



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

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DVI announces plans to acquire Nyko Property, successful \$1.35m Convertible Note raising

Disruptive Investment Group Limited (ASX: DVI) (**Company** or **DVI**) operator of iBuyNew.com.au (**IBN** or **iBuyNew**), today announced the execution of a binding term sheet to acquire 100% of Nyko Property Pty Ltd (**Nyko**) (**Proposed Transaction**). The Proposed Transaction is subject to due diligence and certain conditions precedent.

Established in 2008, Melbourne-based Nyko is a profitable company that generates new property sales through its B2B intermediaries and corporate partnership networks. As one of Australia's leading marketplaces for new property sales, iBuyNew.com.au has begun to sell property via indirect third party channels. Nyko's brings proven expertise at rapidly scaling and engaging third-party distributors to deliver sales, and will strongly complement IBN's established online platform and operational infrastructure.

Nyko significantly expands IBN's access to exclusive inventory as well as its distribution channels. Nyko specialises in accessing exclusive "off market" new property listings and selling them via its large national and overseas partner networks. These diverse networks comprise accountants, financial planners, mortgage brokers, and investment estate agents. Nyko provides exclusive presales, property research and advisory services and its end-to-end sales process includes free workshops and extensive due diligence research reports for its exclusive property listings.

Under the Proposed Transaction, DVI will acquire 100% of Nyko for c. \$700,000, calculated as 4x adjusted FY16 EBITDA of c. \$175,000. To align the Nyko's vendors with other DVI shareholders, 50% of the consideration is being paid in DVI shares issued at 1.8c per share. A deferred payment "earn-out" of \$175,000 is also payable if Nyko achieves specific sales targets in the 15 months post-completion. If achieved, the deferred payment will be paid 50% as cash and 50% as DVI shares issued at 1.8c per share.

Key Nyko highlights¹:

- adjusted EBITDA of c. \$175k in FY16;
- \$1.6m in total revenue for FY16, from exchange and settlements²;
- c. \$350k net future commissions receivable from properties sold in the past (subject to future settlement).
- 56 property sales in FY16; and
- strong established corporate partnership networks (including agreements with large financial services groups).

The Board of DVI also expects material synergies as Nyko expands IBN's Melbourne presence and will improve IBN's ability to capitalise on existing corporate partners.

The table below represents Nyko's FY16 performance impact on IBN's FY16 key financial and operating metrics (unaudited):

Representation of the combined businesses based on FY16 results	IBN FY16	Nyko FY16*	IBN & Nyko FY16 Total*	% Increase from IBN FY16
TTV	\$84.7m	\$28.1m	\$112.8m	33%
Sales	165	56	221	34%
Revenue	\$3.4m	\$1.6m	\$5m	46%
Adjusted EBITDA ³	\$752k	\$175k	\$927k	23%

*On an unaudited basis.

The Proposed Transaction is will provide IBN with further strengthened sales leadership and systems, plus access to established and proven sales networks of real estate agents, mortgage brokers, financial planners, accountants and lawyers.

Subject to the completion of due diligence and closure of the transaction, Nyko's Founder and Managing Director, Mr Bill Nikolouzakakis will join IBN/DVI as the Director of Corporate Partnerships. Mr Nikolouzakakis will be responsible for driving third-party sales distribution via existing and new partnerships.

Mr Mark Mendel, the CEO of iBuyNew said:

"We've worked with Nyko property for a number of years and are extremely excited about the accelerated growth potential. Nyko's management brings over 8.5 years of expertise, direct exclusive property listings and hundreds of established partners within their network.

¹ The information relating to Nyko contained in this document has been provided by the management of Nyko to DVI. DVI has not concluded due diligence on Nyko, has not subsequently independently verified the accuracy of this information. DVI does not accept any responsibility for its inaccuracy, misstatement or any omission of any nature whatsoever in relation thereto.

² "total revenue from exchange and settlements" comprises both upfront exchange income plus settlement income from past property sales. It does not include any future settlement income commissions owed but not yet paid.

³ Adjusted EBITDA only represents IBN and Nyko, does not include DVI and is not on a consolidated basis.

“As a true marketplace, iBuyNew is focused on expanding its indirect third party sales and Nyko’s established networks will provide iBuyNew with access to partners which would typically take years to build. These networks are a key component for iBuyNew to further scale, and will enable us deliver more qualified leads into our sales platform.”

Mr Nikolouzakis, Director of Nyko Property said:

"We have always had a great relationship with iBuyNew, with similar ideas on how technology can change the way investors research, compare and buy property. Our existing partnerships with some of Australia's leading mortgage aggregation and franchise businesses along with established systems of servicing and maximizing referrals will help us bring value and scale to iBuyNew.

“iBuyNew's technology and diverse listing of new property will allow us to significantly improve our offering. We believe that through this improvement and our existing research methodology, Nyko will be able to provide the most complete property investment solution for consumers in Australia.”

Key terms of the Proposed Transaction

Under the terms of the binding term sheet, subject to satisfaction of the conditions precedent (including due diligence):

- DVI will acquire 100% of the shares in Nyko and all the units in Nyko Property Unit Trust atf Nyko Group Trust and any other related entities (including all of Nyko’s intellectual property);
- 50% of the total consideration will be paid in DVI fully paid ordinary shares (**DVI Shares**) at 1.8c per Share, to align Nyko vendors with DVI shareholders;
- The payment for Nyko will be structured as follows:
 - Upfront consideration payable to the vendors of Nyko of \$700,000 (calculated as 4x adjusted FY16 EBITDA of c. \$175,000), comprising of \$350,000 in cash and 19,444,444 in DVI Shares (to be issued at 1.8c per share);
 - An “earn-out” as deferred consideration of up to \$175,000, subject to Nyko achieving a minimum of 85 sales over the 15 months from the completion date. This earn-out will be paid 50% in DVI Shares and 50% in cash.
- Any DVI Shares issued as consideration under the Proposed Transaction will be held in voluntary escrow for a period of 24 months after their date of issue.
- Total consideration outlined in the table below:

<i>Adjusted FY16 EBITDA</i>	<i>Upfront</i>	<i>Deferred</i>	<i>Total Scrip and Cash</i>
\$175,000	4x	1x	5x
Total Valuation	\$700,000	\$175,000	\$875,000
DVI Scrip to be issued at 1.8c	19,444,444	4,861,111	24,305,555
Cash payment	\$350,000	\$87,500	\$437,500

- completion of the Proposed Transaction is conditional on a number of conditions precedent including satisfactory completion of due diligence, and the execution of definitive transaction documentation.

Successful Convertible Note raising

The Company is also pleased to announce that it has received commitments to subscribe for convertible notes to raise a total of \$1.35m (before costs) (**Convertible Notes**). Proceeds will be used to fund the upfront cash consideration for the Proposed Transaction, working capital and other growth initiatives related to IBN and Nyko. The issue of Convertible Notes is expected to be concluded by the end of September.

Key terms of the Convertible Notes:

- issue of 75,000,005 Convertible Notes at an issue price of A\$0.018 per note;
- accrues interest a rate of 10% per annum, calculated daily and paid monthly in arrears;
- repayable at a maturity date of 24 months from the date of issue (**Maturity Date**), unless converted or redeemed earlier;
- each Convertible Note may be converted into a DVI Share at any time prior to the Maturity Date at a conversion price of A\$0.018 per share;
- the Convertible Notes will be unsecured and will constitute direct, unsubordinated and unconditional obligations of the Company;
- the holders of the Convertible Notes will have no rights to vote on any matter except for matters affecting the rights under the Convertible Notes; and
- the Convertible Notes have no rights to participate in any dividend declared or other distribution by the Company.

Further inquiries:

Andrew Jensen

M: 0488 555 559

W: www.ibuynew.com.au

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About DVI

Disruptive Investment Group Limited operates iBuyNew.com.au, a leading Australian online marketplace 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, review and buy more than 3,500 listings across 150+ developments, as well as a range of new house and land packages. A highly experienced iBuyNew consultant is available to provide guidance and clarity.

DVI 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.