



The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000
By E-Lodgement

30 April 2019

IBN Group Limited Update

iBuyNew Group Limited (**ASX: IBN**) (“**Company**”) provides an update for the third quarter (“**Q3 FY19**”). The Company continues to operate iBuyNew.com.au, a leading Australian online new property marketplace, (“**iBuyNew**”) and Nyko Property, a property research and advisory services firm (“**Nyko**”) in conjunction with the assets of Indo-Pacific Property Group (“**IPG**”).

Q3 FY19 Key Highlights

- 19 active reservations at the end of Q3 FY19;
- The Company’s future gross commissions receivable book is valued at c. \$4.91m at 5 April 2019 (subject to settlement);
- Anticipated Q4 FY19 settlements of gross \$1m, net \$500k (subject to settlement);
- Undrawn \$500k loan facility at the election of IBN against settlement income payable to McRae in relation to collection of historical Indo-Pacific property sales;
- Cost reduction program originally announced in October 2018 substantially advanced with over \$1m in annual cost reductions to date and a further \$0.4m to be realised within 3 months;
- Sale of the unprofitable Western Australia rent roll; and
- Closure of the IBN International Double Bay office and heads of agreement in place for the sub lease of the North Sydney office with operations now centralised in Melbourne.

Operational Update

Market conditions in residential property have been widely publicised and particularly challenging in recent months following the Royal Commission into Financial Services and the associated tightening of credit availability, combined with marked falls in the value of residential property across Australia from highs reached in mid 2018. With no immediate improvement in market conditions for residential property anticipated, the group has continued on its path to reduce costs and identify new revenue streams. The cost reduction program included the sale of the unprofitable Western Australian rent roll which settled on 16 April 2019 along with a redundancy program providing an additional \$800k in savings.

This follows the cost rationalisation program announced on 8 October 2018 which is now substantially advanced with over \$1m in annual cost reductions to date, and a further \$0.4m to be realised within the next 3 months constituting a total reduction of over 35% from fixed costs. This has included the closure of the IBN International Double Bay office and the imminent closure of the North Sydney office. Operational activities will now be predominantly based out of the Group’s Melbourne office to simplify and streamline the group’s activities.



CEO Bill Nikolouzakakis said “market conditions continue to be very difficult for new property sales and we have taken the prudent approach to sharply reduce costs to reflect lowered expectations of new revenue while concurrently streamlining and simplifying the business, including retaining focus on collecting settlement revenue from prior sales activity. This has included divesting of unprofitable business units and reducing sales team numbers to focus on leads with the best conversions and on collecting settlement revenues.”

“While sales were down considerably in Q3 due to a number of factors including depressed market conditions and the business interruptions associated with redundancies, we expect an improvement in Q4 which is a seasonally stronger quarter for residential property. With approximately \$500k in net settlements anticipated in Q4 along with \$500,000 undrawn from January’s loan facility the business remains in a position to navigate this period. Our sole focus remains to deliver on reaching profitability and positive cash flow as soon as possible. This includes actively exploring ways to develop new short term and sustainable revenue streams.”

Group Update

As announced on 15 January 2019, the Company restructured its existing debt and entered into a \$2,450,000 senior secured loan facility. The facility consists of two tranches:

- Tranche 1: \$1,950,000 made up of a combination of new lenders and \$600,000 of Company’s current Convertible bond holders rolling into the secured loan facility; and
- Tranche 2: \$500,000 on arms’ length terms with entities associated with non-executive director Stephen Quantrill, namely McRae Investments Pty Ltd. Tranche 2 of the facility may be drawn down at the election of IBN against settlement income payable to McRae in relation to Indo Pacific property sales.

ENDS

Further enquiries:

Bill Nikolouzakakis

CEO

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About IBN

iBuyNew Group Limited operates iBuyNew.com.au and Nyko Property. iBuyNew and Nyko operate a leading Australian online marketplace and a research and advisory firm that helps buyers find, compare and buy new property.

iBuyNew.com.au is where Australians go to buy new property. The platform allows prospective buyers to compare, reserve and buy from more than 7,990 listings across 310 developments. Nyko focuses on new property distribution to B2B/corporate partners through research reports and its advisory services. Together, the businesses distribute new property sales across B2C and B2B channels across Australia.

The Company has a highly experienced board and management team that has a history in technology, corporate finance and sales, which it applies to increase the growth and profitability of its investments. The board is committed to providing management with the assistance and contacts required, in order to take their businesses to the next level.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

iBuyNew Group Limited

ABN

20 108 958 274

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	607	3,135
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs and/or direct costs	(177)	(1,248)
(c) advertising and marketing	(46)	(468)
(d) leased assets	(1)	(3)
(e) staff costs *	Wages (327) Consultant Fees (142) Directors Fees (5)	Wages (1,168) Consultant Fees (308) Directors Fees (35)
(f) administration and corporate costs **	(100)	(679)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(98)	(188)
1.6 Income taxes paid / refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(288)	(960)

* staff costs include termination payments

**administration and corporate costs' relate to all other operating costs except for those listed from (a) to (e)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		(10)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (bank guarantee)	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material) *	0	50
2.6 Net cash from / (used in) investing activities	0	40

* Trust account Movement for the Quarter.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(4)
3.5 Proceeds from borrowings	1,250	1,250
3.6 Repayment of borrowings	(785)	(1035)
3.7 Transaction costs related to loans and borrowings	(95)	(95)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	370	116

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	288	1,174
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(288)	(960)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	40
4.4	Net cash from / (used in) financing activities (item 3.10 above)	370	116
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter*	370	370

* The cash balance includes \$334,571 restricted cash held on trust.

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	370	370
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	370	370

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

\$2,500 for directorship services to entities partially controlled by Calvin Ng
\$2,500 for consulting & directorship services to entities controlled by Warren McCarthy

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,950	1,950
-	-
-	-

- 8.1 Loan facilities
- 8.2 General Other Creditor
- 8.3 Convertible notes

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

KEY TERMS OF THE LOAN FACILITY (8.1):

- (a) The Secured Facility will be drawn over two tranches:
 - Tranche 1: Drawn \$1,950,000 made up of a combination of new lenders and \$600,000 of the Company's current convertible bond holders rolling into the Secured Facility; and
 - Tranche 2: Undrawn \$500,000 commitment on arms' length terms with entities associated with non-executive director Stephen Quantrill, namely McRae Investments Pty Ltd. Tranche 2 of the facility will be drawn down at the election of IBN against settlement income payable to McRae in relation to past Indo Pacific property sales
- (b) The Secured Facility attracts an interest rate of 18 percent per annum accruing on a daily basis;
- (c) Term: 12 months;
- (d) Minimum Interest: 6 months; and
- (e) The Secured Facility is a first ranking secured loan facility against the Company, and the Group's settlement book and its rent roll.

The proceeds from Tranche 1 of the loan facility were used to:

- Repay all its debt obligations to Mark Mendel and nominees; the vendors of Find Solutions Australia;
- Repayment of \$500,000 of existing convertible bonds; and
- Working capital to complete the strategic initiatives announced on the 08 October 2018.

On 5 April, the Company recorded a gross future commissions receivable book of c. \$4,91M. The Company currently owns and operates 1 rent roll in New South Wales. The previously owned Western Australian rent roll was sold in Q3 settling on 16 April 2019. The proceeds of the sale of this rent roll were applied against the outstanding amount of this loan facility.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs and / or direct costs*	733
9.3	Advertising and marketing	26
9.4	Leased assets	1
9.5	Staff costs **	92
9.6	Administration and corporate costs	306
	Sub Total	1,158
9.7	Interest expense	95
	Tax payments	12
	Loan Repayment	-
9.8	Total estimated cash outflows	1,265

The Group expects c. \$1,072k settlement commission during Q4 FY19. These commissions are based on construction timelines provided by Developers and are contingent on actual settlements.

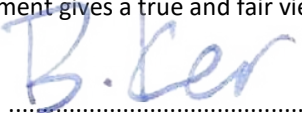
*Direct costs include commissions paid to sales agents and external referral fees based on forecast exchanges and settlements during Q4 FY19. These payments are contingent on actual exchanges & settlements.

** Staff Costs includes direct salary and wages and director fees.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: 30/04/2019

Print name: Bob Ker

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.