



The Manager
Company Announcements
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Disruptive Investment Group (ASX: DVI)

Flight Centre Invests In BYOjet Group

The Board of Disruptive Investment Group Limited (**DVI**) is pleased to announce that Professional Performance Systems Pty Ltd (**PPS**), owner and operator of BYOjet Group, has entered into a binding agreement with ASX-listed Flight Centre Travel Group Limited (**Flight Centre**).

The transaction will see Flight Centre make a significant investment to acquire a 70% stake in PPS, with a further option to move to full ownership after FY18. The parties anticipate that as part of the investment, BYOjet should benefit from the scale and operational uplift delivered by Flight Centre as well as substantial financial synergies.

Founded in 1982, Flight Centre is an Australian-based international travel company and the largest travel retailer and corporate travel manager in Australia with more than 2,800 shops and businesses in 13 countries.

The agreement marks a significant milestone for DVI, and accelerates the development of BYOjet into a leading global integrated online travel agency (**OTA**). The parties believe that the Flight Centre investment and partnership should deliver increased transaction volume across both flights and accommodation, by pairing of BYOjet's award-winning technology platform with Flight Centre's market position and global operations.

The transaction is also expected to generate material financial synergies, as it delivers unprecedented scale benefits and purchasing power to BYOjet.

Consistent with the DVI's strategy, the Directors believe this transaction represents an unparalleled opportunity to deliver to shareholders a strong internal rate of return (IRR) on the investment in PPS, and with a reduced risk profile. The transaction also has the potential to significantly increase the magnitude of the investment return at the end of FY18 and further boost IRR by reducing the investment timeframe.

As part of the transaction DVI will convert the \$1.5 million convertible note it holds in PPS.

Transaction details:

- FLT to acquire 70% of PPS via the payment of two tranches;
- First Payment: FLT will subscribe to new shares in PPS and will invest an upfront \$2.52m to support future growth and working capital;
- Second payment: 70% of 6x FY16 EBITDA less First Payment to be paid to the DVI and PPS founders within 30 days of the release of PPS FY16 financial results;
- DVI will retain a 16.41% interest in PPS;
- Lenny Padowitz and his associates will hold the remaining 13.59%; and
- FLT will be granted a put and call option allowing FLT to increase its holding to 100% post FY18, at an enterprise value calculated as 6 x FY18 (or subsequent year) EBITDA.

The option provides DVI with a clear path to liquidity, and the possibility of a material capital uplift due to anticipated synergies and the growth opportunities.

DVI Non-Executive Director Andrew Jensen will remain on, and two senior Flight Centre executives will join, the board of PPS. BYOjet Founder Lenny Padowitz will continue to run the business as CEO and also remain on the PPS Board.

DVI Non-Executive Director Calvin Ng will resign from the board of PPS as part of this transaction.

DVI Non-Executive Chairman Dr Adir Shiffman, said:

“Not long after our original investment in BYOjet, we identified that Flight Centre had the potential to significantly accelerate our business growth and deliver material financial synergies. As such we are very excited to secure Flight Centre as our new business partner, and we view Flight Centre’s investment as a huge vote of confidence in the BYOjet technology platform and the business’s potential.

“The Directors of DVI believe the transaction will enable us to hit our internal rate of return targets more quickly and with less risk than we had we initially anticipated, and to deliver a superior risk adjusted return to shareholders.

“Approximately 12 months ago we identified an opportunity to acquire a majority stake in PPS on what we considered attractive terms. Over those 12 months we have had significant involvement in guiding management to identify and execute opportunities that have transformed a private family-owned business into a high growth, sustainable online business. The Flight Centre investment is the next phase of this growth plan.

Flight Centre managing director Graham Turner said:

“We see strong potential for BYOjet’s future growth by:

- Giving the business access to Flight Centre’s vast array of privately negotiated airfares, which will significantly increase its flight range;
- Increasing sales of other products, including hotels and insurance;

- Improving its contracting;
- Launching the business in new markets; and
- Using Flight Centre’s marketing expertise to help grow the business and raise its profile.”

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About Disruptive Investment Group Limited (ASX:DVI)

Disruptive Investment Group Limited is a technology investment company listed on the Australian Securities Exchange (ASX: DVI). It focuses on niche markets with attractive growth prospects and has partnered with high quality, established businesses in order to maximise shareholder value.

DVI's business strategy involves investing in profitable businesses, operating in large markets with a differentiated business model.

DVI has a highly experienced board and management team that has a proven track record 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.

Currently, DVI has investments in two growing Australian technology companies:

- Find Solutions Australia (FSA), owner and operator of iBuyNew.com.au (iBuyNew). iBuyNew is an online, off-the-plan property platform operating in Australia's eastern states. DVI currently holds 50% of FSA and has the option to increase its holding to 100%. FSA has been profitable since inception and has delivered consistent growth over the last five years.
- Professional Performance Systems (PPS), owner and operator of BYOjet. BYOjet is an Australian owned and operated online travel agency and technology platform encompassing a number of travel websites offering travel and accommodation booking and services. BYOjet operates in the B2C market via its Australia, New Zealand and Singapore flagship websites and it services the B2B market through its JETMAX white label offering. After Flight Centre Travel Group (ASX: FLT), DVI is the second largest shareholder in BYOjet with an interest of 16.4% in the company.

DVI is focused on further growth using its existing acquisition protocols to drive synergies within retail, franchise and e-commerce sectors as well as other markets.