



**19 December 2014**

***Press Release - DVI Proposes to Acquire Already Profitable Online Real Estate Marketplace  
iBuyNew.com.au***

Disruptive Investment Group Limited (“DVI”) is pleased to announce that it has entered into a non-binding term sheet to acquire a 50% stake in the parent company of iBuyNew.com.au (“IBN”), a high-growth, profitable online marketplace for off-the-plan apartments, townhouses and house and land packages for sale in Australia.

The proposed acquisition reinforces DVI’s focus on identifying growing and profitable disruptive technology businesses, run by strong management, that will materially benefit from DVI’s expertise and existing technology platform.

**Key IBN Highlights<sup>1</sup>:**

- Solid history: Founded in 2009 with strong team in place
- Well established: Over \$170m worth of off the plan apartments already sold
- Leadership position: Over \$1b of property currently on the platform available for purchase
- Profitable FY14 performance: \$2.1m in revenue and \$636K normalised EBITDA
- Strong future cash flow: ~\$1.8m of receivables relating to commissions payable as a result of historical sales of projects due to complete over the next 30 months
- High growth: Since 2012, revenue CAGR of 80% and EBITDA CAGR of 169%
- Strong Margins: FY14 EBITDA margins of 31%

IBN is one of Australia’s leading online off-the-plan (“OTP”) real estate marketplaces. It lets prospective buyers quickly and easily use the internet to compare over \$1 billion worth of properties, and then purchase their desired apartment.

Founded in 2009 by entrepreneur Mark Mendel, the business’ revenue has grown at a rate of 80% per annum (CAGR) since FY12 and sold over \$170m worth of properties since formation. The business is

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

already profitable, generating \$636k adjusted EBITDA in FY14. IBN has achieved its growth by reinvesting profits from the business, and has not previously received any external funding or debt.

Unlike traditional offerings IBN is a *facilitated* marketplace meaning once a lead is generated it is not simply passed to a third-party agency, who are typically focused on selling that one specific development. Instead, an IBN consultant assists the prospect from end-to-end, helping them make the right choice and then guiding them through to settlement and beyond. This delivers a materially superior and differentiated customer experience to the buyer, and creates a database of repeat purchasers. Repeat purchases are already occurring and exhibiting a positive trend.

For the developer, IBN's business model provides a fast and risk-free way to sell apartments. Using a Cost Per Acquisition ("CPA") model, IBN charges developers only once an apartment has been sold and a deposit received from the buyer.

According to Dr. Adir Shiffman, Chairman of DVI, IBN is extremely well placed to rapidly scale.

"Mark has built a very robust technology platform and has excellent back-end processes. It is a rare business that generates material profits even whilst in development mode, and IBN's success to date is a testament to the strong margins and the quality of the model and management.

"We see a great chance to help IBN rapidly scale and drive strong revenue growth, given its sales still represent a tiny portion of the overall market with so much opportunity.

"IBN is also perfectly positioned to take advantage of the increasingly central role the internet is playing in off the plan purchases. According to NAR – homebuyers survey 2013 in the United States, 92% of U.S. adults already use the internet to search for property. We believe that like many online trends Australia will follow the U.S., and already around 10% of IBN's sales do not involve meeting the client."

Mr Mark Mendel, Founder and Chief Executive Officer of the IBN, said "We are very excited to have DVI as a partner. Their knowledge across the technology sector and high growth sales businesses will help us focus on our goal of becoming the largest facilitated marketplace for off the plan properties in Australia".

### **Proposed Key Deal Terms**

If the transaction proceeds it is proposed:

- DVI will acquire 50% of the equity in IBN's parent company, Find Solutions Australia ("FSA"), (including all of IBN's IP)
- DVI will provide FSA with a \$200,000 working capital loan for a period of 12 months and with an 8% interest rate
- Consideration payable to FSA's existing shareholders comprises \$1.5m in cash and \$639,555 in DVI scrip (to be issued at 1.2c per share)
- Part payment in DVI scrip further aligns IBN founder and CEO with DVI shareholders
- all future commissions payable for previously sold properties (totalling approx. \$1.8m) will be paid to IBN (as noted above this stream of receivables is payable over the next 30 months as project complete)

- The existing shareholders of FSA will also grant DVI an option to acquire the remainder of the equity in FSA in 3 years
- Agreement is conditional on a number of conditions precedent including satisfactory completion of due diligence, transaction documentation and a further capital raising.

The transaction is consistent with DVI's strategy of leveraging its expertise and online platform to accelerate high-growth technology businesses run by strong management teams.

As part of the transaction Dr. Adir Shiffman and John Kolenda will join the IBN board.

Dr. Adir Shiffman, Chairman of DVI, said, "I've known Mark for over 3 years. He is a great operator who has proven he can build a scalable business model in a highly fragmented but extremely large market. This is a great fit for our existing online platform and expertise, and is precisely the type of business that fits within DVI's sweet spot. The Directors are all incredibly excited to become equal partners with Mark, and help him accelerate the growth of iBuyNew.com.au."

#### **About iBuyNew**

Founded in 2009 by entrepreneur Mark Mendel, IBN connects property buyers with developers of OTP properties with the use of proprietary technology and tools. To date IBN has sold over \$170m worth of properties (over 400 properties) across Australia as it allows buyers to instantly compare over 1,500 new apartments for sale in Australia. IBN consultants will also assist the buyer up to settlement on the chosen property and on any future purchasing needs.

#### **About Disruptive Investment Group Limited (ASX:DVI)**

Disruptive Investment Group Limited is an owner, developer and operator of retail, franchise and e-commerce brands, listed on the Australian Securities Exchange trading under the ASX Code: DVI.

DVI is a significant investor in one of Australia's leading online travel agencies ("OTA") BYOJet. The BYOJet Group comprises an OTA that processed \$87m worth of transactions in FY 2014, as well as hotel booking websites Check-in.com.au and Cheapflights.com.au, and a customer database in excess of 400,000 members. BYOJet also owns the proprietary JetMax platform, a technology that enables offline travel agents to quickly and easily offer a full service branded online travel service to their customers.

DVI's stated growth initiatives also include pursuing targeted acquisitions both within the retail, franchise and e-commerce sectors, particularly where its existing digital platform and expertise can provide a meaningful benefit to any acquisition.

**For further information, please contact Dr Adir Shiffman on (02) 9248 6988.**

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