consolidated net income of \$646,000, or \$0.06 per basic and fully diluted share. For the nine months ended September 30, 2008, net income was \$1.263 million or \$0.12 per basic share and \$0.09 per fully diluted share.

Following our additional performance metrics for the Reis Services segment including EBITDA, we believe EBITDA is a useful measure to understand the financial performance of this segment. Since EBITDA is a non-GAAP financial measure, I must caution you about its limitations.

In MD&A of our September 30, 2009 quarterly reports on Form 10-Q and in our earnings release both issued earlier today, we include cautionary language about the use of EBITDA and adjusted EBITDA as non-GAAP measures, and present reconciliations of net income to EBITDA and adjusted EBITDA for the appropriate periods. Both our 10-Q and press release are available at the Investor Relations portion of our website at [www.reis.com/investors](http://www.reis.com/investors).

EBITDA for Reis Services was \$2.586 million for the third quarter of 2009 and \$2.965 million for the third quarter of 2008. The EBITDA margin was 44.6% in the current quarter and 45.4% in the 2008 third quarter. Revenue was \$5.801 million for the third quarter of 2009 and \$6.524 million for the 2008 period. EBITDA was \$8.342 million for the nine months ended September 30, 2009, and \$8.515 million for the nine months ended September 30, 2008. The EBITDA margin improved to 46.2% in the current period from 43.8% in the 2008 nine-month period.

Revenue was \$18.065 million for the nine months ended September 30, 2009, and \$19.440 million for the comparable 2008 period. As a reminder of our results for the second quarter 2009, EBITDA was \$2.740 million, the EBITDA margin was 46.4%, and revenue was \$5.909 million.

Our revenue was impacted by a reduction in our overall annual renewal rate over the latter part of 2008 and into 2009. For the trailing 12 months ended June 30, 2009, annual renewal rates were 84% for all customers and 86% for our institutional customers. For the trailing 12 months ended September 30, 2009, these rates were 83% for all customers and 85% for our institutional customers.

Although the trailing 12-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.

We believe that our renewal rates represent strong performance, especially given the market conditions during the past 12 months. And they're in fact consistent with renewal rates and the trend in renewal rates reported by other leading subscription-based business information companies.

We were able to soften the impact of revenue reductions on EBITDA and maintain our margins in the mid 40% range as a result of the cost saving measures implemented in late 2008 and continuing into 2009. Cost control is important. However, as we have stated before, we remain committed to investing wisely in product development and enhancement initiatives for Reis SE and to increase database content.

Following are some balance sheet statistics at September 30. Stockholders' equity was \$72.7 million. The Company had approximately 10.384 million common shares outstanding, which equates to a book value per share of \$7.01. Directors and senior management beneficially own 28.9% of the outstanding stock. Total consolidated assets aggregated \$111 million, cash and cash equivalents aggregated \$21.5 million or \$2.07 per share.

Customer receivables net of allowances aggregated \$5.6 million at September 30 and bad debts still remain immaterial. Our annual contract model provides a significant level of revenue visibility and predictability relative to future periods.

Deferred revenue, which was \$9.9 million at September 30, represents revenues from annual or longer-term contracts for which we have billed and/or received payments from our customers related to services we will provide in the future. It does not include an additional \$9.2 million of revenue under non-cancelable contracts for which we do not yet have the contractual right to bill. Deferred revenue is recognized as income over the contractual period primarily on a straight-line basis.

The remaining outstanding balance of the Reis Services acquisition debt aggregated \$20.1 million at September 30. Reis first became net cash positive in the second quarter of 2009, and we continue to be net cash positive at the end of the third quarter, as our cash balance of \$21.5 million exceeded our debt balance by \$1.4 million. This result was still maintained even with the use of over \$1.9 million of cash for stock repurchases in the third quarter.

Our debt has a current interest rate of LIBOR plus 1.5% per annum. For the past 11 months, we are paying interest on this debt at an all-in annual rate of less than 2%. Based on our cash on hand and our current cash flow generation, we remain comfortable with our scheduled principal payments, which in the aggregate will reduce our debt balance to \$19.3 million by December 31, 2009, and to approximately \$13 million by December 31, 2010. This debt matures in September 2012.

Regarding the status of our \$3 million stock repurchase program, through September 30, we had repurchased over 640,000 shares at an average price of \$4.21 per share. This includes a block of 360,000 shares repurchased on September 4 at \$5 per share. Through October 31, we had repurchased 653,000 shares at an average price of \$4.23 per share. We have approximately \$235,000 of current availability for future repurchases under this plan.

Depending on market conditions, financial developments, and other factors, Reis's Board may determine to expand this program in the future. As I have stated in prior calls, we expect to have further reductions in the Other G&A and property operating and maintenance expense line items, the impact of which will be realized beginning in the fourth quarter of 2009 as we have eliminated during the past few weeks an additional \$175,000 a quarter or \$700,000 annually.

These reductions were primarily related to real estate development employees whose contracts expired or who had been providing only limited consulting services on a significantly reduced basis. Separately, additional expense reductions from contractual employment obligations that expire in May 2010 will further reduce other G&A by nearly \$250,000 a quarter or \$1 million annually.

With that, I will now open the call for questions.

**QUESTION AND ANSWER SECTION**

Operator: Thank you. [Operator Instructions]. And we'll take our first question from Ross Haberman from The Haberman Fund.

**<Q – Ross Haberman>**: Good morning, gentlemen. How are you?

**<A – Mark Cantaluppi>**: Good, Ross. How are you?

**<Q – Ross Haberman>**: Could you talk about what kind of pricing you're getting on renewals? I think you talked about the rate of renewals. But are you having to cut price, discount price or anything like that on renewals today?

**<A – Lloyd Lynford>**: Good question. I think to continue the theme that I started discussing in last quarterly conference call, no. In fact what we're beginning now to see is that we're beginning to – unlike last year and early this year, we're beginning to see on current-year contracts, modest price increases on a blended average basis. And I think more significantly on multi-year contracts. I think I noted last quarter that on multi-year contracts that extended into 2010, the blended average price increase on those contracts that I believe I noted was in the eight to 9% range.

I don't have an update on multi-year contracts that we signed during the third quarter. But the overall trend line continues more favorably in terms of price increases than we had seen late last year or early this year.

**<Q – Ross Haberman>**: And in terms of real estate, you touched upon it. Any – would you say that you're getting more inquiries today than three through six months ago in terms of the large tract?

**<A – Mark Cantaluppi>**: Yes. The conversations there are also getting a little easier. Brokers have been bringing more interested parties out to the projects.

**<Q – Ross Haberman>**: As opposed to a bunch of bottom- fishers?

**<A – Mark Cantaluppi>**: Last winter, where there was very little or no activity. You know, we are talking to a lot of people who have been showing some renewed interest.

**<Q – Ross Haberman>**: So it's strictly not a bunch of bottom-fishers, you might say? Or the bottom-fishers began to raise their bids a little bit?

**<A – Mark Cantaluppi>**: Some are, some aren't. We're trying to – obviously weed through the people who we think are just there to kill us on the bottom end, but, you know, we're not going to do anything that is not prudent for the Company as far as holding true to a reasonable sales price.

**<Q – Ross Haberman>**: And just one – one numbers question regarding the real estate in total. What do you think is the cash – negative cash flow cost of carrying the \$6 million of real estate on an annual basis?

**<A – Mark Cantaluppi>**: You know...

**<Q – Ross Haberman>**: About?

**<A – Mark Cantaluppi>**: To pay taxes, insurance and some maintenance?

**<Q – Ross Haberman>**: Yes, and – and whatever other fees you are paying, you know.

**<A – Mark Cantaluppi>**: Probably between 3 and \$400,000 on an annual basis.

<Q – Ross Haberman>: Okay. All right. Thanks guys. Nice quarter.

<A – Lloyd Lynford>: Thank you.

<A – Mark Cantaluppi>: Thank you.

Operator: [Operator Instructions]. And it appears there are no further questions at this time. I'll turn the conference back over to our presenters for any additional or closing remarks.

#### Lloyd Lynford, President and Chief Executive Officer

Thank you all who have participated on our call this afternoon. As always, Mark and I are available to speak to current and prospective stockholders of Reis, and we would be happy to answer your questions within the parameters regarding selective disclosure. We anticipate updating you with our fourth quarter and annual results in our March 2010 conference call. Thank you, and have a good afternoon.

Operator: Again, that does conclude today's presentation. We thank you for your participation.

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