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**BOS PROSPECTUS  
UNSECURED NOTES**

**Flight Centre Travel Group Limited  
ACN 003 377 188**

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# FLIGHT CENTRE TRAVEL GROUP LIMITED

(ACN 003 377 188)

(the *Issuer*)

Registered office: Level 2, 545 Queen Street, Brisbane

## 1. Introduction

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This Prospectus is dated 11 July 2016 and was lodged with the Australian Securities and Investments Commission on that date. No Unsecured Notes will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Australian Securities and Investments Commission (**ASIC**) takes no responsibility for the contents of this Prospectus.

Attached to this document is a personalised application form for Unsecured Notes, incorporating the Special Conditions of Issue attaching to the Unsecured Notes. If you misplace the application form or the personalised information in the application form is incorrect, you should contact the Business Ownership Scheme Team by email at [BOS\\_Australia@flightcentre.com](mailto:BOS_Australia@flightcentre.com) or by fax on (07) 3102 5198, who will arrange to forward another or a corrected application form to you with another copy of this Prospectus.

Where this Prospectus and accompanying application form are distributed to you electronically rather than in paper form, the electronic versions contain the same information in the same sequence as the paper Prospectus and application form lodged with the ASIC (except for minor differences allowed by the ASIC). You may request a free paper copy of this Prospectus and accompanying application form by contacting the Business Ownership Scheme Team.

The securities to which this Prospectus relates will only be issued on receipt of a personalised application form issued together with this Prospectus. For these purposes, the application form can only be downloaded from software together with this Prospectus.

The offer pursuant to this Prospectus is only available to persons receiving it within Australia.

## 2. Information on issue of Unsecured Notes

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This Prospectus is for the issue of Unsecured Notes to those Flight Centre Group shop managers or other senior managers (or their nominees) invited by the Issuer to participate in the Business Ownership Scheme.

The funds raised under this Prospectus will be used for working capital requirements of the Flight Centre Group. The Issuer does not intend to have the Unsecured Notes listed on the ASX or any other authorised securities exchange. Unsecured Notes issued under this Prospectus are unsecured securities which rank equally with all other unsecured creditors, after the interests of any secured creditors but before the interests of shareholders upon a winding up of the Issuer. The Directors believe that the Issuer will be able to repay amounts of principal and meet interest payments as they fall due.

The Issuer reserves the right not to accept any application or to satisfy it in part only.

Unsecured Notes are issued under the Trust Deed. The Trust Deed provides for Special Conditions of Issue to be attached to the Unsecured Notes.

Interest on the Unsecured Notes is payable by reference to the relevant shop or business unit profits, or, in the case of certain approved shop or business units, profit improvements of the business. Accordingly, there may be no interest payable if there are no such profits, or profit improvements. No particular level of interest return is promised or guaranteed by any person.

### **3. Overview of Special Conditions of Issue**

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The Special Conditions of Issue are set out in their entirety in the personalised application form. They include conditions such as:

#### **3.1 Acquisition of Unsecured Note**

Unsecured Notes are issued with respect to nominated business units being a particular shop, group of shops or other discrete business unit within the Flight Centre Group. The relevant business unit for you is specified in Schedule 2 of your personalised application form.

The Unsecured Noteholder must pay to the Issuer an amount equal to the face value of the Unsecured Note as specified in the Special Conditions of Issue. The Issuer will issue a certificate evidencing the ownership of the Unsecured Note by the Unsecured Noteholder. However, if an Unsecured Noteholder enters into a Funding Arrangement which requires the Company to hold the Unsecured Note certificate in escrow, the Company may agree to hold the Unsecured Note certificate in escrow. If payment is not received by the Issuer within the required time, the holder of the Unsecured Note will be deemed not to have been issued the Unsecured Note and any agreement for the issue of the Unsecured Note will be voidable at the option of the Issuer.

#### **3.2 Redemption of Unsecured Note**

Redemption of any Unsecured Note for its face value occurs under the Special Conditions of Issue:

- upon termination of the employment of the relevant manager for any reason; or
- upon notice in writing from the holder requesting redemption or repayment of the Unsecured Note; or
- upon notice in writing from the Issuer advising that redemption or repayment of the Unsecured Note will occur on a certain date; or
- upon the 10<sup>th</sup> anniversary of the date of issue of the Unsecured Note.

If the relevant manager ceases to be involved in the day to day management of the business unit in respect of which the Unsecured Note is issued, the Issuer may:

- require the Unsecured Noteholder to redeem the Unsecured Note; or
- amend the Special Conditions of Issue to refer to another business unit; or

- where the relevant manager is managing another business unit, allow the Unsecured Noteholder to continue to hold the Unsecured Note, in respect of the business unit which the relevant manager has ceased to manage, under the following conditions:
  - (i) up to 20% (or such higher percentage to a maximum 35% as may be approved by the board of the Issuer) of management profit, or profit improvements, of the business unit which the relevant manager has ceased to manage may be paid out as interest distributions in relation to all Unsecured Notes attaching to that business unit;
  - (ii) the Unsecured Noteholder must not hold more than 3 Unsecured Notes at any time;
  - (iii) where a new manager of the business unit is appointed, any existing Unsecured Noteholder may then be required to redeem all or part of its Unsecured Note; and
  - (iv) where there is more than 1 Unsecured Noteholder in the business unit, the order of redemption will be, first made in time will be first redeemed or repaid.

Upon redemption, the Moneys Owing under the Unsecured Note are paid to the Unsecured Noteholder. However, if there is a Funding Arrangement in place, and the Unsecured Noteholder has assigned the Moneys Owing to the financier, the Company will pay all Moneys Owing to the financier, who will (after deducting all amounts owed to it) account to the Unsecured Noteholder for the balance (if any).

For the avoidance of doubt, where any of the grounds for redemption outlined in this Prospectus arises, the Company may redeem the Unsecured Note without first receiving redemption instructions from the Unsecured Noteholder.

### **3.3 Interest**

The Special Condition of Issue dealing with Interest is condition 6.

The holder of an Unsecured Note is entitled to an interest distribution from the business unit in respect of the Unsecured Note by reference to a percentage of the management profits, or, in the case of certain nominated business units, profit improvements of the business unit, after accounting for the liabilities of or within that business unit. The applicable percentage rate(s) is (are) contained in Schedules 5 and 6 of the Special Conditions of Issue.

Unless approved by the Issuer in accordance with the Special Conditions of Issue, no interest distribution will exceed 35% of the face value in any twelve (12) month period other than by way of full or partial redemption.

For those businesses to which Schedule 5 of the Special Conditions of Issue applies, the period and financial criteria which are to be met in order for interest repayments to be made together with the details of how such interest payments will be calculated and made is set out in Schedule 5 of the Special Conditions of Issue and this will apply where there is profit or profit improvements of that business unit. Interest payments will be made no less frequently than quarterly, in arrears, so long as the Unsecured Note continues. No interest

payments will be required in relation to the quarter in which the Unsecured Note is redeemed.

For those businesses to which Schedule 6 of the Special Conditions of Issue applies, the period and financial criteria which are to be met in order for interest payments to be made together with the details of how such interest payments will be calculated and made is set out in Schedule 6 of the Special Conditions of Issue and this will apply where there is profit or profit improvements of that business unit.

In the case of interest distributions to be made by reference to the management profits or profit improvements of the business unit, interest on the Unsecured Notes is only payable by reference to the relevant shop or business unit profits or profit improvements, after accounting for prior period losses of the business.

In these instances, a profit or profit improvement of the business unit for a given period includes a reduced loss position, or a return to profit position, for that period. Profit or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the business unit for that period.

### **3.4 Request for further funds from Unsecured Noteholder**

The Issuer may determine from time to time that further funds are required by the business unit (refer to condition 9 of the Special Conditions of Issue). In that case, the Issuer may require the holder to advance that further amount which is calculated by multiplying the percentage set out in Schedule 5 of the Special Conditions of Issue by the total amount of the capital required by the business unit as determined by the Issuer. If the further amount is not paid to the Issuer, then the Unsecured Note will be redeemed and the holder will have no obligation to advance the additional amount. The holder has the choice as to whether to advance the further amount or to have the Unsecured Note redeemed.

The amount of any further advance does not bear interest and is repayable:

- when the Issuer determines that there is surplus cash in the relevant business unit; or
- by applying amounts otherwise payable as interest on the relevant Unsecured Note as a repayment in lieu of any entitlement to that amount of interest on the Unsecured Note. In this event the relevant amount of interest is not payable to the holder but the period for the calculation of cumulative profitability is restarted as if an entitlement to an interest distribution had accrued.

**On redemption of the Unsecured Note any outstanding advances are forgiven by the holder so that the loan to the Issuer is extinguished and is no longer owing to the holder.**

### **3.5 Other Special Conditions of Issue**

The holder is prohibited from assigning, mortgaging or otherwise dealing with the Unsecured Note without the consent of the Issuer.

The holder is not entitled to voting rights, bonus shares, rights issues or other rights enjoyed by shareholders of the Issuer.

The manager of a business unit must notify the Issuer of any change in control of the legal entity which is registered as being the Unsecured Noteholder. In such a case the Issuer may require either:

- the Unsecured Note to be transferred to a legal entity of which the manager has effective control; or
- that the manager resume effective control of the legal entity registered as being the Unsecured Noteholder,

within 14 days of being required to do so.

If the manager does not comply with the Issuer's requirement, the Issuer may redeem the Unsecured Note immediately.

### **3.6 Funding Agreements**

As indicated above, the Company has arrangements with a related financier to assist Unsecured Noteholders to fund the purchase of Unsecured Notes.

Unsecured Noteholders who fund the purchase of any Unsecured Notes under a Funding Arrangement with the financier (**Note Loan**) should read the Note Loan documentation carefully and, if in doubt as to the effect of the Note Loan, consult their solicitor.

Under the terms of the Note Loan, Unsecured Noteholders agree that the Company will hold the Unsecured Note Certificate in escrow and must assign the payment of the Moneys Owing on an Unsecured Note to the financier. The Unsecured Noteholder will give the Company an irrevocable direction to make such payments directly to the financier. The Trust Deed acknowledges the Company's right to pay the financier the Moneys Owing in respect of Unsecured Notes issued under a Note Loan.

Unsecured Noteholders who fund the purchase of Unsecured Notes with a Note Loan or otherwise should have regard to the termination events under the terms of the Note Loan or other funding arrangement and have regard to how those termination events would affect the Noteholder.

Unsecured Noteholders should note that the Trustee is in no way required to enquire into or make itself aware of the terms of the financing arrangements that may be entered into between prospective Unsecured Noteholders, the Issuer or any financier.

The Company does not receive any commission in connection with you entering into a Note Loan but, given the financier is a related body corporate, it receives the benefit of any interest and fees that you pay on the Note Loan.

If you want more information about the Note Loan, you should contact the Company's Business Ownership Scheme Team by email at [BOS\\_Australia@flightcentre.com](mailto:BOS_Australia@flightcentre.com) or by fax on (07) 3102 5198.

## **4. Disclosures Relating to ASIC Regulatory Guide 69**

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On 8 February 2012, ASIC updated Regulatory Guide 69 entitled 'Debentures and notes: Improving disclosure for retail investors' (**Regulatory Guide**). The Regulatory Guide was released to help investors understand the risks, assess the rewards being offered and decide whether a particular debenture investment is suitable for them.

In order to comply with the Regulatory Guide, the Issuer is required to report against certain benchmarks which are set out in the Regulatory Guide, in its Prospectus. Those benchmarks and the relevant disclosures in relation to the Issuer's business are set out in the table below.

Criteria Met	Further disclosures and if criteria not met, why not?
<b>Benchmark 1: Equity Ratio</b>	
<b>Debenture issuers (other than property developers) should maintain a minimum equity ratio of 8%</b>	
Yes	At 31 March 2016, the Issuer had an equity ratio of 51.8%*
<b>Debenture issuers should disclose their comparative equity ratio from the prior year</b>	
Yes	At 31 March 2015, the Issuer had an equity ratio of 50.3%*
<b>Benchmark 2: Liquidity</b>	
<b>Debenture issuers should have cash flow estimates for the next 3 months and ensure that at all times they have on hand cash or cash equivalents sufficient to meet their projected cash needs over the next three months.</b>	
Yes	<p>The Issuer has funds available to meet the projected cash needs in relation to the Unsecured Notes over the next 3 months.</p> <p>The Issuer prepares regular cash flow forecasts, which provide for any foreseeable funding required to redeem the Unsecured Notes. The Issuer is an ASX listed entity with a market capitalisation as at 30 June 2016 of approximately \$3.19 billion, producing consolidated revenues of over \$1.25 billion in the half year ending 31 December 2015 and over \$2.35 billion in the financial year ending 30 June 2015.</p> <p>The Unsecured Notes are, as the names suggests, not secured and consequently the Moneys Owing to any Unsecured Noteholder at any given time will rank behind any secured liabilities (and certain other categories of creditor) and equally with unsecured creditors.</p>

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\* Calculated on the basis of the consolidated and unaudited balance sheet of the Company and those wholly-owned subsidiaries of the Company that are parties to a deed of cross guarantee pursuant to ASIC Class Order 98/1418 (as amended), as at the relevant balance date.



Criteria Met	Further disclosures and if criteria not met, why not?
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### Benchmark 3: Rollovers

**Issuers should disclose their approach to rollovers, including what process is followed at the end of the investment term.**

Yes	<p>Each Unsecured Note is issued for a period of 10 years unless:</p> <ul style="list-style-type: none"> <li>• the relevant manager's employment is terminated for any reason;</li> <li>• an Unsecured Noteholder requests redemption or repayment of the Unsecured Note in writing; or</li> <li>• the Issuer notifies the Unsecured Noteholder that redemption or repayment of the Unsecured Note will occur on a certain date.</li> </ul> <p>If none of the above events occur within 10 years the Unsecured Note is redeemed.</p>
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**Issuers should disclose how they inform those rolling over or making further investments of any current prospectus and continuous disclosure announcements.**

Yes	<p>The Unsecured Notes do not rollover.</p> <p>However, if an Unsecured Note is redeemed for any reason, and a new Unsecured Note is applied for by the same previous Unsecured Noteholder, then the application for a new Unsecured Note is made under the current prospectus for the Unsecured Notes at the time of application and which incorporates, by reference, all of the Issuer's continuous disclosure announcements made to the ASX.</p>
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### Benchmark 4: Debt maturity

**Issuers should disclose an analysis of the maturity profile of interest-bearing liabilities (including notes on issue) by term and value and the interest rates, or average interest rates, applicable to their debt.**

Yes	<p>A summary of the debt maturity profile of the Issuer and relevant wholly-owned subsidiaries* as at 31 March 2016 is set out in the table below.</p>
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\* Relevant wholly-owned subsidiaries are those wholly-owned subsidiaries of the Issuer that are parties to a deed of cross guarantee pursuant to ASIC Class Order 98/1418 (as amended).

Interest-bearing liability	Average interest rate	Time to maturity (years)					
		Up to 1 \$	1 – 2 \$	2 – 3 \$	3 – 4 \$	4 – 5 \$	Over 5 \$
Unsecured Notes	Not Known <sup>#</sup>	19,741,395	6,845,880	12,509,85 3	3,522,442	1,317,115	34,509,802
Intra-group loans	Variable <sup>##</sup>	214,336,863	0	0	0	0	114,316,359
<b>TOTAL</b>	-	<b>234,078,258</b>	<b>6,845,880</b>	<b>12,509,85</b> <b>3</b>	<b>3,522,442</b>	<b>1,317,115</b>	<b>148,826,161</b>

<sup>#</sup> The interest payable in respect of the Unsecured Notes is dependent on matters not only within the direct control of the Issuer, but within the control of the Unsecured Noteholder (i.e. the return on each Unsecured Note is dependent on the profit or improved loss position of the business unit to which the Unsecured Noteholder is allocated). As such, the Issuer believes that it has no reasonable basis on which to forecast the average interest rate applicable to the Unsecured Notes.

<sup>##</sup> The intra-group loans identified above are those between members of the Flight Centre Group, where the borrower is a party to a deed of cross guarantee pursuant to ASIC Class Order 98/1418 (as amended) which the Flight Centre Group has in place. Interest paid on those loans is at an arm's length rate, and, as at 31 March 2016 was set at a margin of 1.5% above 3 month LIBOR or other equivalent benchmark rate.

The table above does not include contingent liabilities, such as guarantees and letters of credit.

#### **Benchmark 5: Loan portfolio**

The Issuer is not required to report against this criteria as it does not (either directly or through a related body corporate) on-lend money raised through the issue of Unsecured Notes.

#### **Benchmark 6: Related party transactions**

The Issuer is not required to report against this criteria as it does not (either directly or through a related body corporate) on-lend money to related parties raised through the issue of Unsecured Notes.

#### **Benchmark 7: Valuations**

The Issuer is not required to report against this criteria as it does not loan money for property related activities.

#### **Benchmark 8: Lending principles – loan to valuation ratios**

The Issuer is not required to report against this criteria as it does not loan money for property related activities.

## **5. Trust Deed**

The Unsecured Notes are issued pursuant to and subject to the terms and conditions of the Trust Deed including the general conditions found in Schedule 1 of the Trust Deed and the

special conditions in Schedule 3 of the Trust Deed (in the latter case as set out in the Unsecured Note agreement which forms part of the application form). The key provisions of the Trust Deed are described below.

### **5.1 Covenants by the Issuer**

The Issuer has covenanted to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to make available accounting or other records of the Issuer to the Trustee, to give or cause to be given to the Trustee such information as the Trustee requires with respect to all matters relating to the accounting and other records of the Issuer, to duly comply with all applicable requirements of the Corporations Act applicable to it and to do certain other things which are usual in a Trust Deed of this nature.

### **5.2 Events of default**

The principal and distributions from time to time payable on the Unsecured Notes will, at the option of the Trustee, become due and be payable in cash immediately upon the occurrence of certain events of default. The events of default include, but are not limited to, the following:

- the Issuer defaults in repayment or redemption of an Unsecured Note within 30 days after payment becomes due in accordance with the Special Conditions of Issue;
- the Issuer does not pay any other money owing which becomes due and payable by the Issuer pursuant to the Trust Deed within 30 days after it becomes due for payment;
- default is made by the Issuer in the performance or observance of any covenant, condition or provision under the Trust Deed and, where such default is capable of remedy, such default is not remedied within 30 days;
- an order is made, or a resolution is passed, for the winding up of the Issuer; and
- other events relating to insolvency, external administration, compromise with creditors and ceasing to carry on, or disposing of, the Issuer's business.

### **5.3 Trustee's powers**

The Trustee may exercise certain powers in the interests of the Unsecured Noteholders. These powers may include, but are not limited to, the following:

- Waive any breach or non-compliance by the Issuer under the Trust Deed;
- Delegate its powers or discretions;
- Apply to the court for directions in relation to any questions arising either before or after the Unsecured Notes become repayable;
- Convene a meeting of Unsecured Noteholders; and
- Represent the Unsecured Noteholders generally in any investigation, negotiation, demand, action, transaction or proceeding and in so doing have an absolute discretion to act or to refrain from acting as it thinks fit.

Subject to the Corporations Act, the Trustee has absolute and uncontrolled discretion as to the exercise of all its powers, authorities and discretions and in the absence of fraud, wilful

default or breach of trust, on the part of the Trustee, the Trustee will not be responsible for any loss, costs, damage or inconvenience that may result from the exercise or non-exercise of such powers, authorities or discretions.

#### **5.4 Trustee may determine disputes**

The Trustee may as between itself and the Unsecured Noteholders determine all questions and matters of doubt arising in relation to any of the covenants, provisions and obligations of the Trust Deed.

#### **5.5 Alterations to Trust Deed**

The Trustee and the Issuer may by deed make any alteration, modification or addition to the Trust Deed if (in the opinion of the Trustee) such alteration: is made to correct a manifest error or is of a formal or technical nature only; is necessary or expedient for the purpose of enabling the Issuer to continue to be listed for quotation with the ASX or to comply with the provisions of any statute; is required by or in consequence of any amendment to the Corporations Act and is not prejudicial to the interests of Unsecured Noteholders; is considered by the Trustee not to be or to be likely to become prejudicial to the interests of the Unsecured Noteholders; is approved or sanctioned by special resolution of the Unsecured Noteholders; is necessary or expedient to enable the Issuer to claim any deduction or rebate for income tax purposes in respect of the interest payable on any Unsecured Note; or is necessary or expedient for the purpose of facilitating the issue of Unsecured Notes and would not prejudice the rights of existing Unsecured Noteholders.

Otherwise the Trust Deed may be altered or modified with the approval of a special resolution of Unsecured Noteholders.

#### **5.6 Redemption**

The Issuer may terminate any particular Unsecured Noteholder's Unsecured Note Agreement and redeem the Unsecured Note related to that Unsecured Note Agreement at any time upon the provision of at least 14 days notice to the Unsecured Noteholder and the Trustee.

#### **5.7 General conditions applying to Unsecured Notes**

Schedule 1 of the Trust Deed sets out the general conditions applying to the Unsecured Notes including the following:

- where the Unsecured Noteholder holds the Unsecured Note Certificate, the surrender to the Issuer of the Unsecured Note certificate is a condition precedent to the right of an Unsecured Noteholder to receive payment of the principal. There is a mechanism provided for the re-issue of worn out, defaced, lost or destroyed certificates; and
- subject to the Special Conditions of Issue and the Corporations Act, Unsecured Noteholders are entitled to transfer the whole or part of any part of their Unsecured Notes by an instrument in writing in the usual common form or any form which the Issuer and the Trustee approve. No transfer of any Unsecured Notes will be registered in favour of a person who is, amongst other things, not otherwise a person who may make a loan to the Issuer under the Trust Deed. Every instrument of transfer duly stamped (if required) must be delivered to the Issuer for

registration accompanied by the relevant Unsecured Note certificate and such other evidence as the Issuer requires to prove the title of the transferor.

#### **5.8 Unsecured Note agreement**

The special conditions of the Unsecured Notes (the Special Conditions of Issue) are contained in the Unsecured Note agreement (a specimen of which is set out in Schedule 3 to the Trust Deed) and have been discussed in section 3 of this Prospectus. The Unsecured Note agreement forms part of the application form.

#### **5.9 Trustee indemnity**

The Issuer has indemnified the Trustee against all costs and expenses of acting as trustee, and in particular of enforcing performance of the provisions of the Trust Deed.

Under clause 13 of the Trust Deed, the Trustee generally is only liable to Unsecured Noteholders for fraud, wilful default or breach of trust arising from the Trustee or its employees, servants or agents failing to show the degree of care and diligence required of it as Trustee or agent having regard to their powers, authorities and discretions. Clause 13 of the Trust Deed sets out other limitations on the Trustee's liability to Unsecured Noteholders.

#### **5.10 Trustee's role**

The Trustee's ultimate holding company is IOOF Holdings Limited, a company listed on the ASX. The Trustee has obligations and duties under the Trust Deed and the Corporations Act. The Trustee has agreed to undertake those obligations and perform those duties. Neither the Trustee nor any of its directors or officers guarantee performance by the Issuer of its obligations under the Trust Deed or the conditions of the Unsecured Notes.

The Trustee has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus. The Trustee does not make any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus.

The Trustee is not involved in the promotion of the issue of the Unsecured Notes and gives no express or implied recommendation or other statement in respect of the issue of the Unsecured Notes or as to whether or not the Unsecured Notes are a suitable investment for any person.

Australian Executor Trustees Limited acting as trustee under the Trust Deed is not to be read or construed as an endorsement of the Unsecured Notes or any investment represented by the Unsecured Notes. Each applicant for an Unsecured Note must:

- make their own assessment as to whether or not an investment in the Unsecured Notes is a suitable form of investment for them having regard to their personal, financial, taxation and other relevant circumstances and taking into account any other proposed terms and conditions of the Unsecured Note;
- seek their own financial, taxation and other relevant advice in determining whether or not to make an investment in the Unsecured Notes taking into account any other proposed terms and conditions of the Unsecured Note; and

- make their own decision whether or not to invest in Unsecured Notes taking into account any other proposed terms and conditions of the Unsecured Note and without reliance on any recommendation, statement, opinion, forecast or other representation (whether positive or by omission) by or on behalf of the Trustee.

Without limiting the advice an applicant may seek, applicants should be aware that they may have to contribute further funds if requested by the Issuer and that they may not be able to recover some or all of those further funds that they invest.

Other than the parts of this Prospectus that refer directly to the Trustee or to the provisions of the Trust Deed, the Trustee has relied upon the Issuer for the accuracy of the content of this Prospectus. The Trustee does not make any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

## **6. Information with respect to the Issuer**

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### **6.1 Information incorporated by reference**

The information contained in each of the documents referred to below is incorporated in, and forms part of, this Prospectus:

- The director's report and audited financial statements for the Flight Centre Group for the financial year ending 30 June 2015 (**2015 Annual Report**);
- The director's report and reviewed financial statements for the Flight Centre Group for the half year ended 31 December 2015; and
- the Trust Deed.

Copies of the above documents have been lodged with ASIC and are available for inspection during usual business hours at the Issuer's registered office at Level 2, 545 Queen Street, Brisbane.

The Issuer will provide, free of charge upon written request to the Company Secretary, a copy of any or all of the above documents.

### **6.2 Announcements to the ASX**

The Issuer is required by the Corporations Act and the Listing Rules to inform the ASX of information concerning the Issuer that a reasonable person would expect to have a material effect on the price or value of the Issuer's securities.

Announcements made by the Issuer to the ASX are available from the ASX website (under the Issuer's code: FLT) at [www.asx.com.au](http://www.asx.com.au).

## **7. Key risks**

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### **7.1 Overview**

This section identifies the major risks associated with an investment in Unsecured Notes.

The Issuer's business is subject to risk factors, both specific to its business activities and of a general nature. Such risks could affect the future operating performance of the Issuer and, in turn, the Issuer's ability to perform its obligations under the Unsecured Notes.



Accordingly, an investment in Unsecured Notes should be considered in light of relevant risks, as set out below.

Before deciding to invest in Unsecured Notes, you should:

- read the entire Prospectus;
- consider risk factors that could affect the financial performance of the Issuer;
- review these factors in light of your personal circumstances; and
- seek professional advice from your accountant, financial adviser, lawyer or other professional adviser before deciding whether to invest.

The risks identified in this Prospectus are not an exhaustive list of the risks faced by the Issuer. These factors and others not addressed in this Prospectus may materially affect the financial performance of the Issuer and its ability to repay Unsecured Notes issued under this Prospectus.

## **7.2 General economic conditions**

The Issuer's operating and financial performance is influenced by a variety of general economic and business conditions in Australia and overseas. A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on the Issuer's business or financial condition (or both).

## **7.3 Tourism industry**

The Issuer's operating and financial performance is dependent on the health of the tourism industry generally. A decline in the domestic and international tourism industry, whether as a result of a particular event (such as a terrorist attack, outbreak of SARS or other disease or a natural disaster, such as earthquakes and volcanic ash clouds) or economic conditions (such as a decrease in consumer and business demand), would have a material adverse effect on the Issuer's operating and financial performance.

## **7.4 Decreased profits**

Interest on the Unsecured Notes is calculated by reference to the relevant shop or business unit profits. Accordingly, an Unsecured Noteholder's return on the Unsecured Notes will be affected by anything which affects the profitability of the relevant shop or business unit. The Issuer does not promise or guarantee any particular return on the Unsecured Notes.

## **7.5 Supplier risk**

The Issuer's business activities are reliant on suitable contractual arrangements being negotiated with major airlines and other suppliers of goods and services. A breakdown in the relationship between the Issuer and its suppliers, a failure to reach a suitable arrangement with a particular supplier or the failure of a supplier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency) could disrupt the Issuer's business and have an adverse effect on the financial performance of the Issuer.

## **7.6 Loss of key staff and staff turnover**

The Issuer is dependent upon the experience of its Directors, key senior management and staff generally. The loss of any of key personnel (i.e. by death, total or permanent disablement or resignation), as well as high staff turnover could cause disruption to the conduct of the Issuer's business in the short term and negatively affect the Issuer's operating and financial performance.

## **7.7 Growth strategy execution**

The Issuer may not be able to execute effectively the strategies for its current and future acquired businesses. Planned growth through expansion of existing business could expose the Issuer to additional or unforeseen costs, which may strain financial or management resources.

## **7.8 Acquisition and investment risk**

From time to time, the Issuer evaluates acquisition and divestment opportunities. Any past or future acquisitions or disposals would cause a change in the sources of the Issuer's earnings and result in variability of earnings over time. Integration of new businesses may be costly and occupy management's time. The financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below its carrying value.

## **7.9 Regulatory risk**

Regulatory action against the Issuer under legislation and government policy may adversely affect the Issuer. For example, as a retailer of travel and travel-related products, the Issuer engages in extensive promotional and other advertising activities. Any regulatory or other action taken against the Issuer or its employees in relation to the conduct of the Issuer or its employees may have adverse effects on the reputation of the Issuer or on the Issuer's operating and financial performance.

A variation in legislation and government policy may also affect the Issuer and the business environment in which it operates. Legislative changes could directly and indirectly alter consumer demand for and consumer attitudes towards international or domestic travel.

## **7.10 Business systems risk**

The Issuer relies on the performance, reliability and availability of its information technology, communication and other business systems. Any damage to, or failure of, the Issuer's key systems may result in disruptions to the Issuer's business (especially its online services). Any malicious attacks on the Issuer's business systems or any compromise to the security of data held by the Issuer may similarly impact both the Issuer's business and its reputation.

## **7.11 Financial risk**

The Issuer's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to the Issuer on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), the Issuer will be able to refinance that debt facility on reasonable terms.



An inability to raise additional funds or refinance existing facilities may have a material adverse effect on the Issuer's operating and financial performance and its ability to repay Unsecured Noteholders.

#### **7.12 Taxation risks**

A change to the current taxation regime in Australia or overseas, including changes in interpretation or application of the law by courts or taxation authorities, may affect the Issuer or the Unsecured Noteholders. Tax liabilities are the responsibility of each individual Unsecured Noteholder.

#### **7.13 Currency risk**

The Issuer operates internationally and is exposed to foreign exchange risk arising from currency exposures. The Issuer has measures in place to manage some of that exposure. However, notwithstanding those measures, the movement of foreign exchange rates could still have an adverse effect on the Issuer's operating and financial performance.

#### **7.14 Investment risks**

The Issuer invests funds it receives in the course of conducting its business.

The value of those investments or the return on them may rise or fall as a result of circumstances beyond the Issuer's control, including general economic conditions in Australia or overseas.

### **8. Meaning of profit and profit improvements for purposes of Unsecured Notes**

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Profit, or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the business unit for that period. The accounting policies used in determining the management profit or loss are determined by the Finance Director or the Chief Financial Officer of the Issuer, but are consistent with the policies used for all business units in the Flight Centre Group. The Issuer will notify the Unsecured Noteholder of any major change in its accounting policies.

Profit of each business unit is calculated as if that business unit was a "stand alone" operation. The expense components used in determining profit are partly influenced by the manager of that business unit and partly by the Issuer.

Areas where the Issuer has significant influence are:

- the Issuer from time to time negotiates various deals with airlines, wholesalers, insurance brokers, reservation system providers and other related travel product providers and all business units have access to these deals;
- the Issuer determines half-yearly internal fees which are charged out to its business units for the following:
  - accounting and legal services;
  - payroll and banking;
  - advertising;
  - computer support;

- shop fit out;
- management fees for “Country” and global support;
- conferences; and
- training; and
- salary related expenses:
  - the business unit is responsible for all statutory costs related to employment of persons in that business unit, including annual leave, long service leave, payroll tax and superannuation within the Issuer’s general policy from time to time and legal requirements; and
  - the business unit is responsible for paying employees as per the Issuer’s salary structure from time to time and legal requirements.

## **9. Additional Information**

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### **9.1 No costs and fees**

Investors in Unsecured Notes pay no brokerage, stamp duty or other charges on lodgement of their investment. Any stamp duty on the application for or issue of the Unsecured Notes will be paid by the Issuer.

### **9.2 Interests of Directors**

Other than as described below and in the 2015 Annual Report, no Director and no firm in which a Director of the Issuer is a partner has any interests in the promotion or formation of, or any property proposed to be acquired by, the Issuer, nor have any amounts in cash or shares or otherwise been paid or been agreed to be paid to any Director of the Issuer (or to any firm of which he is a partner), to induce him to become or to qualify him as, a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Issuer.

At no time will any Director be offered, be issued with, or have any beneficial interest in Unsecured Notes that are, will be or have been issued pursuant to this Prospectus.

Directors are paid remuneration for their services as directors of the Issuer as set out in article 48 of the constitution of the Issuer and, in the case of executive directors, under service agreements. Executive directors of the Issuer may be issued Unsecured Notes in the future.

### **9.3 Warranty**

The applicant warrants to the Issuer that any proposed Unsecured Noteholder which is a non-natural person (for example, a company, family trust or superannuation fund trustee of the applicant):

- has not contracted with Flight Centre to provide the management services (such as by being “*independent contractor*”) to a Flight Centre business; and
- is not engaged in the business of holding or dealing in debt securities.

#### **9.4 Unsecured Noteholder to provide certain information**

If requested by the Issuer, the Unsecured Noteholder agrees, and it is a condition of the issue of the Unsecured Notes, to provide certain information required by it or the Trustee in order to comply with any applicable law, including the United States *Foreign Account Tax Compliance Act* (FATCA).

#### **9.5 Directors' statement**

The Directors report that, after making due inquiry, since 31 December 2015 there have not been any circumstances that have materially affected or will materially affect the profitability or the value of the assets and liabilities of the Issuer or the Flight Centre Group, except as disclosed in this Prospectus (see particularly section 6.2).

#### **9.6 Statutory information**

Subject to the earlier provisions of this Prospectus, the Issuer will, within two months of accepting an application form, issue the investor with a certificate acknowledging the indebtedness of the Issuer for the face value of the Unsecured Note issued.

Each of Ernst & Young and McCullough Robertson has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named. Neither Ernst & Young nor McCullough Robertson has authorised or caused the issue of this Prospectus and neither takes any responsibility for any part of this Prospectus. Ernst & Young has also given and not withdrawn its consent to the issue of this Prospectus with the inclusion (by reference) of its audit report on the financial statements for the year ended 30 June 2015 in the 2015 Annual Report and its review report on the financial statements for the half year ended 31 December 2015. To the fullest extent permitted by law, Ernst & Young does not accept any responsibility for the consequences of any reliance on its audit report on the financial statements for the year ended 30 June 2015 or its review report on the financial statements for the half year ended 31 December 2015 beyond that owed to whom those reports were addressed at the date of their issue.

The Trustee has given and not withdrawn its consent to being named in this Prospectus as Trustee for Unsecured Noteholders in the form and context in which it is named. The Trustee is paid a fee of \$20,000 or 0.02% of the face value of Unsecured Notes on issue (whichever is the greater) per annum for acting as trustee and receives the benefit of the indemnity described above.

The Trustee's role in the preparation of this Prospectus has been limited to reviewing the Prospectus to ensure its contents are not inconsistent with the provisions of the Trust Deed. The Trustee has had no involvement in the preparation of any part of this Prospectus and expressly disclaims and takes no responsibility for any part of, and has not caused or authorised the issue of, this Prospectus.

#### **9.7 Privacy**

The Unsecured Noteholder agrees that the Company may collect personal information (as defined in the *Privacy Act 1988* (Cth)) about the Unsecured Noteholder in connection with the Unsecured Note(s) to be issued under this Agreement. The Company may collect personal information directly from the Unsecured Noteholder or from the Company's internal business divisions (e.g. Flight Centre Payroll) and/or from the Company's related bodies corporate (e.g. Moneywise Global Pty Ltd or P4 Finance Pty Ltd).

The Unsecured Noteholder agrees that the Company may use such personal information, and disclose it to third parties (which may include overseas recipients), in connection with the issue and management of the Unsecured Note(s). Such third party recipients may include the Company's related bodies corporate, Moneywise Global Pty Ltd and P4 Finance Pty Ltd. Personal information disclosed to Moneywise Global Pty Ltd will be handled in accordance with its Privacy Policy at [www.moneywiseglobal.com](http://www.moneywiseglobal.com). Personal information disclosed to P4 Finance Pty Ltd will be handled in accordance with its Privacy Policy at [www.p4finance.com](http://www.p4finance.com).

The Company may disclose personal information of the Unsecured Noteholder to the Trustee. The Trustee collects personal information about the Unsecured Noteholder for the primary purpose of providing trustee services to the Company and for ancillary purposes detailed in the Trustee's Privacy Policy. The Trustee may disclose personal information, such as name and contact details, along with relevant account information, to its related bodies corporate, the Company, professional advisers, and/or as otherwise instructed by the Company. The Trustee is also permitted to collect and disclose personal information when required or authorised to do so by law. The Trustee is not likely to disclose personal information to overseas recipients. Personal information held by the Trustee will be used in accordance with the Trustee's Privacy Policy. The Trustee's Privacy Policy contains information about how an individual may access or correct their personal information held by the Trustee and how they may complain about a breach of the Australian Privacy Principles by the Trustee. The Trustee's Privacy Policy is available at [www.aetlimited.com.au/privacy](http://www.aetlimited.com.au/privacy).

## **10. Personalised application forms and instructions**

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Accompanying this Prospectus is your personalised application form. If invited to do so by the Issuer, applicants should complete all relevant sections on the application form provided, sign and return it to the registered office of the Issuer. Applications should be made only on the application form accompanying the Prospectus. Photocopies of this application form will not be accepted. Multiples of A\$1 will be accepted over the minimum investment (the minimum investment is A\$15,000 for Team Leaders, A\$50,000 for Area Leaders and A\$200,000 for National Leaders and EGMs). The percentage and the relevant shop (or other business unit) in respect of which interest calculations will be made under conditions 6, 7 and 8 of the Special Conditions of Issue are nominated in the personalised application form. Where payment is made by cheque, it must be in Australian currency (drawn on an Australian bank) and made payable to "Flight Centre Travel Group Limited", crossed not negotiable and attached securely to the front of the application form.

An applicant may, with the prior approval of the Issuer, nominate in writing a legal entity over which the applicant has effective control to be the holder of the Unsecured Note. This nomination may be made by inserting the name of the approved holder in the space indicated on the application form. The application form requests applicants or approved holders to complete a postal address for all correspondence. All communications to the holder from the Issuer or the Trustee will be mailed to the address as shown. Applicants should also include their telephone number, area code and contact name to assist the Issuer or the Trustee in the event that they need to contact the applicant in relation to their application. For advice on investing in these Unsecured Notes, applicants should consult their independent financial adviser. Applicants should also enter their Australian tax file

number or exemption category in the box provided. Collection of tax file numbers is authorised by taxation law. Quotation of tax file numbers is not compulsory and will not affect this application.

Applicants should obtain their own advice regarding the taxation impacts of holding Unsecured Notes. None of the Issuer, the Directors or other members of the Flight Centre Group or the Trustee, or any member of the Trust Group, takes any responsibility for advising investors as to their tax position or the taxation impacts of holding Unsecured Notes.

**By signing the application form, applicants will be signing a document which will be legally binding on them on acceptance by the Issuer in accordance with the terms of the Trust Deed (and in particular the Special Conditions of Issue set out in the application form) and this Prospectus. By signing the application form, applicants also consent to the Unsecured Note certificates being in electronic format.**

The following information will be set out in each personalised application form:

- the name of the applicant (Item A and Schedule 3);
- the name of any other person previously approved by the Issuer to hold the relevant Unsecured Note (Item B);
- the name of the relevant shop/ business unit to which the Unsecured Note will relate (Item C and Schedule 2);
- the face value of the Unsecured Note for which application is invited (being the face value of the Unsecured Note (Item D and Schedule 4);
- the percentage rate proposed by the Issuer for use in the calculation of interest (Item E and Schedules 5 and 6).

## 11. Glossary

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**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Ltd ACN 008 624 691;

**Company Secretary** means the secretary of the Issuer;

**Directors** means the directors of the Issuer;

**Flight Centre Group** means Flight Centre Travel Group Limited and its controlled entities from time to time;

**Funding Arrangement** means an arrangement whereby a related financier funds the issue of Unsecured Notes to an Unsecured Noteholder;

**Issuer** or **Company** means Flight Centre Travel Group Limited (ACN 003 377 188);

**Moneys Owning** means the face value together with any distributions payable from time to time in respect of an Unsecured Note;

**Prospectus** means this prospectus dated 11 July 2016;

**Special Conditions of Issue** means the special conditions being schedule 3 to the Trust Deed, as modified by this Prospectus, which modified version is set out in full in the personalised application form with this Prospectus;

**Trust Deed** means the Unsecured Note Deed between Permanent Nominees (Aust.) Limited ACN 000 154 441 (**Permanent**) and the Issuer dated 12 December 1997, as amended by the amendments noted in the Deed of Confirmation between Permanent and the Issuer dated 19 June 2003, the Deed of Amendment between Permanent and the Issuer dated 5 April 2004, the Deed of Amendment between Permanent and the Issuer dated 2 August 2005, the Deed of Amendment between Permanent and the Issuer dated 12 September 2006, the Deed of Appointment and Retirement between Permanent, the Trustee and the Issuer dated 21 December 2007 and the Deed of Amendment between the Trustee and Issuer dated 21 December 2007;

**Trustee** means Australian Executor Trustees Limited (ACN 007 869 794) appointed as trustee for the Unsecured Noteholders pursuant to the Trust Deed;

**Unsecured Noteholder** has the meaning set out in the Trust Deed; and

**Unsecured Notes** means the unsecured debt securities issued by the Issuer pursuant to this Prospectus under the Trust Deed.

## 12. Corporate directory

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### **Directors**

Gary Smith (Non-executive Chairman)  
Graham Turner (Managing Director)  
John Eales (Non-executive Director)  
Robert Baker (Non-executive Director)  
Cassandra Kelly (Non-executive Director)

### **Company secretary**

David Smith

### **Registered Office**

Level 2, 545 Queen Street:  
BRISBANE QLD 4000

### **Share Registrar**

Computershare Investor Services Pty Limited  
117 Victoria Street  
WEST END QLD 4101

### **Auditors**

Ernst & Young  
Level 51, 111 Eagle Street  
BRISBANE QLD 4000

**Solicitors**

McCullough Robertson Lawyers

Level 11, Central Plaza Two

66 Eagle Street

BRISBANE QLD 4000

**Trustee**

Australian Executor Trustees Limited

Level 22, 207 Kent Street

SYDNEY NSW 2000

**Signature**

This Prospectus is signed on behalf of Flight Centre Travel Group Limited by Peter Feros who is authorised by the Board of Directors to sign the Prospectus.



Peter Feros  
General Counsel



## Annexure

### Application Form Unsecured Notes

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#### UNSECURED NOTE AGREEMENT

THIS AGREEMENT is made the \_\_\_\_\_ day of \_\_\_\_\_ 20

BETWEEN Flight Centre Travel Group Limited (ACN 003 377 188) (hereinafter called the **Company**) of Level 2, 545 Queen Street, Brisbane, Queensland.

AND the person referred to in Schedule 1 (hereinafter called the **Unsecured Noteholder**).

#### Acquisition of Unsecured Note

1. The Unsecured Noteholder agrees to take and the Company agrees to issue an Unsecured Note to the Unsecured Noteholder in relation to the business referred to in Schedule 2 (the **Business**) on the terms and conditions as herein set out and as set out in the Deed described in clause 11.
2. The face value of the Unsecured Note is to be as set out in Schedule 4.
3. The Unsecured Noteholder must be, at the date of this Agreement, either the manager (referred to in Schedule 3 and hereinafter called the **Manager**) of the Business or any legal entity of which the Manager has effective control, nominated in writing by the Manager. A copy of such nomination must be given to the Company prior to execution of this Agreement. However, the Manager is not entitled to be issued an Unsecured Note other than in relation to the Business of which he is the Manager.
4.
  - (a) Within 31 days after the date of this Agreement, the Unsecured Noteholder must pay to the Company an amount equal to the face value of the Unsecured Note set out in Schedule 4 in a manner acceptable to the Company (cash or cheque) as consideration for the acquisition of the Unsecured Note.
  - (b) As soon as is practicable after receiving this amount, the Company shall provide the Unsecured Noteholder with a Certificate evidencing the Unsecured Noteholder's ownership of the Unsecured Note stating the face value applicable to the Unsecured Note for distributions during the term of this Agreement and upon termination of this Agreement.
  - (c) If payment is not received by the Company within the required time, the Unsecured Noteholder will be deemed not to have been issued the Unsecured Note or any rights relating thereto, and this Agreement shall be voidable at the option of the Company.

#### Redemption of Unsecured Note

5. In addition to the circumstances referred to in Clause 10, the Unsecured Note shall be redeemed for its face value together with all other Moneys Owing in accordance with this

Agreement, which shall be paid by the Company to the Unsecured Noteholder within 30 days or as otherwise specified in this Agreement, upon:

- (a) termination of the Manager's employment with the Company for any reason; or
  - (b) notice in writing from the Unsecured Noteholder requesting redemption or repayment of the Unsecured Note; or
  - (c) notice in writing from the Issuer advising that redemption or repayment of the Unsecured Note will occur on a certain date; or
  - (d) the 10<sup>th</sup> anniversary of the date of issue of the Unsecured Note,
- whichever occurs first.

#### Interest Distribution on Unsecured Note

6. (a) Subject to clause 6(c) below, the Unsecured Noteholder will be entitled to an interest distribution by reference to the Business in respect of the Unsecured Note held by the Unsecured Noteholder on the following basis:
- (i) the percentage in Schedule 5 of the management profits, or profit improvement of the Business, after accounting for the liabilities of or within the Business, will be paid to the Unsecured Noteholder;
  - (ii) Schedule 6 sets out the period and circumstances in which an interest payment will be made where there is profit or profit improvement of the relevant Business where Schedule 6 applies;
  - (iii) For the avoidance of doubt, a profit improvement of the Business for a given period includes a reduced loss position, or a return to profit position, for that period. For the purposes of this clause 6(a), profit, or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the Business for that period. The accounting policies used in determining the management profit or loss will be determined by the Finance Director or Chief Financial Officer of the Company, but will be consistent with the policies used for all businesses in the Flight Centre Group. The Company will notify the Unsecured Noteholder of any major change in its accounting policies.
- (b) For a Business to which Schedule 5 applies, the frequency of these interest payments will be no less frequently than quarterly, in arrears, so long as the Unsecured Note continues. No payments will be required in relation to the quarter in which the Unsecured Note is redeemed.
- (c) For a Business to which Schedule 6 applies, details of how interest payments will be calculated and the frequency of such payments is set out in Schedule 6.
- (d) Unless approved by the Issuer, the distribution payable in respect of any Unsecured Note from time to time will not exceed 35% of the face value of the Unsecured Note in any twelve month period commencing on the Amendment Date.

## General

7. The Unsecured Noteholder shall not be entitled to voting rights, bonus shares, rights issues or any other rights enjoyed by shareholders of the Company.
8. The Unsecured Noteholder is prohibited from assigning, mortgaging or otherwise dealing in the Unsecured Note, without the consent of the Company.
9.
  - (a) The Company may determine from time to time that further funds are required for the purposes of the Business.
  - (b) In such a case, the amount of funds which will be required to be advanced by the Unsecured Noteholder will be obtained by multiplying the percentage set out in Schedule 5 by the total amount of capital required as determined by the Company. The Unsecured Noteholder may arrange for the relevant funds to be advanced by the Manager or a nominee of the Manager who would qualify as a holder of the Unsecured Note under clause 3 with the consent of the Company.
  - (c) The advance of such further funds will be made by way of a further loan to the Company. If such moneys are not paid to the Company within one month of its request, the Unsecured Note will be redeemed as per clause 5 of this Agreement and any obligation to advance the further funds will be extinguished.
  - (d) This further loan will not bear interest and is repayable, by the Company:
    - (i) when it determines that there is cash surplus to the needs of the Business within the Business; or
    - (ii) by applying any amounts which would otherwise be payable as an interest distribution under clause 6 to repayment of the further loan before any further interest distributions are made so that the Unsecured Noteholder does not acquire any entitlement to such interest distributions but the period for the calculation of cumulative profitability is restarted as if an entitlement to an interest distribution had accrued.
  - (e) Upon redemption of the Unsecured Note as per clause 5 of this Agreement, if such further loans have not been repaid in full, the Noteholder shall forgive any balance of the loans remaining owing by the Company.
  - (f) Any such further loans shall not be taken to be made under the Deed referred to in clause 11 or to be Unsecured Notes for the purposes of that Deed.
10. The Company may at its discretion once the Manager is no longer the Manager of the Business:
  - (a) require the Unsecured Noteholder to redeem all or part of any Unsecured Note it already holds relating to the Business in accordance with clause 5; or
  - (b) amend the terms of this Agreement by substituting a new business in Schedule 2; or
  - (c) when the Manager is managing another Company business, allow the Unsecured Noteholder to maintain all or part of the Unsecured Note in the Business under the following conditions:
    - (i) up to 20% (or such higher percentage to a maximum 35% as may be approved by the board of the Company) of management profit, or profit

improvement, of the Business may be paid out as interest distributions in relation to all Unsecured Notes attaching to that Business;

- (ii) the Manager must not hold more than 3 Unsecured Notes at any time;
  - (iii) where a new manager of the Business is appointed, any existing Unsecured Noteholder with respect to that Business may then be required to redeem all or part of his Unsecured Note in accordance with Clause 5; and
  - (iv) where there is more than 1 Unsecured Noteholder in the Business, the order of redemption will be, first made in time will be first redeemed or repaid.
11. This Agreement and the Unsecured Note to which it relates are entered into and made respectively subject and pursuant to the Deed dated 12 December 1997 (as amended) between the Company and Permanent Nominees (Aust.) Limited and the provisions of that Deed are incorporated into this Agreement and shall be complied with by the Company and the Unsecured Noteholder. Any terms used in this Agreement which are defined in that Deed have the same meaning here and the terms of this Agreement are Special Conditions under that Deed.
12. Any moneys which are not paid by the Company when due under this Agreement or the Deed referred to in clause 11 shall bear interest at the rate which is 3% greater than the base lending rate offered by the Company's principal banker from time to time in respect of loans of \$100,000 and over calculated on a daily basis and a year of 365 days from the date due until paid subject to the terms of that Deed.
13. The Manager of a business unit must notify the Company of any change in control of the legal entity which is registered as being the Unsecured Noteholder. In such a case the Company may require either:
- (a) the Unsecured Note to be transferred to a legal entity of which the manager has effective control; or
  - (b) that the Manager resume effective control of the legal entity registered as being the Unsecured Noteholder,
- within 14 days of being required to do so.
- If the Manager does not comply with the Company's requirement, the Company may redeem the Unsecured Note immediately.
14. The Manager warrants to the Company that any nominated Unsecured Noteholder which is a non-natural person (for example, a company, family trust or superannuation fund trustee of the Manager):
- (a) has not contracted with Flight Centre to provide the management services (such as by being "*independent contractor*") to a Flight Centre business in Queensland; and
  - (b) is not engaged in the business of holding or dealing in debt securities.
15. (a) The Unsecured Noteholder agrees that the Company may collect personal information (as defined in the *Privacy Act 1988* (Cth)) about the Unsecured Noteholder in connection with the Unsecured Note(s) to be issued under this Agreement. The Company may collect personal information directly from the Unsecured Noteholder or from the Company's internal business divisions (e.g.

Flight Centre Payroll) and/or from the Company's related bodies corporate (e.g. Moneywise Global Pty Ltd or P4 Finance Pty Ltd).

- (b) The Unsecured Noteholder agrees that the Company may use such personal information, and disclose it to third parties (which may include overseas recipients), in connection with the issue and management of the Unsecured Note(s). Such third party recipients may include the Company's related bodies corporate, Moneywise Global Pty Ltd and P4 Finance Pty Ltd. Personal information disclosed to Moneywise Global Pty Ltd will be handled in accordance with its Privacy Policy at [www.moneywiseglobal.com](http://www.moneywiseglobal.com). Personal information disclosed to P4 Finance Pty Ltd will be handled in accordance with its Privacy Policy at [www.p4finance.com](http://www.p4finance.com).
- (c) Without limiting the above, the Unsecured Noteholder agrees that the Company may disclose personal information of the Unsecured Noteholder to Australian Executor Trustees Limited (ACN 007 869 794) (**AET**). AET collects personal information about the Unsecured Noteholder for the primary purpose of providing trustee services to the Company and for ancillary purposes detailed in AET's Privacy Policy. AET may disclose personal information, such as name and contact details, along with relevant account information, to its related bodies corporate, the Company, professional advisers, and/or as otherwise instructed by the Company. AET is also permitted to collect and disclose personal information when required or authorised to do so by law. AET is not likely to disclose personal information to overseas recipients. Personal information held by AET will be used in accordance with AET's Privacy Policy. AET's Privacy Policy contains information about how an individual may access or correct their personal information held by AET and how they may complain about a breach of the Australian Privacy Principles by AET. AET's Privacy Policy is available at [www.aetlimited.com.au/privacy](http://www.aetlimited.com.au/privacy).

SCHEDULE 1.

The Unsecured Noteholder is

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SCHEDULE 2.

The Business is [Flight Centre] **or** [ other ]

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SCHEDULE 3.

The Manager is

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SCHEDULE 4.

The face value of the Unsecured Note is \$

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SCHEDULE 5.

**[Specify if not applicable]**

**[Relevant details to be inserted here]**

SCHEDULE 6.

**[Specify if not applicable]**

**[Relevant details to be inserted here]**

**Execution by Applicant:**

\_\_\_\_\_  
**Signature of Applicant**

or\*

**EXECUTED** by \_\_\_\_\_ )

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Office held

\_\_\_\_\_  
Office held

\*where Item B is completed

**Execution by Company:**

**EXECUTED** by **FLIGHT CENTRE TRAVEL  
GROUP LIMITED ACN 003 377 188**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Office held

\_\_\_\_\_  
Office held