

20 December 2016

IMPLEMENTING A GO-TO-MARKET STRATEGY TO ADVANCE KBU'S OMNI-CHANNEL RETAIL EXPERIENCE

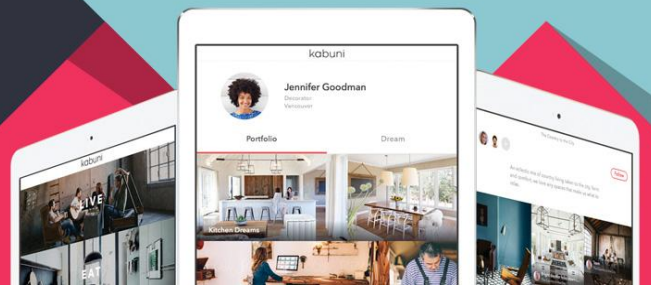
The Board of Kabuni Limited ("Kabuni" or "the Company") ASX:KBU, is pleased to provide shareholders with an update on the Company and the go-to-market strategy for H1 calendar year 2017.

"Developing an omni-channel retail experience using a platform that enables virtual reality and other exponential technologies to make design accessible to all"

Company Overview

Kabuni is disrupting the home furnishing space by making design accessible to a larger market segment by:

- Developing a technology platform for interior designers, makers, artists and artisans to share their design inspiration ideas with consumers
- Offering a closed environment where consumers can seek professional advice from an interior designer (for no charge) to assist them with their design choices
- Providing lead generation for designers, and solving many of their pain points including choice of product, cashflow, logistics, and customer management tools
- Presenting a unique catalogue of furniture and décor products via the online e-commerce store as well as a access through a broader catalogue when desired
- Building a co-working space that functions as a retail space and a hub for local makers, designers and consumers, and
- Exploring the use of advanced technology including virtual reality visualisation and 3D printing abilities.



During the calendar year 2016, Kabuni achieved some significant milestones in developing this leading omni-channel platform.

Highlights

- Development Office opened in India – February 2016
- Kabuni iOS App became ready for e-commerce – April 2016
- First version of web platform launched – May 2016
- Kabuni House launched – June 2016
- Version 2.0 of iOS app launched - August 2016
- Web platform gained e-commerce functionality – August 2016

CEO & Managing Director Neil Patel commented:

“Throughout 2016, Kabuni focused on refining and updating the Company’s technology across all three pillars. The Board now believes that the teething issues which were experienced during launch have now been rectified and the Company is well position to advance to the next stage.

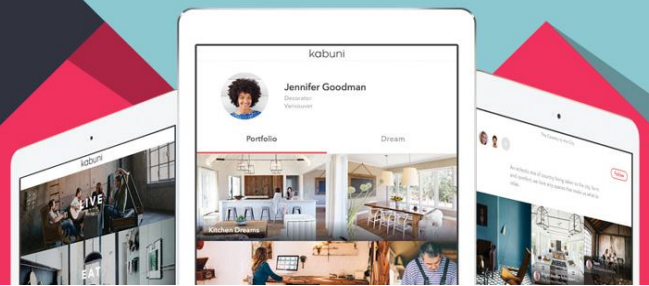
“Most recently, the appointment of Frans Tjallingii as an experienced Chief Operating Officer will significantly aid the Company in implementing our comprehensive go-to-market strategies.”

Omni Channel Platforms

Through Kabuni’s technology platform the Company aims to integrate three pillars of the business - **Community**, **Kabuni House**, and **Marketplace** - to better assist interior **designers**, furniture/décor **makers**, and **artists** in achieving their respective business goals.

COO Frans Tjallingii commented:

“I look forward to adding value to Kabuni by executing our various go-to-market strategies and increasing market traction over the coming months. We have already implemented a number of projects that will allow us to learn and improve together with designers and consumers towards sustainable growth.”



KABUNI PLATFORM



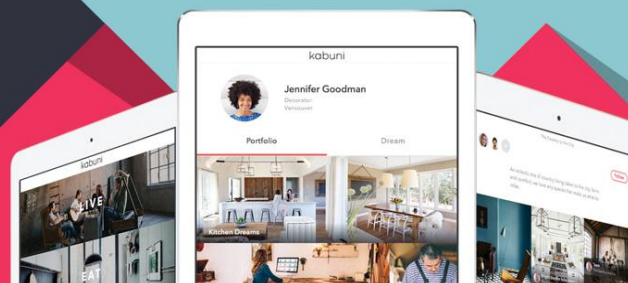
Moving Kabuni into commercialization phase

With the successes and challenges of 2016, Kabuni has identified several ways to grow the three pillars of the business.

Community



- Social networking platform
- Drive traffic to the marketplace
- Enable scalable growth
- Create opportunity for future revenues
- Launched in April 2016



Go-to-market strategy:

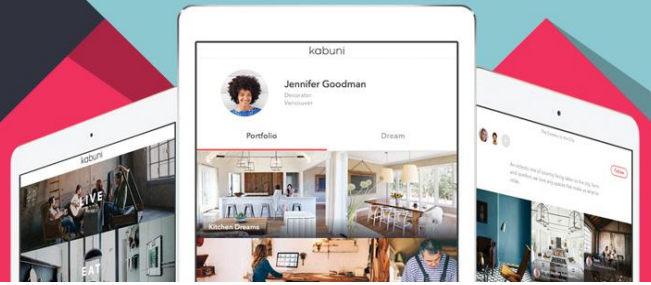
The key commercial strategies that Kabuni will employ in H1 CY2017 to grow the community include:

- Re-design the Kabuni.com website to be consumer facing while also showing a clear value proposition for each of the Company's target client groups.
- Capitalise on the relationship with the American Society of Interior Designers (member base of 26,000) by attracting Community members through both direct and indirect marketing channels.
- Drive the total number of designers on the Company's platform to 5,000 by leveraging its partnerships, using paid leads and coordinated marketing.
- Increase outreach by scaling the ambassador program to build upon the Company's eight current ambassadors. The aim is to have 50 ambassadors by end of FY 2017.
- Evaluate additional revenue generating business opportunities across the platform.

Kabuni's community is a social network platform whereby users can connect with home industry professionals and design enthusiasts. The community platform hosts inspiration boards where designers share their design ideas, which in turn drive traffic to the marketplace.

The community platform also provides Kabuni with the opportunity to layer on other business revenue models in the future including offering paid content, education, advertising, sponsorships, business software, and other tools (as a SaaS model).

Kabuni Community	As at 15 December 2016
Total users	8,156
Designers	1,897
Clients	6,259



Kabuni House



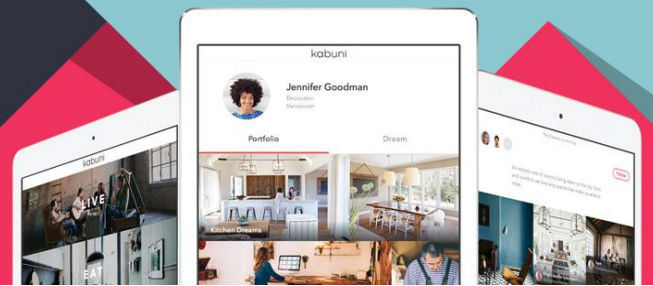
- Co-working space for the home industry located in Vancouver
- Revenue generated through tiered memberships
- Leading technologies offered to members
- Launched in June 2016

Go-to-market strategy:

- Convert free memberships into paying memberships.
- Create a more comprehensive database of possible targets, use the learning from prior surveys to identify leads, targeted sales approach to obtain membership sales.
- Increase event attendance and drive membership value by launching six events per month that provide useful content to members with respect to building their business.
- Continue the current 'Maker Spotlights' to create interactions between makers and designers. This will promote two makers per month.
- The introduction of vignettes that will feature three makers for three months at a time.
- Increase level of engagement with Interior Design Canada's membership (6000 members).
- Progress to achieve breakeven by the end of FY2017.

Kabuni House is the inaugural co-working space for the home industry in Vancouver. The facility:

- Provides members with a professional place to meet with clients and collaborate with industry peers.
- Provide access to leading presentation technology including Microsoft Ideum touch-screen tables, iMacs loaded with industry software, and the holographic 3D Dream Room.



- Host events that allow members and their guests to network in a relaxed, professional environment.
- Offer local makers retail space to display and sell their uniquely crafted products.

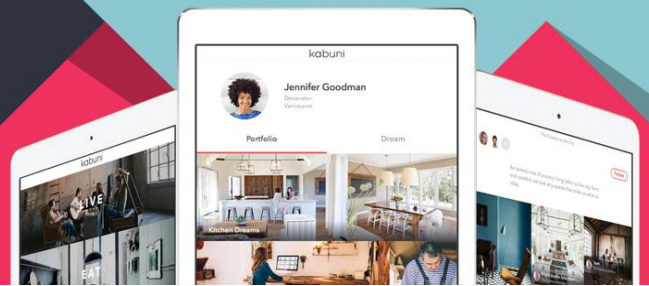
Kabuni House differs from competing co-working spaces by its niche focus to the design and maker community, its tailored offering to this group, and its use of visualisation technology. House membership packages are provided at different levels for designers, makers, and corporate partners, and are priced competitively with other co-working spaces.

Kabuni is shifting from a mode of creating brand awareness to membership sales based on the learning obtained through the facility's initial months of operation. A clear sales approach is being created at the House, which includes adding sales people to our staff on a commission basis. This interaction is expected to improve membership signup and conversion of leads to members. The team is working to convert the current 230 free members into paying members. New interior designer targets have been identified for follow up, and the Company's partnership with Interior Designers of Canada will also be used to drive membership.

Three projects have been initiated to better illustrate the value to members of the House. These are aimed at bringing in consumers as well as understanding our value to designers. The focus will be to create a cash flow positive membership level through membership fees alone and make additional revenue from driving marketplace sales.

The aim is for Kabuni House to be cash flow positive by the end of CY 2017 with 500 members at varying membership levels.

Kabuni House	As at 15 December 2016
Members	16 paid – 230 free membership which expire on 31 December 2016



Marketplace

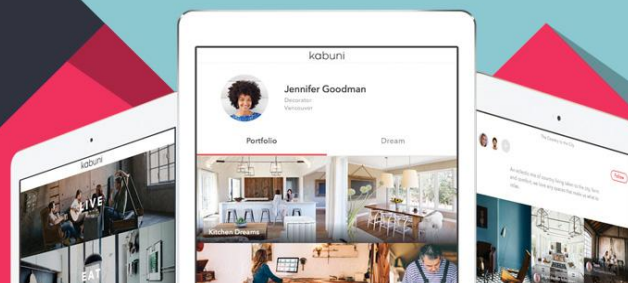


- E-commerce platform featuring local makers
- Platform provides online payment and shipping
- iOS and web platforms (enabling any – device access)
- No listing of start up costs
- Revenue generated through percentage of sales
- Opportunity to partner with other e-commerce retailers

Go-to-market strategy:

- Increase makers featured on the marketplace by introducing rotating maker features on the new Kabuni website. Target is 200 makers signed up and on boarded by end FY 2017.
- Automate the process of uploading makers to the Kabuni Catalogue.
- Implement a coherent marketing strategy to drive consumers to the website and increase sale conversions.
- Refine technology to remove current workflow bottlenecks and create an easy flow to purchase and interact with designers.
- Actively seek e-commerce retailers who can increase the product numbers in the marketplace.
- Partner with a number of major mainstream furniture suppliers to ensure that Kabuni has a strong core product catalogue of diverse products at competitive prices.
- Create a process to be able to offer custom furniture by matching a consumer to both a designer and a maker.

Kabuni's marketplace is the e-commerce component of the business. Kabuni has assembled a product catalogue of furniture, décor pieces, and art that its users can



purchase online. The platform provides online payment processing and shipping. Unlike some other current marketplaces, Kabuni does not charge listing or start-up costs. Kabuni shares the gross profit from each sale made through the marketplace with the designers recommending the product.

Kabuni's differentiation in this pillar is its focus on local makers. Many of these makers' products are not yet offered through online platforms. The intent is to offer three categories of products through our platform. These are Kabuni Makers, Kabuni Custom, where consumers are linked to a designer and/or a maker to create something special and one off, and Kabuni Partners, which will allow a wide offering to flow through the Marketplace to enable the designers to do their work.

Kabuni's marketplace currently has 59 makers featured and over 50,000 product SKU's uploaded to the platform.

To have a large enough offering to enable interior designers to work with clients, additional products will be brought on a catalogue that will be competitive with other online furniture retailers. This will be done through partnerships with other e-commerce sites.

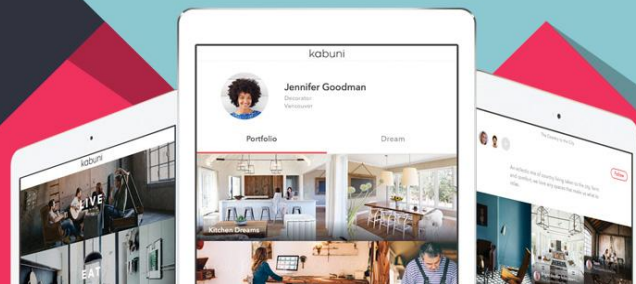
Kabuni Marketplace	As at 15 December 2016
Makers	59 makers
Maker SKU's	4,760
Manufacturers/Vendors	17
Manufacturer/Vendor SKU's	51,586

As outlined through this document, CY16 saw a number of achievements for the Company which include the expansion of the development team and several key advancements to the technology platforms.

COO, Frans Tjallingii commented:

"Over the past quarter, the Company has begun to see a strong interest in all three pillars which provides us with the confidence to build out the 2017 strategy."

"In CY17, the Company is committed to executing the strategy to build on the three pillars - Community, House and Marketplace - and delivering on its omni-channel retail platform, with continued investment in technology and marketing teams."



With the assistance of the Kabuni team and the support from our shareholders Kabuni looks forward to updating our shareholders with the progress achieved across the three pillars.

For further information please contact:

Frans Tjallingii

Chief Operating Officer
p: +1 604 612 2349

Neil Patel

Chief Executive Officer
p: + 1 778-288-1974

Jane Morgan

Investor and Media Relations
p: + 61 (0) 405 555 618

FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute forward-looking information. These statements relate to future events or the Company's future performance. The use of any of the words "could", "expect", "predict", "believe", "will", "projected", "estimated", and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. The Company's prospectus and other documents filed with securities regulatory authorities (accessible through the ASX website <http://www.asx.com.au/> and the SEDAR website www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. The Company disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.