



The Manager
Company Announcements
Australian Securities Exchange
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SYDNEY NSW 2000
By E-Lodgement

31 October 2016

Disruptive Investment Group Limited (ASX: DVI)

Annual General Meeting – Monday, 31 October 2016

Chairman's Address

On behalf of the entire board and management team we are very pleased to have received shareholder approval for the acquisition of iBuyNew as it is a technology business disrupting a huge multi-billion dollar industry in a remarkable way.

Upon settlement, DVI will own 100% of Find Solutions Australia Pty Ltd, the operator of iBuyNew.com.au. Initially, the intention was for DVI to assist the iBuyNew business with providing expertise and resources to grow but given that the technology showed much potential, DVI pivoted its strategy in the 2016 financial year to secure the acquisition of the entire business well before the maturity date of the second option.

In addition, as we realised the iBuyNew potential, DVI agreed to the accelerated sell down of the BYOjet business to the Flight Centre Group, providing DVI shareholders with a clear path to liquidity in the form of an upfront and future payment.

The Board of DVI, in a decision supported by our major shareholders, determined that focusing the company exclusively on the growth and success of iBuyNew represents the best opportunity to grow shareholder value. This is precisely what we are doing, and it is the current mission of DVI.

FY16 Financial performance

Let me take you through the performance of DVI and iBuyNew, our operating entity. As you would have seen from our annual report, this year we reported 100% of iBuyNew into DVI's financials and disposed of BYOjet which resulted to an initial payment of \$700,000 and future payment by reference to BYOjet's EBITDA ending 30 June 2018.

At a DVI level with consolidated results, DVI recorded \$3.59 million in total revenue and other income, of this result \$3.39 million was generated from iBuyNew. Operating EBITDA recorded a \$58,000 loss.

The statutory loss was \$2.14 million but heavily impacting this was a \$1.94 million impairment largely driven by a one-off revaluation realised upon sale of the BYOjet asset to the Flight Centre Group.

Pleasingly, the iBuyNew business recorded a 63% increase in sales and 75% in total transaction value growth with \$4.2 million in commissions generated. Reflective of these results iBuyNew delivered an operating EBITDA \$752k and net profit after tax of \$310k, a result which was in line with management's expectation.

Investing in the future

The Board and management are excited about the potential of iBuyNew but are also realistic about the fact market conditions in the new apartment sector that remain significantly softer than a year ago.

Although there is no doubt the market for new apartment sales is well below its peak in financial year 2016, I reiterate that to date we have still not seen any rise in buyer defaults. This leads us to believe that the negative sentiment is mostly perception rather than reality at present.

Whilst we believe the negative media reporting about the sector has likely contributed significantly to reduced sales, it is our assessment that buyers are mostly taking a wait-and-see approach until the uncertainty passes rather than leaving the market altogether. After all, the fundamentals of Australian demographics has not changed in the last 9 months.

I'd like to remind shareholders that we now have a balance of around \$3 million dollars in future commissions payable, provided apartments settle in future. And to reiterate, there is no change to iBuyNew's view that future commissions receivable will flow into future quarters as these developments complete.

Our strategy remains clear. We are focused on ensuring that we have a robust business that continues delivering sales with the right technology, distribution and people.

Part of this strategy involves continuing to diversify both our product mix as well as our distribution channels. To this end, the Nyko acquisition announced to the market on 16 September 2016 marks another strategic milestone for iBuyNew and builds our distribution capabilities further on the back of a proven business and manager.

We believe we have paid an attractive price for Nyko, a business that delivered 56 sales in financial year 2016. Nyko should now allow us to materially accelerate the build out of a comprehensive network of proven corporate referral partners.

I'd like to publicly welcome Bill, his team, and the Nyko business into our company. We are all excited that iBuyNew is another step closer to providing a complete marketplace experience for every buyer looking to acquire new residential property.

Conclusion

So the iBuyNew group have moved into financial year 2017 with clarity.

We are cognizant of the current national slow-down in apartment sales that is frequently portrayed in the media, and we are controlling costs and ensuring our company is robust enough to deliver sales in any market.

It is also a pity that positive news is much less often reported, including the fact that various data points across the industry have indicated that building starts for new housing, population growth and demand for new housing remains positive.

Therefore, the company will continue to assess and explore growth opportunities in the coming year.

In summary, your Board and management continue to be committed to our long term opportunity: to create a highly valuable business that positively disrupts the way new property is purchased in Australia, for the benefit of both buyers and developers.

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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 4,700 listings across 190+ developments, as well as a range of new house and land packages. A highly experienced iBuyNew consultant is available to provide guidance and clarity.

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.