

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – 11 November, 2020

**Offering Circular**

Attached is the offering circular for the FLT \$A400m convertible notes issue announced to the market on 10 and 11 November 2020. The offering circular has been authorised by the board of FLT.

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## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Goldman Sachs International and Merrill Lynch Equities (Australia) Limited ABN 65 006 276 795 as joint bookrunners and lead managers (together, the “**Joint Bookrunners**”) that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not, and you are not located in the United States, its territories or possessions and to the extent you purchase securities defined herein you will be doing so in an “offshore transaction” (as defined under Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

This Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Joint Bookrunners nor their respective affiliates, directors, officers, employees, representatives, agents nor any person who controls the Joint Bookrunners or their affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

**Restrictions:** This Offering Circular is being furnished in connection with an offering of securities in “offshore transactions” as defined in, and in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in this Offering Circular is not complete and may be changed.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES (THE “SECURITIES”) (AS DESCRIBED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Nothing in this electronic transmission constitutes an offer to sell or a solicitation by or on behalf of either the Issuer (as defined in this Offering Circular) or the Joint Bookrunners of an offer to subscribe for or purchase any of the securities described therein in any jurisdiction where it is unlawful to do so, and access has been limited so that it shall not constitute in the United States “directed selling efforts” (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Bookrunners or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed this Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the Securities.

**Actions that You May Not Take:** If you receive this Offering Circular by e-mail, you should not reply by e-mail to this e-mail, and you may not purchase any Securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.**

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



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

**A\$400,000,000 2.50 per cent. Convertible Notes Due 2027  
Issue Price: 100 per cent.**

The A\$400,000,000 2.50 per cent. Convertible Notes due 2027 (the “**Notes**”) will be issued by Flight Centre Travel Group Limited (the “**Issuer**” or “**FLT**”), a company incorporated under the laws of Australia and listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (the “**ASX**”, which shall also mean where the context requires it, the Australian Securities Exchange).

The Notes will bear interest from (and including) 17 November 2020 (the “**Closing Date**”) at the rate of 2.50 per cent. per annum calculated by reference to the outstanding principal amount thereof and payable semi-annually in arrear on 17 May and 17 November in each year, with the first interest payment date falling on 17 May 2021.

Subject to, and as provided in the Terms and Conditions of the Notes (the “**Terms and Conditions of the Notes**” or the “**Conditions**”), each Note shall entitle the holder to require the Issuer to convert such Note into fully paid ordinary shares in the capital of the Issuer (“**Ordinary Shares**”) at the then applicable Conversion Price (as defined in the Terms and Conditions of the Notes) (the “**Conversion Right**”). Subject to and as provided in the Terms and Conditions of the Notes, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations, at any time on or after 18 January 2021 (the “**Conversion Period Commencement Date**”), provided that the relevant conversion date in respect of a Note (“**Conversion Date**”) shall not fall later than on the date falling 5 business days (as defined in the Terms and Conditions of the Notes) prior to the Final Maturity Date (as defined below) (both days inclusive).

The initial Conversion Price is A\$20.04 per Ordinary Share and will be subject to adjustment in the manner described in the Terms and Conditions of the Notes. The closing price of the Ordinary Shares on the ASX on 10 November 2020 was A\$15.70 per Ordinary Share.

Unless previously purchased and cancelled, redeemed or converted as provided in the Terms and Conditions of the Notes, the Notes will be redeemed at 100.00 per cent. of the principal amount of the relevant Notes plus any interest accrued but unpaid to (but excluding) the relevant Redemption Date (as defined in the Terms and Conditions of the Notes) (the “**Redemption Amount**”) on 17 November 2027 (the “**Final Maturity Date**”). The Issuer may, on giving notice (an “**Optional Redemption Notice**”) to the Noteholders in accordance with Condition 17 and to the Trustee (as defined in the Terms and Conditions of the Notes) and the Principal Paying and Conversion Agent (as defined in the Terms and Conditions of the Notes) in writing (which notice shall be irrevocable), redeem all but not some only of the Notes on the date (an “**Optional Redemption Date**”) specified in the Optional Redemption Notice at the Redemption Amount at any time on giving not less than 30 nor more than 60 days’ notice to Noteholders of such Optional Redemption Date, if Conversion Rights shall have been exercised, and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes). See Condition 7(b).

The Issuer will, at the option of the holder of any Note redeem all or some only of such holder’s Notes on 17 November 2024 (the “**Put Option Date**”) at 100.00 per cent. of the principal amount of the relevant Notes plus any interest accrued but unpaid to (but excluding) the relevant Redemption Date. See Condition 7(e).

At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), redeem all but not some only, of the Notes on the date specified in the Tax Redemption Notice at the Redemption Amount. See Condition 7(c).

Following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Notes), the holder of each Note will have the right, at such holder’s option, to require the Issuer to redeem all or some only of that holder’s Notes on the Relevant Event Redemption Date (as defined in the Terms and Conditions of the Notes) at the Redemption Amount. See Condition 7(f).

An application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Issuer’s subsidiaries, the Issuer’s associated companies (if any), the Notes or the Ordinary Shares.

**Investing in the Notes involves certain risks. See Section 4 “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Notes.**

**The Notes and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any State or other jurisdiction of the United States and, subject to certain exceptions, they may not be offered or sold within the United States. The Notes are being offered and sold solely outside the United States pursuant to Regulation S under the Securities Act (“Regulation S”). For a description of these and certain further restrictions on offers and sales of the Notes and the Ordinary Shares to be issued upon conversion of the Notes, and the distribution of this Offering Circular, see Section 15 “Subscription and Sale”.**

The Notes will be represented by beneficial interests in a permanent global certificate (the “**Global Certificate**”) in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about the Closing Date with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described in the Global Certificate, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

#### **Joint Bookrunners and Joint Lead Managers**

**Goldman Sachs**

**BofA Securities**

The date of this Offering Circular is 11 November 2020

## IMPORTANT NOTICE

### GENERAL

#### About this document

This document (the “**Offering Circular**”) is issued by the Issuer. Any offering of the Issuer’s Notes is made under this Offering Circular.

Neither this Offering Circular nor any other disclosure document in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”) and this Offering Circular is not, and does not purport to be, a prospectus, product disclosure document or other disclosure document as defined in the Corporations Act 2001 (Cth) (the “**Corporations Act**”).

None of ASIC or the ASX or their respective officers takes any responsibility for the contents of this Offering Circular or the merits of the investment to which this Offering Circular relates.

The Issuer is not licensed to provide financial product advice in respect of the Notes. Cooling-off rights do not apply to the acquisition of the Notes. **In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.**

**This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Incorporation by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.**

The Issuer has confirmed to the Joint Bookrunners that this Offering Circular contains or incorporates by reference all information regarding the Issuer and the Issuer’s subsidiaries as a whole (collectively, the “**Group**”) and the Notes which is (in the context of the issue of the Notes) material; such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; any statements of opinion or intentions expressed in this Offering Circular on the part of the Issuer and the Group are honestly held and are based on reasonable assumptions; and reasonable enquiries have been made to ascertain and to verify the accuracy of such information and statements. The Issuer accepts responsibility for the information contained in this Offering Circular. This Offering Circular should be read in its entirety. It contains general information only and does not take into account the specific objectives, financial situation or needs of any investor. In the case of any doubt, investors should seek the advice of a financial or other independent and qualified professional adviser.

None of the Issuer, any member of the Group, the Joint Bookrunners, The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”), Conv-Ex Advisors Limited (the “**Calculation Agent**”) or the Agents (as defined in the Conditions) or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them guarantees the success of the offering of the Notes (the “**Offer**” or “**Offering**”), or any particular rate of capital or income return on the Notes or the Ordinary Shares. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

None of the Issuer, Goldman Sachs International, Merrill Lynch (Equities) Australia Limited (together with Goldman Sachs International, the “**Joint Bookrunners**”), the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them is providing investors with any legal, business or tax advice in this Offering Circular. Investors should consult their own advisers to assist them in making their investment decision and to advise themselves whether they are legally permitted to purchase the Notes. Investors must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Offering Circular. Investors must also obtain any consents or approvals that they need in order to purchase the Notes. None of the Issuer, the Joint Bookrunners, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or

directors or any person who controls any of them is responsible for the investors' compliance with any such legal requirements. The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Joint Bookrunners, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstance create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Offering Circular.

Any offer, invitation or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without liability or responsibility on the part of the Issuer, the Joint Bookrunners, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them) lapse and cease to have any effect if (for any reason whatsoever) the Notes are not issued by the Issuer to the Joint Bookrunners.

Furthermore, no comment is made or advice is given by any of the Joint Bookrunners, the Trustee, the Calculation Agent, the Agents or the Issuer or of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them, in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws. The Joint Bookrunners, the Trustee, the Calculation Agent and the Agents and each of their respective affiliates, advisers, agents, representatives, employees, officers, associates and directors and each person who controls any of them do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Bookrunners, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

The Joint Bookrunners and/or their affiliates may acquire Ordinary Shares in connection with a delta placement ("**Delta Placement**") of Ordinary Shares to facilitate some of the hedging activity in relation to the Notes. The Joint Bookrunners and/or their affiliates may also enter into a stock borrow facility ("**Stock Borrow Facility**") with certain shareholders of the Issuer to facilitate hedging transactions as is customary for international convertible bond issues. The transactions associated with the Delta Placement and Stock Borrow Facility may, together with other Ordinary Shares acquired by any of the Joint Bookrunners and/or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, may result in the Joint Bookrunners and/or their affiliates disclosing a substantial holding in the Ordinary Shares and earning fees.

In connection with the Offering, in addition to acquiring Notes under the Offering and/or Ordinary Shares under the Delta Placement, the Joint Bookrunners and/or any of their respective affiliates may, for their own account, enter into convertible asset swaps, credit derivatives or other derivative transactions relating to the Notes and/or the underlying Ordinary Shares at the same time as the offer and sales of the Notes, Ordinary Shares and/or other secondary market transactions. As a result of such transactions, each Joint Bookrunner and/or its respective affiliates may hold long or short positions in such Notes and/or derivatives or physical holdings in the underlying Ordinary Shares. Disclosure may not be made of any such positions. The Joint Bookrunners and/or their respective affiliates may purchase Notes for principal investment purposes and not with a view to distribution. The amount of any such purchases will be determined at the time of pricing of the Notes and will be subject to total demand received and final allocations. Any of these transactions contemplated could impact the market price of the Notes or the Ordinary Shares.

#### **No representations or recommendations**

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Offering and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Joint Bookrunners, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them

None of the Joint Bookrunners, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them has separately verified the information contained in or incorporated in this Offering Circular. Accordingly, no representation, warranty or undertaking, whether express or implied, is made, and no responsibility or liability is accepted, by the Joint Bookrunners, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them as to the accuracy or completeness of the information (including the financial information) contained or incorporated in this Offering Circular or any other information (including the financial information) provided by the Issuer or in connection with the Notes or their distribution. Nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Bookrunners, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Joint Bookrunners, the Trustee, the Calculation Agent or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigations as it deems necessary.

### **Consents**

Each of the persons named in this Offering Circular has consented to the inclusion of each statement it has made in the form and context in which the statement appears in this Offering Circular, has consented to the references to those statements in the form and context in which they are included in this Offering Circular and has not withdrawn those consents as at the date of this Offering Circular.

### **Restrictions in certain jurisdictions**

This Offering Circular does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined herein) and the issue of the Notes by the Issuer to the Joint Bookrunners pursuant to the Subscription Agreement.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see Section 15 "Subscription and Sale".

The Notes and the Ordinary Shares to be issued upon conversion of the Notes have not been, and will not be, registered under the Securities Act, subject to certain exceptions, and may not be offered or sold within the United States. The Notes are being offered and sold solely outside the United States pursuant to Regulation S.

This Offering Circular is not intended to be used in connection with any offer for which disclosure is required for the purposes of Part 6D.2 or Chapter 7 of the Corporations Act and does not contain all the information that would be required if this Offering Circular was a prospectus, product disclosure document or other disclosure document as defined in the Corporations Act. Any offering of Notes in Australia is made under this Offering Circular and is open only to select investors who are sophisticated or professional investors within the meaning of sections 708(8) or 708(11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.

Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Joint Bookrunners, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them to subscribe for, or purchase, any of the Notes.



## **MiFID II Product Governance / Target Market**

Solely for the purposes of a manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such manufacturer's target market assessment) and determining appropriate distribution channels.

## **PRIPs / Important – EEA and UK retail investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

## **Singapore SFA Product Classification**

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **Listing of the Notes on the SGX-ST**

An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, Issuer's subsidiaries, the Issuer's associated companies (if any) or the Notes.

## **Global Certificate**

The Notes will be in registered form. The Notes will be represented on issue by a Global Certificate. On or around the Closing Date, the Global Certificate will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg. The Global Certificate will be exchangeable, in whole or in part, for individual definitive Notes in registered form, serially numbered, in denominations of A\$200,000 and integral multiples of A\$200,000 in excess thereof (but only in the limited circumstances described in the Global Certificate).

## **Further information on the Group**

As a disclosing entity, the Issuer is subject to regular reporting and disclosure obligations under the Corporations Act and the listing rules of the ASX (the "**ASX Listing Rules**"). Copies of documents lodged with ASIC in relation to the Issuer are available to the public and may be purchased by calling the ASIC Customer Contact Centre on +61 1300 300 630, or via the ASIC Connect website and can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from [www.asx.com.au](http://www.asx.com.au) and the Issuer's website [www.fctgl.com](http://www.fctgl.com), together with other market announcements.

In addition, a copy of the following documents may be obtained free of charge by any person upon their request prior to the Closing Date:

- the audited consolidated annual financial reports of the Group for the financial years ended 30 June 2019 and 30 June 2020; and
- any other document used to notify the ASX of information relating to the Group under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the lodgement of the Issuer's audited consolidated annual financial report for the financial year ended 30 June 2020 and before lodgement of this Offering Circular with the ASX.

All written requests for copies of the above documents should be addressed to Flight Centre Investor Relations team at the address set out in the directory at the end of this Offering Circular. These documents, and all other regular reporting and disclosure documents of the Issuer, are also available electronically on the websites of the ASX at [www.asx.com.au](http://www.asx.com.au) and the Issuer at [www.fctgl.com](http://www.fctgl.com).

## Risk Factors

Prospective purchasers of Notes should carefully consider the risks and uncertainties described in this Offering Circular before making a decision to invest in the Notes. An investment in the Notes should be considered speculative due to various factors, including the nature of the Group's business and operations, the business outlook for the industry in which the Group operates and the impact of COVID-19 on the travel industry globally. See "Cautionary Statement Regarding Forward-Looking Statements" and Section 4 "Risk Factors" in this Offering Circular.

## Definitions

In this Offering Circular, unless otherwise defined herein or the context requires otherwise, all references to:

- "**A\$**" and "**Australian Dollars**" refers to Australian dollars;
- "**Corporations Act**" means the Corporations Act 2001 (Cth);
- "**COVID-19**" refers to the outbreak of a novel strain of coronavirus (i.e. Coronavirus Disease 2019 (COVID19));
- "**FCUK**" means Flight Centre (UK) Limited;
- "**Great British Pounds**" or "**GBP**" refers to pounds sterling, the lawful currency of the United Kingdom;
- "**Group**" means Flight Centre Travel Group Limited (ACN 003 377 188) and its subsidiaries;
- "**per cent.**" or "**%**" refer to percentage;
- "**TTV**" refers to total transaction value (see "Financial measures" below);
- "**US\$**" and "**U.S. Dollars**" are to United States dollars; and
- "**U.S.**" and "**United States**" are to the United States of America.

Any reference in this Offering Circular to any law, regulation or notification is a reference to such law, regulation or notification as the same may have been, or may from time to time be, amended, supplemented or replaced.

## Websites

The websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular and none of the Issuer, the Joint Bookrunners, the Trustee, the Calculation Agent, the Agents, or their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them accepts any responsibility whatsoever that

any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

### **Financial measures**

This Offering Circular contains non-Australian Accounting Standards / non-International Financial Reporting Standards financial measures that are not required by, or presented in accordance with Australian Accounting Standards or International Finance Reporting Standards. For example, references to TTV are contained in this Offering Circular to provide additional information about the Group's operating performance, however, TTV is not a measure of operating performance under Australian Accounting Standards or International Financial Reporting Standards. The method of calculating this, or equivalent, accounting measures may vary between companies. Accordingly, such measures may not be comparable to similarly titled measures reported by other companies and investors should not place undue reliance upon them.

Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

### **Goldman Sachs International**

Goldman Sachs International ("**GSI**") is exempt from the requirement to hold an Australian Financial Services License ("**AFSL**") under the Corporations Act in respect of the financial services it provides in relation to this transaction, and does not therefore hold an AFSL. GSI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under U.K. laws, which differ from Australian laws.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Group, statements about the industry and the markets in which the Group operates and statements about the future performance of the Group's businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Group or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in Section 4 of this Offering Circular under the heading "Risk Factors".

COVID-19, and the volatile regional and global economic conditions stemming from it, and additional or unforeseen effects from the COVID-19 pandemic, could also give rise to or aggravate these risk factors, which in turn could materially adversely affect the Group's business, financial conditions, liquidity, results of operations (including revenues and profitability) and/or stock price. Further, the COVID-19 pandemic may also affect the Group's operating and financial results in a manner that is not presently known to it or that the Group currently does not consider to present significant risks to its operations. The Group's forward-looking statements are based on the beliefs, assumptions, expectations and opinions of management on the date the statements are made, and the Group does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, assumptions, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Any forward-looking statements speak only as of the date of this Offering Circular.

Past performance is not a reliable indicator of future performance. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data.

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## INCORPORATION BY REFERENCE

The audited consolidated annual financial statements of the Group as at and for the financial years ended 30 June 2019 and 30 June 2020 respectively, including the auditors' report in respect of such financial statements, which have been filed with the ASX, are deemed to be incorporated by reference into, and to form part of, this Offering Circular.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the financial condition or affairs of the Issuer and the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Flight Centre Investor Relations team at the address set out in the directory at the end of this Offering Circular. These documents are also available electronically through the internet from [www.asx.com.au](http://www.asx.com.au) or the Issuer's website [www.fctgl.com](http://www.fctgl.com).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Notes.

## SECTION 1: THE OFFERING

*The following is a summary of the principal features of the Notes and the Offering. Terms defined under “Terms and Conditions of the Notes” or elsewhere in this Offering Circular shall have the same respective meanings in this summary. References to a particular Condition are references to the Condition bearing that number in the Terms and Conditions of the Notes.*

*The following summary is qualified in its entirety by the more detailed information appearing in the “Terms and Conditions of the Notes” section in this Offering Circular. If there is any inconsistency between this summary and the more detailed information in the “Terms and Conditions of the Notes” section of this Offering Circular, then the “Terms and Conditions of the Notes” shall prevail.*

<b>Issuer</b> .....	Flight Centre Travel Group Limited (ACN 003 377 188).
<b>The Notes</b> .....	A\$400,000,000 2.50 per cent. Senior Unsecured Convertible Notes due 2027.
<b>Issue Price</b> .....	100 per cent. of the principal amount of the Notes.
<b>Denomination</b> .....	A\$200,000 and integral multiples of A\$200,000 in excess thereof.
<b>Closing Date</b> .....	Expected on or around 17 November 2020.
<b>Interest Rate</b> .....	The Notes will bear interest from and including the Closing Date at the rate of 2.50 per cent. per annum calculated by reference to the outstanding principal amount thereof and payable semi-annually in arrear on 17 May and 17 November in each year (each an “ <b>Interest Payment Date</b> ”), commencing on the Interest Payment Date falling on 17 May 2021.
<b>Status</b> .....	The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking <i>pari passu</i> and rateably, without any preference among themselves. The payment obligations of the Issuer under the Notes will rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.
<b>Conversion Period</b> .....	During the Conversion Period, each Note shall entitle the holder to convert such Note into Ordinary Shares, subject to and as provided in the Terms and Conditions of the Notes.  Subject to, and as provided in the Terms and Conditions of the Notes, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions of the Notes, at any time on or after 18 January 2021 (the “ <b>Conversion Period Commencement Date</b> ”), provided that the relevant Conversion Date shall not fall later than on the date falling 5 business days (as defined in Condition 3) prior to the Final Maturity Date (both days inclusive) or as provided in the Terms and Conditions of the Notes. See Condition 6(a).
<b>Conversion Price</b> .....	The initial Conversion Price shall be A\$20.04 per Ordinary Share. The Conversion Price will be subject to adjustment

in certain circumstances described in Condition 6(b). See Condition 6(a).

**Final Maturity Date.....**

Unless previously purchased and cancelled, redeemed or converted as provided in the Terms and Conditions of the Notes, the Notes will be redeemed at the Redemption Amount on 17 November 2027.

**Redemption at the Option of the Issuer .....**

On giving notice (an “**Optional Redemption Notice**”) to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), the Issuer may redeem all but not some only of the Notes on the date (an “**Optional Redemption Date**”) specified in the Optional Redemption Notice at the Redemption Amount, at any time on giving not less than 30 nor more than 60 days’ notice to Noteholders of such Optional Redemption Date, if Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes).

See Condition 7(b).

**Redemption for a Relevant Event .....**

Following the occurrence of a Relevant Event, the holder of each Note will have the right, at such holder’s option, to require the Issuer to redeem all or some only of that holder’s Notes on the Relevant Event Redemption Date (as defined in the Terms and Conditions of the Notes) at the Redemption Amount.

A “**Relevant Event**” occurs when:

- (i) there is a Delisting (as defined in Condition 3); or
- (ii) there is a Change of Control (as defined in Condition 3).

See Condition 7(f).

**Redemption at the Option of the Noteholders .....**

The Issuer will, at the option of the holder of any Note redeem all or some only of such holder’s Notes on 17 November 2024 (the “**Put Option Date**”) at their Redemption Amount. To exercise such option, the holder must deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of the Principal Paying and Conversion Agent (the “**Optional Put Exercise Notice**”) or any other Paying Agent, together with the Certificate evidencing the Notes to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date. An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Notes the subject of an Optional Put Exercise Notice on the Put Option Date.



See Condition 7(e).

**Taxation .....**

All payments of principal and/or interest made by or on behalf of the Issuer in respect of the Notes will be made without deduction or withholding for or on account of any present or future Taxes (as defined in the Condition 3) imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding of such Taxes is required to be made by law or is made under or in connection with, or in order to ensure compliance with FATCA (as defined in Condition 3).

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required save for such exceptions as set out in Condition 9.

**Redemption for Taxation Reasons .....**

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), redeem (subject to and as provided under Condition 7(c)) all but not some only, of the Notes on the date specified in the Tax Redemption Notice at the Redemption Amount.

See Condition 7(c).

**Negative Pledge .....**

So long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and will ensure that none of its Subsidiaries (as defined in Condition 3) will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (including any security interest arising under section 12(1) or section 12(2) of the Personal Property Securities Act 2009 of Australia) (each a "**Security Interest**") upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest (as defined in Condition 3)) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or such guarantee or indemnity, as the case may be; or
- (b) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes and the Trust Deed either
  - (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders than the Security Interest relating to the Relevant Indebtedness; or
  - (ii) as

shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

See Condition 2.

<b>Events of Default .....</b>	The Conditions will contain certain events of default provisions as further described in Condition 10.
<b>Trust Deed .....</b>	The Notes will be constituted by a trust deed to be dated the Closing Date between the Issuer and the Trustee.
<b>Trustee .....</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Principal Paying and Conversion Agent .....</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Registrar and Transfer Agent .....</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Calculation Agent</b>	Conv-Ex Advisors Limited.
<b>Governing Law .....</b>	The Notes and the Trust Deed will be governed by, and construed in accordance with, English law.
<b>Form of the Notes and Delivery .....</b>	The Notes will be in registered form without coupons attached and will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date.
<b>Selling Restrictions .....</b>	There are restrictions on offers and sales of the Notes, inter alia, in the United States, the United Kingdom, Australia, New Zealand, the European Economic Area, Switzerland, Japan, Hong Kong and Singapore. See the "Subscription and Sale" section of this Offering Circular for more details.
<b>Listing .....</b>	<p>An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, Issuer's subsidiaries, the Issuer's associated companies (if any) or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.</p> <p>The Issuer does not intend to have the Notes admitted to dealing on the ASX.</p>
<b>Lock up .....</b>	The Issuer has undertaken in the Subscription Agreement that neither it nor any person acting on its behalf will and the Issuer will procure that its Chief Executive Officer, Mr. Graham Turner will not (in each case other than in respect of Excluded Securities): (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options,

issue warrants or offer rights entitling persons to subscribe or purchase any interest in any debt instruments or debt securities (which (in either case) are or are capable of being quoted, listed or ordinarily dealt in or traded on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market and which, for these purposes, exclude syndicated bank debt and any interest rate hedging entered into in connection with syndicated bank debt), or any Ordinary Shares or securities of the same class as the Notes or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Notes, the Ordinary Shares or securities of the same class as the Notes, the Ordinary Shares or other instruments representing interests in the Notes, the Ordinary Shares or other securities of the same class as them ("**Equity Linked Securities**"); (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares; (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i) or (ii) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Bookrunners between the date of the Subscription Agreement and until 4.00 p.m. (Sydney time) on the date which is 90 days after the Closing Date (both dates inclusive).

For the purposes of the lock up,

"**ESOP**" means any plan or scheme of the Issuer in compliance with the ASX Listing Rules pursuant to which Ordinary Shares or other securities (including rights or options) are or may be issued, transferred, exercised, offered, allotted, purchased, appropriated, modified or granted to, or for the benefit of, officers, employees or former officers or employees of the Issuer, its subsidiaries and/or affiliated companies, or any other eligible participants of such plan or scheme to a trustee or trustees to be held for the benefit of any such person or any amendment or successor plan thereto; and

"**Excluded Securities**" means:

- (i) the Notes and the Ordinary Shares to be issued on conversion of the Notes;
- (ii) Equity Linked Securities existing as at the Closing Date or issued after the Closing Date to directors, officers or employees of the Issuer or any of its subsidiaries pursuant to an ESOP or any other person permitted under an ESOP (including Ordinary Shares issued upon the conversion or exercise of such Equity Linked Securities);
- (iii) Equity Linked Securities issued or agreed to be issued after the Closing Date as consideration in connection with any mergers or acquisitions, consolidation, sale or transfer or other business or company combination to be entered into by the Issuer or any of its subsidiaries

after the Closing Date where the Ordinary Shares represented by such Equity Linked Securities amount in aggregate to no more than 5 per cent. of the then issued share capital of the Issuer following such issue, provided that such Equity Linked Securities are subject to lock-up provisions equivalent to clause 7.8;

(iv) Shares dealt with in connection with the securities borrowing and lending arrangements entered into between the Joint Bookrunners and substantial shareholders of the Issuer; and

(v) the Delta Placement.

<b>ISIN</b> .....	XS2250347700
<b>Common Code</b> .....	225034770
<b>Legal Entity Identifier</b> .....	254900BGNUI78EKEJY68
<b>Use of Proceeds</b> .....	The net proceeds will be used for the purposes as set out in Section 5 “Use of Proceeds” of this Offering Circular.
<b>Delta Placement</b> .....	Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897) or its designated affiliate has executed a delta placement of approximately 5.2 million Ordinary Shares to facilitate some of the hedging activity in relation to the Notes as is customary for international convertible bond issues.

## SECTION 2: MARKET PRICE INFORMATION

### Price of Ordinary Shares

The Ordinary Shares are listed on the ASX.

The following table sets out the high and low closing prices for the periods referenced, in Australian Dollars on the ASX.

Period	High (A\$)	Low (A\$)	Total trading volume of Ordinary Shares (000s)
2020			
Third Quarter	\$ 13.98	\$ 9.85	235,998
Second Quarter	\$ 17.52	\$ 8.75	337,244
First Quarter	\$ 44.76	\$ 9.91	58,591
2019			
Fourth Quarter	\$ 47.51	\$ 39.71	24,832
Third Quarter	\$ 48.95	\$ 41.29	30,907
Second Quarter	\$ 44.17	\$ 37.88	34,121
First Quarter	\$ 46.45	\$ 40.10	39,542
2018			
Fourth Quarter	\$ 53.40	\$ 41.65	29,180
Third Quarter	\$ 69.36	\$ 52.58	30,338
Second Quarter	\$ 65.18	\$ 54.98	25,368
First Quarter	\$ 58.40	\$ 43.44	37,969
2017			
Fourth Quarter	\$ 48.02	\$ 43.50	26,848
Third Quarter	\$ 49.47	\$ 38.87	39,308
Second Quarter	\$ 39.87	\$ 28.75	35,228
First Quarter	\$ 32.24	\$ 28.19	27,151
2016			
Fourth Quarter	\$ 36.55	\$ 29.53	31,624
Third Quarter	\$ 37.72	\$ 30.63	33,082
Second Quarter	\$ 42.84	\$ 29.90	48,633
First Quarter	\$ 44.84	\$ 36.95	28,932

Source: IRESS (unadjusted share price).

Note: First Quarter is 1 January to 31 March, Second Quarter is 1 April to 30 June, Third Quarter is 1 July to 30 September and Fourth Quarter is 1 October to 31 December.

### SECTION 3: DIVIDENDS AND DIVIDEND POLICY

The following table sets forth the aggregate number of outstanding Ordinary Shares entitled to dividends and the cash dividends per Ordinary Share in respect of each of the years indicated. FLT's ability to pay any dividends is currently restricted under the financing arrangements of the Group.

	Number of Shares Entitled to Dividend	Cash Dividends per Share (A\$)
2020 – FY2020 Interim Dividend <sup>(1)</sup>	-	-
2019 – FY2019 Final Dividend	101,119,334	0.98
2019 – FY2019 Interim Dividend	101,094,350	0.60
2019 – FY2019 Special Cash Dividend <sup>(2)</sup>	101,094,350	1.49
2018 – FY2018 Final Dividend	101,077,196	1.07
2018 – FY2018 Interim Dividend	101,065,895	0.60
2017 – FY2017 Final Dividend	101,052,906	0.94
2017 – FY2017 Interim Dividend	101,036,704	0.45
2016 – FY2016 Final Dividend	100,948,370	0.92

“**Interim Dividend**” means dividend declared following the first half results of a financial year.

“**Final Dividend**” means dividend declared at the conclusion of the full year results.

**Note:**

(1) In order to mitigate the impact of COVID-19, the Issuer has implemented comprehensive cost reduction and cash preservation plans to help combat the virus's impact in the short to medium-term, which included the cancellation of the Issuer's FY2020 interim dividend payment of A\$0.40 per share which was scheduled for payment in April 2020.

(2) On 21 February 2019, FLT declared an interim dividend for the period ended 31 December 2018 and a A\$1.49 per share fully franked special dividend.

Source: IRESS, Flight Centre Appendices 3B for the financial years as indicated.

Note: FY is the financial year ended 30 June.

## SECTION 4: RISK FACTORS

*There are numerous widespread risks associated with investing in any form of business and with investing in the notes market generally. There are also a range of specific risks associated with the Group's business and an investment in the Notes should be considered speculative. Many of these risk factors are largely beyond the control of the Issuer and its directors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties of which the Issuer is not aware or that may be immaterial may also adversely affect the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole. If any of these events occur, the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole could be materially and adversely affected.*

*This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer and the Group may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Circular.*

*Investors should carefully consider the risks described below before making a decision to invest in the Notes. The risks described below do not necessarily comprise all those faced by the Issuer and are not intended to be presented in any assumed order of priority.*

*The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are advised to examine the contents of this Offering Circular and to consult their professional advisers before making a decision to subscribe for Notes.*

### RISKS RELATING TO THE GROUP

#### Risk related to the Group's Industry

***The COVID-19 pandemic has materially adversely affected, and may continue to adversely impact, the Group's business and financial performance for the foreseeable future***

In December 2019, an illness caused by a novel strain of coronavirus, COVID-19, was reported to be first detected in Wuhan, the People's Republic of China, and has since spread globally. On 11 March 2020, the World Health Organization categorised the rapidly spreading COVID-19 outbreak as a global pandemic. The events relating to COVID-19 have resulted in unprecedented restrictions on domestic and international travel, major reductions in airline capacity and general disruption to the tourism industry. The restrictions have been imposed by Australian and international governments and regulatory authorities, and/or implemented as a matter of best practice during a health crisis. These developments have resulted in declining demand for international and domestic travel and tourism services (including hotels, accommodation and tourism activities) and an increase in travel cancellation rates, which has had a very significant short term impact and is expected to have a very significant medium term impact on the Group's business and operations and in particular, the demand for its services, which has reduced visibility on future earnings and cash flow, and has led to a material decline in revenues.

The Group has processed over A\$1 billion in refunds since the start of the COVID-19 pandemic. The high volume of cancellation and refund requests during the COVID-19 crisis has placed significant strain on the Group's cash flow and resources and its refunds policies and procedures in general in responding to and processing customer requests for refunds and the return of customer monies, which has had and is expected to continue having an adverse impact on the Group's operational and financial performance. Customers may also seek a chargeback (or reversal) for certain types of card purchases. Such actions have placed a significant strain on the Group's operations and financial resources. As a result of the impact of the COVID-19 pandemic since January 2020 and travel restrictions introduced around March 2020 by the Australian authorities and governmental authorities globally, TTV in September 2020 was tracking at approximately 12% of pre-COVID-19 levels. However, the Group has implemented significant cost reductions reducing its monthly operating costs to approximately A\$71 million in September 2020, compared to A\$225 to A\$230 million per month prior to COVID-19.

Such reductions are primarily the result of the cost reduction measures undertaken by the Group, including:

- lowering occupancy costs through temporary rent reductions/deferrals and permanent shop rationalisation, which saw the Group close about half of its leisure shops globally;
- global workforce reductions. About 70% of the Group's employees have either been placed on stand-down or furlough programs or their roles have become redundant, given that customers have effectively been prevented from travelling with no visibility around timeframes for restrictions to be lifted;
- pay reductions (50%) for senior executives and board members during Q4 FY20, plus ongoing pay reductions at a lower percentage during FY21; and
- deferral/removal of non-essential capital expenditure and other discretionary spending of the Group.

The Group anticipates that any revenue contribution in the near term is modest only, until the COVID-19 pandemic situation improves and broad-based travel activity resumes. The Group believes that the travel industry and its business will continue to be adversely and materially affected while travel bans and other government restrictions and mandates remain in place.

There is continued uncertainty as to the duration of and further impact of the COVID-19 pandemic including (but not limited to) government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian and global economy. There is a risk that if the spread of COVID-19 continues, and/or the actions taken to combat the COVID-19 pandemic persist and/or the development or effectiveness of vaccines or other treatments for the virus takes longer than currently anticipated, the Group's operational and financial performance could deteriorate further. In addition, the Group does not have visibility into when the restrictive measures will be lifted, nor does it have visibility into the changes to consumer usage patterns on its platform or travel behaviour patterns when travel bans and other government restrictions and mandates are lifted. There is no certainty that demand for the Group's services will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take), even once domestic and international travel restrictions are lifted.

Uncertainty in relation to the future of the travel industry may also have a detrimental effect on the confidence of customers in the ability of the Group to recover from this disruption to the industry and continue to operate in future. The Group's cancellation and refunds policies and procedures and/or the imposition of cancellation fees or charges by the Group or its contracted travel services providers during the COVID-19 crisis may also continue to expose the Group to regulatory scrutiny or other action, adverse media attention, consumer actions (including class actions) and/or cause reputational damage to the Group.

Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic. Continuing economic disruption could have a material adverse effect on the Group's business as corporate clients reduce travel expenditure and consumers reduce their discretionary spending. Policymakers around the globe have responded with fiscal policy actions to support certain areas of the travel industry and economy as a whole. The overall effectiveness of these actions as well as the future magnitude of unannounced measures and their overall effectiveness remains uncertain. The COVID-19 pandemic could continue to impede global economic activity for an extended period, leading to decreased per capita income and disposable income, increased and sustained unemployment and/or a decline in consumer confidence, all of which may significantly reduce discretionary spending by individuals and businesses on travel. In turn, that could have a negative impact on demand for the Group's services. The travel industry tends to experience poorer financial performance during general economic downturns. There is a risk that airline passenger traffic and hotel, tour and cruise bookings following the lifting of the travel bans and the quarantines will not return to pre-COVID-19 levels.

The Group's business model includes payment terms relating to the pre-payment by customers for travel and tourism related services, the maintenance of large debtor balances provided to corporate



customers, and related payment terms between the Group and its suppliers. The Group's future results of operations and liquidity could be adversely impacted by delays in payments of outstanding accounts receivable amounts beyond normal payment terms, defaults in payments by its customers as well as supplier and customer insolvencies and restructuring, and the impact of any initiatives or programs that the Group may undertake to address financial and operational challenges faced by the Group and its customers. To the extent these terms of payment and supply change, customers seek refunds (particularly in the current environment), customers seek credit card chargebacks/reversals, receivables are uncollectable fully or partly, contract assets on balance sheet are unrecoverable or counterparties do not act consistently with supply terms, the Group may need to obtain additional working capital financing. In addition, transactional banking facilities, including credit card processing facilities, operated by the Group may be withdrawn by banks or other financing providers, or the terms and conditions of those facilities may be materially amended, which may have an adverse impact on the Group's operational and financial performance. The Group's working capital position may be further impacted to the extent the current domestic and global economic environment increases the risk of counterparties not complying with their obligations. To the extent the Group does not have sufficient liquidity to manage its working capital funding needs, the Group will not be able to continue operating its business in the ordinary course or at all.

The effect of the Group's cost reduction measures (including changes to the Group's leisure store footprint, employee cost base, operating and capital expenditure plans and one-off cost savings) to mitigate the effects of COVID-19 on its business may not be predictable and may lead to disruptions in its business, inability to enhance or preserve its brand awareness, reduced employee morale and productivity, increased attrition, and problems retaining existing and recruiting future employees, all of which could have a material adverse impact on its business, financial condition, results of operations and cash flows.

The COVID-19 pandemic is also having a direct impact on the operation of the Group's business. The COVID-19 pandemic has resulted in a large proportion of the global workforce working remotely, including the Group's employees and executives, employees of the Group's suppliers and employees of the Group's corporate customers. In many jurisdictions in which the Group operates, employees working in non-essential services have been mandated to work from home by government authorities. In many other jurisdictions, working remotely is recommended by the governments, widely implemented by the community and may be mandated in the near future. It is difficult to determine how long this shift towards working from home will continue as this will depend, to a large extent, on factors beyond the Group's control, including the incidence and spread of COVID-19, government policy, health authority recommendations and community sentiment. While having its employees work from home, in some cases on reduced hours, allows the Group to continue its operations amid the global COVID-19 pandemic, it could have implications on productivity, morale, collaboration and the ability of the Group to retain and hire and integrate staff. The COVID-19 pandemic has also resulted in a large number of people becoming unwell. To the extent that an employee of the Group is infected with COVID-19, they may need to take a period of absence from their role, which could impact on the Group's performance (particularly if any of the Group's offices are closed and/or if many operational staff have to self-isolate and/or are infected at once or if a key executive is infected). The Group is substantially dependent on its managing directors as well as other key executives. In the event that its managing directors or key executives are infected with COVID-19 and are unable to work and there is a delay in procuring their replacement, this could materially and adversely affect the Group's ability to implement its business strategies. See "Risk Factors – Risks Relating to the Group – Operational and financial risks – The Group is dependent on its directors, key management team and skilled employees". It is difficult to ascertain what the incidence and duration of the COVID-19 pandemic will be, which makes it challenging for the Group to prepare for the changing dynamics of the situation and the impact on its employees. Where employees of the Group's suppliers or corporate customers are infected with COVID-19, this could also adversely impact the Group's operations and ability to generate revenue.

The ultimate extent of the COVID-19 pandemic and its impact on travel and regional and global markets and overall economic activity in currently affected countries or globally is unknown and impossible to predict with certainty. The extent and duration of the impact of COVID-19 on the Group's business over the long term remains largely uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of COVID-19, the extent and effectiveness of containment actions taken, including mobility and travel restrictions,

and the impact of these and other factors on travel behaviour. Because these events or concerns, and the full impact of their effects, are largely unpredictable, they can dramatically and suddenly affect travel behaviour by consumers, and therefore demand for the Group's services and its relationships with travel service providers and other partners, any of which can adversely and materially affect its business, results of operations and financial condition.

To the extent that the COVID-19 pandemic outbreak adversely affects the Group's business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this Section 4.

***Declines or disruptions in the economy in general and the travel industry, in particular, could adversely affect the Group's business, results of operations and financial condition***

The Group'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 Group's business or financial condition (or both). This risk is heightened in the current uncertain economic environment.

In light of recent Australian and global macroeconomic events, including but not limited to the global impact of the COVID-19 pandemic, Australia is experiencing an economic downturn of uncertain severity and duration which will affect discretionary consumer spending on travel and leisure and, in turn, the operating and financial performance of the Group.

Furthermore, the containment measures implemented in response to COVID-19 are expected to result in significant and prolonged dislocation to economies globally, including in many of the markets in which the Group operates. It is anticipated that many of the markets in which the Group operates will have economic downturns of uncertain severity and duration, which could affect (a) the desire of consumers to travel in those markets; and (b) spending on travel and leisure in those markets, which would in turn adversely impact the operating and financial performance of the Group.

There are also other changes in the macroeconomic environment which are also beyond the control of FLT and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, which will affect the cost structure of the Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the Group.

Due to the impact of COVID-19, many of these factors are in a state of change and may have an adverse impact on the financial position and prospects of the Group in the future. If market conditions continue to deteriorate, FLT may need to take additional measures (primarily through further cost reductions) in order to manage such business and financial risks, and there is a risk of future impairment of the carrying value of the Group's assets.

In addition to macroeconomic conditions, the travel and tourism industry is highly susceptible to other factors that are entirely outside the Group's control and which could adversely impact the Group's operations and financial results due to increases in the cost of travel (including flights, hotel accommodation, tours and cruises and travel-related services), reduced discretionary spending and customer confidence, reduced travel volumes, or adverse changes in regional and international travel patterns and preferences. These factors include, but are not limited to:

- increased security measures at ports of travel that reduce the convenience of certain modes of transport;

- world energy prices, particularly fuel price escalations;
- prolonged work stoppages or labour unrest;
- changes in attitudes towards the environmental impact of carbon emissions caused by cruise ships and air travel;
- changes in the laws and regulations governing or otherwise affecting the travel and tourism industry;
- tax increases; and
- tightening of credit markets.

The travel industry is sensitive to safety concerns. The Group's business could be adversely affected by the occurrence of travel-related accidents, such as airplane crashes (whether caused by human or technical defaults or otherwise), incidents of actual or threatened terrorism, global security issues, political and social instability (such as anti-government protests and post-US election instability), war, hostilities, trade wars, embargoes and other economic sanctions or conflict or other events whereby travellers become concerned about safety issues, including hygiene concerns, or as a result of unusual weather patterns or natural disasters (such as hurricanes, tsunamis, earthquakes or volcanic ash clouds), potential outbreaks of epidemics or pandemics (such as COVID-19, Ebola, influenza, H1N1 virus, Avian Flu or Severe Acute Respiratory Syndrome outbreaks) or other human or natural disasters (such as those that may result in exposure to radiation). Such concerns, or concerns arising from similar events in the future, are outside the control of the Group and could result in a significant decrease in demand for the Group's travel products. Any such decrease in demand, depending on its scope and duration, together with any other issues affecting travel safety, could materially and adversely affect business and financial performance and results of operations of the Group over the short and long term.

The overall impact on the travel and tourism industry of the above and similar factors can also be influenced by travellers' perception of, and reaction to, the scope, severity and timing of such factors. Certain parts of the Group's business have a particular focus on specific geographic markets. Events in these areas, for example unrest in the Middle East, may impact upon travel to specific locations (such as the specific area of unrest) or be of generalised effect (such as deterring travel to the wider Middle East). In addition, the uncertainty of macro-economic factors and their impact on consumer behaviour, which may differ across regions, makes it more difficult to forecast industry and consumer trends and the timing and degree of their impact on the Group's markets and business, which in turn could adversely affect its ability to effectively manage its business, results of operations and financial condition.

Moreover, due to the seasonal nature of the Group's business, the occurrence of any of the events described above during the Group's peak summer or holiday travel seasons, or peak corporate travel periods, could exacerbate or disproportionately magnify the adverse effects of any such event and, as a result, could materially and adversely affect the business or financial performance of the Group.

In addition, since the United Kingdom initiated the process to exit the European Union, commonly referred to as "Brexit", global markets and foreign exchange rates have experienced increased volatility. The Group has significant operations in both the United Kingdom and the European Union. The operations of the Group and its suppliers are highly integrated across the United Kingdom and the European Union and are highly dependent on the free flow of labour and goods in those regions. Although the United Kingdom ceased to be a member of the European Union on 31 January 2020, the United Kingdom and the European Union will continue to work on the terms of the departure through a transition period ending 31 December 2020. As a result, there remains significant uncertainty about the future relationship between the United Kingdom and the European Union. The ongoing uncertainty and potential outcomes could negatively impact the Group's supplier and customer relationships and results of operations. In addition, uncertainty could continue to adversely affect consumer confidence and spending in the United Kingdom and the European Union. The Group could face new regulatory costs and challenges when the final terms of the governing relationships and final United Kingdom regulations are determined. Since the final terms of that exit and the United Kingdom regulatory

environment are uncertain, the Group is unable to predict the effect Brexit will have on its business and results of operations, visa requirements and travel between the United Kingdom and the European Union.

Economic downturn and adverse credit market conditions, whether in response to the COVID-19 pandemic, Brexit or other factors, may negatively impact the Group as well as its suppliers. In addition, the Group's and its suppliers' and customers' access to capital, cost of capital and ability to meet liquidity needs could be adversely affected in a prolonged economic downturn or deterioration in the travel industry, which could further adversely impact the business, financial condition and results of operations of the Group. See "Risk Factors – Risks Relating to the Group – Risks related to the Group's industry – The COVID-19 pandemic has materially adversely affected, and may continue to adversely impact, the Group's business and financial performance for the foreseeable future".

### **Operational and financial risks**

***The Group may require additional funding in order to achieve its business objectives and to meet its financial obligations when they fall due and may not be able to obtain it on favourable terms or at all***

Access to capital is a fundamental requirement to achieve the Group's business objectives and to meet its financial obligations when they fall due. The inability to maintain a strong balance sheet or to secure new capital or credit facilities (from time to time) on favourable terms could impact upon the Group's operational and financial performance and the ability to meet its ongoing liquidity needs.

There is no certainty as to the availability of such financing facilities or that the Group would be able to obtain such additional funding on favourable terms, if at all, and further interest charged on these financing facilities may have a material effect on the Group's business, results of operations and financial conditions.

Factors that may affect the Group's access to funding or cause an increase in its funding costs include:

- the financial and financial regulatory environments, which have impacted global financial markets and credit institutions since 2008 and are currently in flux due to the COVID-19 pandemic and varying responses thereto by the governments, central banks and regulators;
- adverse changes in the Group's operating results, financial condition or cash flows;
- deterioration of the Group's creditworthiness;
- currency movements, interest rate increases or volatility or other potential market disruptions;
- a decrease in bank appetite for risk as a result of tightened lending standards, regulatory capital requirements or otherwise;
- inability to access or closure of international capital markets;
- government decisions in relation to the ongoing availability and financing programmes to support industries and companies impacted by COVID-19;
- operating results, financial condition or cash flows of other travel companies and suppliers, such as airlines, across the travel industry.

There is no guarantee that equity or debt funding will be available to FLT 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), FLT will be able to refinance that debt facility on reasonable terms. In addition, offerings of equities could also have an adverse effect on the financial position or voting power of any individual shareholder.

As previously announced, in July 2020 the Group issued GBP 65 million (approximately A\$117.3 million at 30 September 2020 exchange rates) of notes (“**UK CCFF Notes**”) under the Bank of England (“**BoE**”) COVID-19 Corporate Financing Facility (“**UK CCFF**”) to provide additional short term liquidity. The UK CCFF Notes currently issued will mature in March 2021. Following a market update from the BoE in relation to the UK CCFF, issuers are required to satisfy a review by the BoE to allow further issuance of notes under the UK CCFF. This may impact the ability of Flight Centre (UK) Limited to issue additional notes (including the ability to extend the UK CCFF Notes maturing in March 2021 for a further 364 days and the ability to access any additional liquidity). If the review is satisfied, it is expected that FCUK could issue new notes to a maximum of GBP300m under the UK CCFF. There is however no guarantee the Group will be able to refinance the existing UK CCFF Notes maturing in March 2021 on reasonable terms or at all (whether that be through issuance of new notes under the UK CCFF, or otherwise). If the Group is unable to refinance the UK CCFF notes, then the Group may need to seek alternative options to manage its capital position.

Developments in global financial markets, such as the impact of COVID-19, may adversely affect the liquidity of global credit markets and the Group’s access to those markets. Recently, the COVID-19 pandemic has led to significant disruptions and volatility in the global capital markets. Although the US Federal Reserve, the European Central Bank and other central banks have lowered policy rates and/or adopted stimulus measures, which have lowered interest rates on government bonds, widespread uncertainty in the global financial markets has widened certain corporate bond spreads. As a result, the cost of capital for issuers accessing the international debt markets, including the Group, has trended substantially upwards. This may have a material adverse effect on the Group’s future financial performance and position.

As described in Section 6, the Group has entered into a commitment letter with existing lenders in relation to the proposed refinancing of its existing bank debt facilities. This refinancing includes the extension of the term of these facilities and the waiver of certain financial covenants. This refinancing remains subject to a number of conditions. If this refinancing does not occur then the Group may need to seek alternative options to manage its capital position.

***The Group’s credit facilities and borrowings contain various covenants which, if not waived or complied with, could result in rights exercisable by the financiers against the Group, including an acceleration of such facilities***

The Issuer has in place, and the Group has access to, certain credit facilities and borrowings that contain financial covenants which require certain specific ratios to be met on annual and semi-annual accounting period-end dates (please see Section 6 for details of covenants), in addition to certain non-financial covenants that require continued compliance. Any breach by the Group of covenants given in relation to such financing facilities may give rise to rights exercisable by its financiers. Such rights include, inter alia, terminating the relevant facilities or accelerating the repayment of the outstanding loan amounts. The continued compliance with these covenants depends on a number of factors, some of which are outside the Group’s control.

The support of the financiers in waiving compliance with covenants, if required, cannot be guaranteed if there are breaches of their terms and conditions, or other circumstances which cause them to reconsider the Group’s solvency, creditworthiness or prospects generally. If a waiver is granted, there is no assurance that such waiver would not be revoked or the Group would be able to comply with its financial covenants after the applicable waiver period. There is also no assurance that the Group will not breach any of its financial or other covenants in the future, nor that it will be able to secure waivers in respect of any future breaches.

In the event that the Group breaches any financial covenants in the future and its financiers do not waive such breaches, its financiers may have the right to accelerate the principal and interest payments relating to the facilities in breach, which would in turn trigger cross default and/or cross acceleration provisions in other financing arrangements under which the Group is a borrower. Such events may also lead to an event of default under the Terms and Conditions of the Notes.

### ***The Group is subject to the credit risk of its customers and counterparties***

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations under a financial instrument and that this results in a loss to the Group. The Group may be exposed to counterparty credit risk arising from its operating activities as its current cashflow and ability to generate revenue is heavily reliant on arrangements with customers and suppliers.

The Group is exposed to credit risks arising from any payment failures, due to the deterioration in the creditworthiness of, or as a consequence of a bankruptcy or insolvency proceeding, affecting its debtors including corporate customers, suppliers and travel services providers (including airlines).

Recently, as a result of the COVID-19 pandemic and its adverse impact on the travel industry, the Group's debtors are subject to an increased risk of failure to meet their payment obligations as well as increased risk of insolvency and bankruptcy. The Group cannot predict, as time passes, the degree of impact that COVID-19 will have on the ability of the debtors to meet their obligations. Should the Group's debtors be unable to meet their obligations to the Group, the Group's cash flow, financial conditions and results of operations could be materially and adversely affected.

A portion of the Group's customers pay for bookings in advance, and these may be subject to refunds. Changes in government restrictions, consumer sentiment and supplier policies in respect of travel may result in increased refund requests for bookings where the revenue may have already been recognised by the Group. The COVID-19 pandemic is creating significant refund requests in this respect and the Group may be required to refund bookings from customers for airline tickets where an airline has elected to no longer provide the service, or has become insolvent. Generally, if a customer seeks a refund for a booking paid in advance, the Group can seek payment of a corresponding amount from the relevant supplier (for example, from the relevant airline in respect of airfare). However, given the current COVID-19 pandemic, there is a risk that in certain circumstances the Group may be required to refund the customer even if the supplier does not make the payment to the Group (see also risks regarding risks of chargeback/reversals by customers in "Risk Factors – Risks Relating to the Group – Risks related to the Group's industry – The COVID-19 pandemic has materially adversely affected, and may continue to adversely impact, the Group's business and financial performance for the foreseeable future"). The incurrence of higher than normal cash outlays to refund customers for monies paid to the Group would have a material adverse effect on the Group's cash flow, results of operation and financial condition.

There is a risk that the impact of the COVID-19 pandemic on the Group's customers and counterparties is more significant than anticipated. If customer and debtor default rates are higher than expected, or payments take longer than expected, the liquidity position and financial condition of the Group will be materially and adversely affected. Any material increase in the Group's provisions for bad debt would have a corresponding effect on the Group's results of operations and related cash flows. See "Risk Factors – Risks Relating to the Group – Risk related to the Group's Industry – The Group may be required to recognise impairment losses on certain of its intangible assets, increase provisions for bad debt as well as increase cash outlays to refund customers".

### ***The Group may be required to recognise impairment losses on certain of its intangible assets, increase provisions for bad debt as well as increase cash outlays to refund customers***

The COVID-19 pandemic has, in a short span of time, introduced downside risks in industries to which the Group has exposure, including the travel, aviation, cruise, tour and hotel industry, any of which could be a potential source of impairment losses in the future. The impact of COVID-19 has caused material declines in demand within the travel, hospitality and leisure industry concurrent with travel bans and increased governmental restrictions and mandates globally that has dampened consumer demand for the Group's products and services, which have adversely and materially affected the Group's business, results of operations and financial condition. The demand shock caused by COVID-19 was assessed by the Group in June 2020 and impairments were recorded where appropriate in the Group's FY20 accounts and the Group does not currently foresee further impairment as a result of COVID-19. However, if Australian and international governments and regulatory authorities continue to impose travel restrictions for extended periods, the timeline to recovery of travel will lengthen, which may eventually result in further impairments. The Group's intangible assets comprise of goodwill, brand names, licences, customer relationships, capitalised development costs, software and other

identifiable intangibles. Intangible assets recorded in the Issuer's balance sheet as at 30 June 2020 were in the amount of A\$762 million. Goodwill is not amortised but is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. Given the volatility in global markets, if any of the Group's customers and partners encounter financial difficulties beyond the current levels of allowance, the Group may need to increase its credit loss allowance to reflect payment defaults. The Group's corporate debtors book consists of a broad range of client industries with no significant exposure centred on one industry. The remaining balance predominately relates to corporate debtors with approximately 80% of the book aged as current and 90% within 30 days. Any material increase in the Group's provisions for bad debt, and any material increase in cash outlays to customers, would have a negative impact on the Group's results of operations and related cash flows.

***The Group's intellectual property rights and information technology systems are valuable and any inability to protect or maintain them could reduce the value of the Group's products, services and brand and licensing risk***

The Group relies heavily on the performance, reliability and availability of its information technology, communication and other IT related business systems. Any damage to, or failure of, the Group's key systems (on either the supplier or Group side) may result in disruptions to the Group's business. Any failures of, or malicious attacks on, the Group's business systems (on either the supplier side or Group side) or any compromise to the security of data (including any personal information / data) held by the Group (or third parties on its behalf) may similarly impact both the Group's business and its reputation. Penalties for data breaches (including financial, enforceable undertakings and continued customer confidence) can be significant, which if levied on FLT could have an adverse effect on the reputation and the financial performance of the Group.

The disruption caused to operations as a result of COVID-19, and the Group's increased dependency on remote working arrangements places a significant increase in the reliance on the performance and availability of the Group's remote working and collaboration systems and interruption to these services could have an adverse impact on the Group's operations, financial performance and reputation.

The Group has intellectual property rights which are important to its business. The Group regards its copyright, trademarks, domain names, trade secrets, customer databases, technology product source code and similar intellectual property as critical to its success. The Group's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The Group relies on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect its intellectual property. A material failure to obtain or protect the Group's intellectual property rights could damage the Group's business and result in increased expenses and lost revenues.

If a third party accuses the Group of infringing its intellectual property rights or if a third party commences litigation against the Group for the infringement of patent or other intellectual property rights, the Group may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that the Group incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In the event of a successful claim of infringement against the Group, it may be required to pay damages and obtain one or more licenses from the prevailing third party. The Group has been notified of a patent infringement claim by a technology company relating to one of its websites, the Group's liability in respect of which (if any at all) is currently unknown and unable to be reliably estimated given the preliminary nature of the potential claim. Should the claim succeed or be resolved by agreement, the Group may be required to pay royalty fees and/or compensatory damages in relation to that claim, and further potential claims, which may have an adverse impact on the Group's financial condition and results of operations.

In addition, the Group relies heavily on information technology systems. The vast majority of key systems are operated under licenses and the Group will require new licenses or extended existing licenses in the future. There is no guarantee that the Group will be able to conclude licensing arrangements for its products or technology with appropriate partners on commercially acceptable terms, or at all. Failure to secure appropriate licensing arrangements may impact revenue adversely and could lead to delays in product introductions and loss of substantial resources whilst the Group attempts to secure alternate technical offerings, including from appropriate third party suppliers, which

could impact the financial performance of the Group and in turn result in a material adverse impact on the Group's business, financial condition and results of operations.

The costs of licenses may also increase. The risk of termination and non-renewal of the Group's key licenses along with the possibility of an increase in the cost of maintaining such licences may adversely affect the Group's business. The suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or permanent loss of services and systems. The Group makes a significant time and cost investment in its information technology and sale systems to deliver cost savings in its processes and operations to achieve increases in efficiencies. In respect of third party proprietary information systems, should any of such information technology systems not be further developed and implemented or upgraded by suppliers when anticipated or otherwise in accordance with market conditions and technical advances, it may adversely impact the Group's financial performance and competitive position.

***A significant proportion of the Group's operations are in Australia, New Zealand, Asia, North and South America, United Kingdom, Europe, the Middle East and Africa. Difficult macroeconomic circumstances in these regions/countries could cause a decline in the demand for travel products and adversely affect the Group's results of operations.***

The Group's operations are principally concentrated in Australia, New Zealand, North and South America, United Kingdom, Europe, the Middle East, Africa and Asia. Australia, North America and Europe are the most important markets to these operations. Accordingly, changes in the demand for travel products in any of these jurisdictions, but particularly in the key markets, including as a result of the factors discussed above and elsewhere in these risk factors, may have a material adverse impact on the Group's business, financial condition and results of operations.

***The Group needs to maintain, develop and manage business relationships or the Group's business may be negatively affected***

The Group's growth is supported by its ability to develop and maintain business relationships with suppliers and travel services providers including major airlines, cruise, tour and hotel operators, global distribution system providers and other suppliers of goods and services. The Group relies on these partnerships to provide supply, data, additional services and distribution. Failure to develop and maintain these relationships may cause it to lose customers and, consequently, reduce the Group's revenues and profits.

The Group's supply chain consists of a complex series of travel providers and intermediaries, including a clearing system operated by the International Air Transport Association. There is a variety of credit risks inherent in this supply chain and such risks are particularly heightened in the current economic environment. A dispute, or a breakdown in the relationship, between the Group 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, financial stress or the impacts of COVID-19), could have a material and adverse effect on the reputation and/or the financial performance of the Group.

To the extent suppliers, partners or counterparties (such as international airlines, whose operations have been completely or substantially suspended) are facing financial stress, they may seek to change the terms upon which they engage with, or cease or significantly reduce engagement with the Group (including through the reduced supply of inventory), or in extreme cases, may not pay their debts as and when they fall due. Such circumstances may have a material adverse impact on the operations and financial performance of the Group.

The recent Australian and global macroeconomic events described in "Risk Factors – Risks Relating to the Group – Risks related to the Group's industry – Declines or disruptions in the economy in general and the travel industry, in particular, could adversely affect the Group's business, results of operations and financial condition" may also have an adverse impact on the financial position of the Group's suppliers, which may impact their ability to carry on business with FLT. In addition, the COVID-19 pandemic may hinder the Group's ability to build and maintain strong relationships with its key suppliers through limiting in-person communication methods with these key suppliers. Given that the strength of relationships with key suppliers is a key element of the Group's business, a change in



the relationship with the Group's suppliers may have a material adverse impact on the financial performance and operations of the Group.

In many cases the suppliers of the Group (including airlines and tour, cruise and hotels operators) are also direct competitors to the Group's business. These suppliers may develop ways to direct consumer traffic to their websites and other sales points. A change in the relationship with the Group's suppliers may adversely impact on the financial performance and position of the Group. See "Risk Factors – Risks Relating to the Group – Competitive risks". The Group is also renegotiating terms with many of its suppliers and third party travel services providers globally. See "Risk Factors" - "The Group's success is dependent on its key contracts and arrangements".

Any change in commission, rebates or other incentive rates payable could significantly impact margins. The quantum, compositions and proportion of commissions and incentives from airlines, hotel providers and other suppliers may change over time, impacting the Group's business model and profitability, if it is unable to adapt. The Group also relies on third party business relationships to support business operations. The failure of these third parties to provide acceptable and sufficiently high-quality products, services and technologies or to update their products, services and technologies could result in a disruption to the Group's business operations and its customers, which may reduce the Group's revenues and profits, cause the Group to lose customers and damage its reputation.

The Group does not control the relevant third parties, who may decide to increase their prices for services or discontinue their relationship with the Group (subject to any applicable contractual arrangements). There is no assurance that the Group will be able to negotiate or maintain terms commercially acceptable to it, or put in place alternative arrangements on a timely basis.

Changes in the Group's relationships with third parties could materially and adversely affect the Group's business and operations, as well as its profitability and competitiveness.

***System security issues, data breaches, cyberattacks and system outage issues could disrupt the Group's operations and services it provides to its customers, and any such disruptions could adversely affect the Group's business, results of operations and reputation***

Security incidents, improper access to, or disclosure of the Group's data or customers' data, or other cyber attacks on the Group's or its customers' systems, could expose the Group or its customers to a risk of loss or misuse of customer data, could significantly damage the Group's brand and reputation, and may result in customer loss and liability claims or class action lawsuits against the Group as well as having a material adverse impact on the financial performance and operations of the Group. A cyber security incident affecting the third parties on which the Group relies upon could expose the Group or its customers to a risk of loss or misuse of customer data and significantly damage the Group's reputation and may have a material adverse impact on the financial performance and operations of the Group.

The Group's systems contain large amounts of customer data (including name, address and financial data details), as well as the data of employees, end customers, and suppliers of the Group's customers as part of its business and therefore must comply with strict data protection and privacy laws in jurisdictions in which it operates. While the Group uses security technologies and processes to limit access to such data, and places a strong focus on developing processes to protect such data, such measures cannot guarantee absolute security given the constantly developing and pervasive nature of threat actors and unavoidable human error.

Privacy laws may restrict the Group's ability to collect and use personal information relating to platform users and potential users including the marketing use of that information. The Group has put in place both systems and procedures and cyber security mechanisms which seek to ensure that personal customer data is handled appropriately and in compliance with applicable data protection and privacy laws. Notwithstanding these measures, the Group is exposed to the risk that, as a result of human error, cyber crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection, contractual obligations or legislative regulations, by or on its behalf. For example, outside parties may deceitfully induce employees, customers, or users to disclose sensitive information to gain access to the Group's systems.

The Group is heavily reliant on the security of its websites, information technology systems and associated payment systems to ensure that customers are confident of conducting business with the Group. The Group's systems may be the target of various forms of cyber attacks that could result in a data breach or temporary unavailability of the Group's platforms and payment systems. The Group is aware that no security system is perfect and has procedures in place to minimise the likelihood and impact of any breach.

Any resulting damage to the Group's brand or reputation as a result of such unavailability or data breaches could have a material adverse effect on customer loyalty and confidence, relationships with key suppliers, employee retention rates and demand for the Group's products and services, any of which could materially and adversely impact the Group's market share and financial and operating performance.

Further, the Group depends on third parties such as partners and vendors for the conduct of its business. The Group and/or its customers may grant access to customer data to these third parties in the ordinary course of business. While the Group assesses the security controls of these third parties and contractually mandates relevant compliance levels, the Group cannot guarantee compliance by those third parties with, or the effectiveness of, such control measures. A cyber security incident involving these third parties may lead to disclosure of the Group's or customers' data or sensitive business information. This could significantly damage the Group's reputation and cause other adverse consequences such as operational interruption and financial impacts.

Inadequate use of security controls or security practices by the Group's customers or its employees could also lead to unauthorised access to data held in customer accounts. External parties may also use stolen identity information to gain unauthorised access to data held in customer accounts. Such an occurrence could result in the Group facing liability under data protection laws, the loss of its customers, the loss of goodwill of its customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

***The Group is heavily dependent on its systems and technology which are subject to network interruption risks that could have a negative impact on the quality of the services offered by the Group and, as a result, on demand from consumers and revenue***

The Group's ability to provide its services to its customers and to effectively operate its services depends to a great extent on the reliability and security of the information technology systems and third-party networks it uses. Information technology systems and the networks used by the Group are potentially subject to damage and interruption caused by human error, problems relating to telecommunications networks, natural disasters, sabotage, viruses, cyber attacks and similar events.

An interruption, loss of or delay of the Group's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures (including as a result of a cyber attack, malicious damage to the Group's IT systems or fraudulent use of the Group's data or information or breach of privacy of consumer data) or failure of backup and disaster recovery systems and plans may have an impact on the Group's operations, client and supplier satisfaction and consequently impact the Group's financial position and reputation.

***If the Group fails to effectively process transactions or adequately protect against potential fraudulent activities, its business may be harmed***

The Group or its partners process large volumes (both in number and value) of transactions daily. Because of the broad and geographically dispersed range of businesses in which the Group engages, fraudulent activities are difficult to completely prevent or detect, and the Group may not be able to recover the losses caused by such activities. In addition, customers and other counterparties may engage in fraudulent transactions or malfeasance that could negatively affect the recoverability of amounts due under the Group's transactions or expose the Group to reputational harm, which could in turn have an adverse effect on the Group's business, financial condition and results of operations. Despite efforts to ensure that effective systems and controls are in place to handle these transactions appropriately, it is possible that errors may be made, or that funds may be misappropriated due to fraud.

***The Group is subject to risks associated with processing credit card and other payment transactions and failure to manage such risks may subject the Group to fines, penalties and additional costs and could have a material adverse impact on its business, financial condition and results of operations***

The Group accepts payments from customers using a variety of methods including but not limited to credit cards and debit cards. For existing and future payment options the Group offers to its customers, the Group may become subject to additional regulations and compliance requirements (for example, the obligations to implement enhanced authentication processes). These regulations and/or requirements could result in significant costs and reduce the ease of use of the Group's payment platform and yet may still be susceptible to fraudulent activity. In addition, the Group may be held liable for accepting fraudulent credit cards as well as other payment disputes with its customers.

For certain payment methods, including credit and debit cards, the Group pays interchange and other fees, and for certain payment methods, the Group recovers the costs of accepting certain payment methods in a customer surcharge in selected countries. The costs and/or recovery of costs associated with these payment methods may change over time and raise its operating costs and lower profitability.

The Group relies on third parties to provide certain payment methods and payment processing services, including the processing of credit cards and debit cards. In each case, the Group's business could be disrupted if these companies become unwilling or unable to provide these services to the Group.

The Group is also subject to payment card association operating rules, including data security rules and certification requirements which could change or be reinterpreted to make it difficult or impossible for the Group to comply. If the Group fails to comply with these rules or requirements or if its data security systems are breached or compromised, the Group may be liable for card issuing banks' costs, subject to fines and higher transaction fees, lose its ability to accept credit and debit card payments or facilitate other types of online payments, and/or suffer reputational damage and the loss of customers. From time to time the Group's compliance with payment card association operating rules is audited and to the extent any deficiencies are identified, the Group may be required to implement remedial measures which may impact the Group's financial condition and operations.

The Group is also subject to a number of other laws and regulations relating to payments, money laundering, international money transfers, privacy and information security and electronic fund transfers. If the Group is found to be in violation of applicable laws or regulations, it could be subject to additional requirements and civil and criminal penalties, or be forced to cease providing certain services. From time to time the Group's compliance with anti-money laundering laws is audited and to the extent any deficiencies are identified, the group may be required to implement remedial measures which may impact the Group's financial condition and results of operations.

See also the risks regarding risks of chargeback/reversals by customers in "Risk Factors – Risks Relating to the Group – Risks related to the Group's industry – The COVID-19 pandemic has materially adversely affected, and may continue to adversely impact, the Group's business and financial performance for the foreseeable future".

***The Group is dependent on its directors, key management team and skilled employees***

The Group's operating and financial success is dependent upon the experience of its directors, key senior management, shop managers and staff generally. The loss of any key personnel, as well as high staff turnover could cause disruption to the conduct of the Group's business in the short term and negatively affect the Group's operating and financial performance.

The workforce rationalisation undertaken as part of the Group's cost reduction package to operate through a prolonged period of disruption to the travel industry could cause significant disruption to its operations and adversely impact the Group's ability to retain skilled employees, operate its business in the ordinary course, effectively manage operational risks and/or take advantage of a recovery in the sector when travel restrictions are reduced or cease. The Group's operations, performance and

reputation could be adversely affected if the Group is unable to attract staff or were to lose key staff members which it was unable to replace with equally qualified personnel.

In addition, while the directors believe that the actions taken by the Group in response to the COVID-19 pandemic have been appropriate and consistent with those taken across the industry, the area of labour relations is often the subject of dispute and possible legal and industrial relations including union challenge.

Recent controversy in Australia and abroad on the subject of industrial and workplace awards and minimum conditions payments (including wages and overtime) also raises risks for the Group as with a large number of employers in Australia and overseas. While the Group has processes in place to ensure compliance with applicable labour laws, the overlap of workplace agreements, awards and industrial relations rules can give rise to risks of breaches having occurred in the countries in which the Group operates. The Group is currently engaged in legal proceedings with respect to alleged underpayment of award entitlements in relation to a small number of former employees. Whilst the Group is of the opinion that no material contingent liability for any such claims or litigation currently exists, any further claims, class actions or adverse findings against the Group in respect of industrial and workplace awards and minimum entitlement conditions may have an adverse impact on the Group's financial condition and results of operations.

The Group is substantially dependent on the continuing service of its managing directors as well as other key executives. The loss of key executives or the delay in their replacement, or the inability to attract key executives with the requisite skills and experience, could materially and adversely affect the Group's ability to implement its business strategies.

The Group's success also depends on the continued efforts and ability to hire and retain skilled travel and other professionals (including, for example, information technology, business development, product management sales and finance professionals) with the requisite industry and/or technical experience. The dynamic and rapid changes in the travel industry requires the Group's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment.

Competition to attract such skilled professionals and personnel is intense and there is no assurance that the Group will be successful in retaining or attracting skilled professionals and the lack of availability of such skills may materially and adversely affect operations, performance and reputation of the Group.

In addition, any outbreak of COVID-19 within the Group's workforce or disruption caused to operations as a result of the Group's remote working arrangements could have an adverse effect on the operating and financial performance of the Group.

***The Group is exposed to risks involving an inadequacy or failure of its internal controls and internal audit processes***

There is a risk that a failure or inadequacy of internal controls, people or procedures, or external events, may give rise to failures or disruptions in operational systems and controls. Such events may include but are not limited to fraud, security failures, unavailability of products and services, the loss of data belonging to the Group, customers and suppliers, manual processing errors and unauthorised access to systems or premises. Such failures may have an impact on the Group's reputation or ability to attract and retain suppliers, customers and key personnel, and may subsequently impact upon the financial performance and position of the Group.

***The Group is exposed to the foreign exchange markets***

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures on future cash flows. The Group actively measures these exposures and manages some of that exposure through currency hedges and derivative contracts. However, notwithstanding those measures, the movement of foreign exchange rates and/or any other economic factors could still have an adverse effect on the Group's operating and financial performance.

The Group consolidates results of its overseas businesses into Group results which is reported in Australian Dollars. The performance of overseas businesses, when converted into Australian dollars and reported in the Group's consolidated financial statements, may vary due to the movement of foreign exchange rates. This is particularly significant in the current uncertain economic climate and recent fluctuations and volatility in the value of the Australian dollar. Any such fluctuations could diminish the impact of positive results or increase the impact of negative results recorded in the Group's financial statements.

While the Group hedges a portion of its foreign currency exchange rate exposure through derivative instruments based on the Group's treasury policy, the Group does not seek to hedge all of its foreign currency exchange rate exposure. There can be no assurance that the Group's hedging activities will be successful in mitigating the impact of exchange rate fluctuations.

In addition, significant volatility in exchange rates may increase the Group's hedging costs, limit its ability to hedge its exchange rate exposure, particularly against unfavourable movements in the exchange rates of certain emerging market currencies, and could have an adverse impact on the Group's results of operations, particularly the Group's profitability. The Group's increased business outside of Australia also has the potential to increase the impact of currency movements to its business. Any of the factors above may have a material adverse effect on the Group's business, financial condition and results of operations.

Further, as an international tourism business, changes to foreign exchange rates may impact upon the levels of demand for the Group's travel and tourism services. The movement of foreign exchange rates are beyond the Group's control, and could have an adverse effect on the Group's business, financial condition and results of operations.

### **Strategic risks**

#### ***The success of the Group's business is dependent on its ability to retain existing customers and attract new customers***

The Group's business depends on its ability to retain its existing customers and the Group's growth depends on its ability to attract further business from existing customers and to attract new customers. The Group's business model is significantly dependant on customer satisfaction and loyalty. The operational and financial challenges associated with COVID-19, the associated impact on the travel and tourism industry and FLT's response to these challenges including its cancellation policies and processing times, could impact upon customer satisfaction and loyalty, the reputation of the Group and its ability to attract customers in future. A loss of customer satisfaction or loyalty may also materialise as a result of changing community travel and/or service expectations, activism in relation to particular travel destinations or activities which are booked through the Group, and in the event that the Group's employees fail to comply with approved customer service and pricing and cancellation policies in relation to the pricing, terms and conditions offered to customers. Any diminution in customer satisfaction, customer loyalty or the Group's reputation may have an adverse impact on the operating and financial performance and position of FLT.

In addition, FLT is exposed to changes within the specific travel markets in which FLT operates, whether as a result of changes in or to key markets, changes in product availability, as well as changes in consumer travel trends and sentiment towards travel in general. Consequently, a failure by the Group to predict or respond to any such changes could adversely impact the Group's future operating and financial performance.

Further, FLT's leisure shop network (as described in Section 8) has been an important part of its growth as a business throughout its corporate history. The significant reduction in the size of the leisure shop network in response to COVID-19 may negatively influence FLT's brand and ability to generate sales and sales growth while also impacting on its ability to service its customer base.

In addition, customers' use of the Group's e-commerce platforms (including but not limited to the Flight Centre brand websites, the Jetmax businesses and StudentUniverse) may be affected by external factors outside of the control of the Group, including but not limited to, a slowdown in global or regional trade, international hostilities or war, acts of terrorism, epidemics or outbreaks of disease (including

but not limited to COVID-19), political or social instability, natural disasters, weather effects, competition or changes to laws and regulations which affect the Group's customers and their business. If the Group's customers do not continue to use its platforms or increase their use over time, and if new customers do not choose to use the Group's e-commerce platforms, the growth in the Group's revenue may slow, or the Group's revenue may decline, either of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In view of the above, there is a risk that the Group's customers could reduce their usage of the Group's e-commerce platforms, for example, in terms of the number of users and volume of transactions, which could result in a reduction in the level of payments which the customers make to the Group. Therefore, there is a risk that if customers reduce their usage of the Group's e-commerce platforms, revenue could decrease. There is also a risk that existing customers fail to expand their usage of the Group's e-commerce platforms or that new customers fail to select the Group's e-commerce platforms for their businesses. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's success is dependent on its key contracts and arrangements***

The Group relies on a number of key contracts and arrangements, including contracts and arrangements that relate to key operational matters such as:

- arrangements with suppliers, travel service providers and material customers;
- hosting its platforms;
- real property leases;
- global distribution systems;
- various booking systems and content aggregation platforms used by consultants and customers as well as online booking tools used by corporate customers;
- customer relationship management; and
- customer support.

Any failure by the Group to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a counterparty to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Group's business, results of operations and financial performance.

Certain key contracts and arrangements may be terminated by the counterparty before the contractual expiry date, and some contracts are short dated and / or may be terminated on little or no notice to the Group. In these cases, the Group may not have contractual certainty in respect of the term of the relevant contract or arrangement or the operation of such contract or arrangement. In addition to this, the Group has and continues to renegotiate terms with many of its key suppliers, travel services providers and other key contracts. As a result of each of these factors, these contracts and arrangements may give rise to a greater risk of unexpected termination or renegotiation of key commercial terms, or disputes. Any such disputes, if determined in an adverse manner against the Group, may have a material adverse impact on the Group's business, financial conditions and results of operations. For example, in Australia, FLT has agreed new contracts with a significant number of airlines, including Virgin Australia and extended the existing agreement with Qantas, with a view to agreeing a longer term deal.

***Business restructuring initiatives may not be able to be implemented in full, or they may have a detrimental impact on the Group's business***

The cost reduction initiatives outlined in this Offering Circular have been based on cost saving initiatives already undertaken by the Group, together with a number of assumptions made with respect

to the Group's ability to achieve these cost saving targets, one off costs associated with realisation of those cost savings and legal advice in respect of the Group's rights in relation to its employees, landlords, customers and suppliers. Inability to meet these cost saving targets may impact upon the Group's operations and financial performance. There is a risk that these assumptions are not correct, such that the cost saving initiatives are not as effective as currently anticipated by management, or the one off costs required to implement these cost reduction initiatives are larger than anticipated. Section 8 of this Offering Circular sets out significant cash preservation actions to be implemented by the Group and illustrates the projected impact of those actions on the Group's operating cost base.

The Group may be required to implement more aggressive initiatives in the case of an extended downturn. Given the dynamic nature of the current environment, there can be no assurance that these initiatives and other cost out efforts can or will be achieved to the extent envisaged by the Group.

The Group's leisure shop network has been an important part of its growth as a business throughout its corporate history. The significant reduction in the size of the leisure shop network may negatively influence the Group's brands and ability to generate sales and sales growth.

### **Competitive risks**

The Group's businesses operate in the travel industry, which is highly competitive. The Group's competitors comprise established and emerging online and traditional sellers of travel-related services. As at the date of this Offering Circular, these direct competitors include, among others:

- other travel intermediaries, including other travel management companies;
- travel service suppliers, such as airlines, cruise companies, hotel companies and rental car companies, many of which have their own branded websites, in addition to their physical boutiques;
- internet-based travel providers and metasearch companies, online portals and search engines, creating inroads into online travel including initiatives launched by Google such as 'Google Flights', 'Google Hotel Finders' or 'Google Destinations' and the rise of 'home stay' platforms such as Airbnb, Homeaway and Tripping;
- new start-ups and 'disruptors';
- traditional travel agencies and tour operators; and
- other travel wholesalers.

More details on such risks faced by the Group in relation to its competitors are set out below.

### ***The Group's competitors may increase their product offering or value proposition to compete with the Group on a larger scale.***

Some of the Group's current and potential competitors, including large traditional travel service providers, may have longer operating histories, larger customer bases, greater brand recognition, greater access to travel inventories and/or significantly greater financial, marketing, personnel, technical and other resources. Such competitors could have the ability to increase their product offering or value proposition to compete with the Group on a larger scale.

Many airline operators, tour operators, hotel, cruise and rental car suppliers, including suppliers with which the Group conducts business, have been steadily focusing on increasing online demand on their own websites and mobile applications in lieu of third-party distributors such as the various websites of the Group, and the travel industry partners who are customers of the Group.

In addition, travel suppliers may seek to discourage customers from booking through other channels and other travel companies' websites by imposing additional costs on such bookings. Moreover, some air travel suppliers deliberately do not make available a part of their products via global distribution

systems (“GDS”), which generally makes distribution of such products by the Group more challenging and expensive. Other travel suppliers seek to limit the Group’s access to their products in order to create, distribute and promote on specific distribution channels custom-made offers based on their own products.

Suppliers who sell on their own websites or mobile applications may also offer products and services on more favourable terms, including lower prices, increased flexibility, increased or exclusive product and service availability, all-in offers combining airline, cruise, tour, hotel and/or car rental products, absence of fees or unique access to proprietary loyalty programs, such as points and miles, which could make their offerings more attractive to consumers than those of the Group.

If the Group does not continue to offer attractive deals to its customers, customers may choose to deal with the Group’s competitors and this may in turn result in a material adverse effect on the Group’s business performance and results of operations. If the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Group is unable to appropriately respond to or counter these actions, the financial performance or operating margins of the Group could be adversely affected.

***If the Group fails to continuously innovate and provide tools that are useful to travellers, suppliers and travel sector operators in order to remain competitive, its revenues and operating results could suffer.***

The Group operates in an increasingly online environment and always faces significant competition from existing and/or new competitors and business models. The Group’s success depends on the Group’s continued innovation and the Group’s ability to provide features that make the Group’s websites, online booking tools, distribution channels, APIs and mobile apps user-friendly for corporate and leisure travellers, suppliers, travel service providers. The Group’s competitors are constantly developing innovations in online travel-related products and features, including by introducing mobile booking applications. The fast release nature of new online technologies and applications of the Group’s competitors, suppliers and customers also presents risks to the Group’s businesses. There is the potential for new technology to change the way people book and supply travel, which could reduce revenue streams of the Group.

The Group must continually adapt its technology to be compatible with both developments in existing platforms and emerging platforms. The rapid growth of technology creates an environment where unforeseen change can occur quickly, making it difficult for the Group to adapt its services to react. There is a risk of the Group’s services having reduced effectiveness if it is unable to maintain progression with the market generally, cannot adapt to accommodate changes in existing technological platforms or cannot integrate with new technology.

Moreover, the increased use of mobile devices at the consumer level could enable companies that have substantial market shares in the mobile devices industry and that control the operating systems of these devices, such as Apple and Google’s Android, to compete directly with the Group. To the extent any such companies use their mobile operating systems or app distribution channels to favour their own travel service offerings, the Group’s business could be adversely affected.

Furthermore, the Group’s technology also needs to keep up with changes in its suppliers’ inventory. For example, increasingly, travel products are sold on an unbundled basis (where an airline charges for the component parts of a flight (seat type/seat selection, tax, luggage and so forth) separately). This industry trend affects the business of the Group and requires it keep pace with these new pricing features.

As a result of the above, the Group must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of the Group’s products. If the Group is unable to continue offering innovative products, the Group may be unable to attract additional customers or retain the Group’s current customers, which could materially adversely affect the business, results of operations and financial condition of the Group.



***Changes in customer patterns with respect to products may adversely affect the Group.***

The Group's business and financial condition may be affected by changes in customer patterns and preferences in relation to its product offerings. Changes in consumer patterns leading to an increased preference for substitute products, such as self-drive holidays, train or bus tickets, alternate accommodation options or video conferencing e.g. Zoom could adversely affect the Group. If these trends were to continue and the Group fails to achieve sales of such substitute products in volumes similar to its current flight and hotel sales volumes, this could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group is also exposed to changes within the specific travel markets in which the Group operates, whether as a result of changes in or to key markets, changes in product availability or methods of distribution and/or payment, as well as changes in consumer sentiment towards the Group itself, travel in general and across key markets. A failure by the Group to predict or respond to any such changes could adversely impact the Group's future financial performance, results of operations and prospects.

More recently, the COVID-19 pandemic has significantly decreased the demand for travel as a result of travel bans and other government restrictions, changes in government policy and consumer and business sentiment towards travel in general and across key markets. The extent of the impact of the COVID-19 pandemic on the Group's business is highly uncertain and difficult to predict, as the response to the pandemic is ongoing, information is rapidly evolving, and the duration and severity of the pandemic are also uncertain and cannot be predicted. The Group does not have visibility into when these bans will be lifted, nor does it have visibility into the changes to consumer usage patterns on its platforms or travel behaviour patterns when travel bans and other government restrictions and mandates are lifted. The uncertainty associated with the COVID-19 pandemic makes it difficult to accurately predict and respond to changes associated with the pandemic. See "Risk Factors – Risks Relating to the Group – Risk related to the Group's Industry – The COVID-19 pandemic has materially adversely affected, and may continue to adversely impact, the Group's business and financial performance for the foreseeable future".

***The Group and its customers, suppliers and service providers may be adversely affected by climate change***

The Group and its customers, suppliers and service providers may be adversely affected by climate change, which may lead to rising sea temperatures and sea levels, and changes in the frequency and severity of catastrophic events such as floods, fires, storms and droughts. Physical risks resulting from climate change can be event driven or longer term shifts in climate patterns and may have financial implications for the Group, such as indirect impacts from supply chain disruption and travel patterns and habits of customers. There is uncertainty about how the Group's customers will respond to the effects of climate change (and therefore on possible changes in customer demand) and this may have an adverse impact on the Group's financial performance, results of operations and prospects.

In addition, transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. This could adversely affect the Group's financial performance by increasing operating costs and/or impacting demand in, and the profitability of, certain customer segments.

***The Group's business depends on its strong reputation and the value of its brand***

The Group's brand equity is essential to on-going growth. The Group considers its reputation for trustworthiness and integrity as important in maintaining customer goodwill and confidence for its operations and products. Unforeseen issues or events which place the Group's reputation at risk may impact on its future growth and profitability, its ability to compete successfully and result in adverse effects on its future business plans. A range of events, including a material non-compliance with regulations or license terms, significant outage, a breach of its information systems, or other disclosure of customers' personal information, or the Group's responses to COVID-19 pandemic and any associated negative customer sentiment or negative media coverage could each have an adverse impact on the Group's reputation and the value of its brands. This could also increase expenditure due to additional security costs and/or potential claims for compensatory damages. Damage to the Group's

reputation and reduction in brand equity may reduce customer demand and negatively impact the Group's future financial performance and could also reduce its share price.

In addition, the success of the Group's business is dependent in part on the on-going strength of its brands. The Group expects that its success will be dependent in part on maintaining and enhancing the strength of each of its brands, which may become increasingly difficult and more costly. If the Group is unable to maintain and enhance the strength of its brand, then its ability to retain and expand its customer base and its attractiveness to existing and potential partners may be impaired, and its business, financial condition and results of operations will be adversely affected. In addition, maintaining and enhancing the Group's brands may require the Group to make increased investment in its business activities, which may not deliver requisite returns. If the Group does not maintain and enhance its brands successfully, or if it incurs excessive cost in this effort, the Group's business, financial condition and results of operations may be adversely affected.

***The Group's financial performance is impacted by the identification and availability of attractive investment opportunities in the future***

The financial performance of the Group and the returns available to its shareholders will be impacted by the identification and availability of attractive acquisition and investment opportunities in the future. From time to time, the Group invests a portion of the funds it receives in the course of conducting its business when attractive opportunities arise. The value of those investments or the return on them may rise or fall as a result of circumstances beyond the Group's control, including general economic conditions in Australia or overseas. Risks associated with returns on investments are particularly acute during periods of elevated global financial market volatility, such as those experienced during the outbreak of the global COVID-19 pandemic. The Group only invests funds with selected counterparties, under a Board-approved Treasury Policy, but the risk of counterparty default is heightened during periods of global financial market volatility, which could lead to the loss of funds invested. Further, investment opportunities can be subject to market conditions and other factors outside of the control of the Group (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition or investment opportunities at the relevant time. In the future the Group may acquire assets or businesses, although it expects to do so in a targeted manner. There is no guarantee however that the Group will be able to identify suitable assets or businesses and to acquire them or enter them on favourable terms.

There is also a risk that not all material risks in connection with any such acquisition will be identified in the due diligence process and will not be or could not be sufficiently taken into account in the decision to acquire an asset or business or protected against in the transaction documentation. These risks could materialise only after such acquisition has been completed and may not be covered by the warranties in the transaction documentation or by insurance policies, and may result in delays, increases in costs and expenses, disputes and/or proceedings, or other adverse consequences for the Group. Any of these factors could have a material adverse effect on the Group's business, financial position and results of operations.

Additionally, if such investment opportunities are ineffective, poorly implemented or implemented later than expected, this may have a material adverse effect on the Group's performance. In the past, the Group has acquired assets and businesses in order to expand its operations. Acquisitions, joint ventures, strategic partnerships and group company reorganisations entail risks resulting from the integration of employees, processes, technologies, and products. Such transactions may give rise to substantial administrative and other expenses, and may also be subject to regulatory oversight, governmental or other approvals. If the Group is unable to effectively manage or mitigate the abovementioned risks, its business, financial condition, results of operations and growth prospects could be materially and adversely affected.

***The Group may not be able to execute its growth strategy successfully***

The Group's strategy includes growth driven by the acquisition of or investment in businesses. The Group may not be able to execute effectively the strategies for its current and future acquired businesses. Future growth strategies which target expansion of existing business could expose the Group to additional or unforeseen costs, which may strain financial or management resources. Integration of new businesses may be costly and occupy management's time. The financial

performance of investments and the economic conditions in which they operate may result in investment impairment should the recoverable amount of the investment fall below its carrying value. There is also a risk of disruption to the Group's business models and/or those of its suppliers due to factors that are outside the control of the Group. Such disruption could adversely impact the Group's reputation and financial performance. The severe disruption to the Australian and global economy and specifically the travel and tourism sectors is likely to impact upon the Group's ability to drive its growth agenda in the short and medium term.

Further, such acquisitions may involve a number of risks inherent in assessing the values, strengths, weaknesses and growth in profitability of the relevant business or assets and it is possible that unexpected problems may arise which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. No assurance can be given as to the impact of acquisitions and investments on the Group's overall financial performance in the future. If the Group is unable to effectively manage or mitigate the abovementioned risks, its business, financial condition, results of operations and growth prospects could be materially and adversely affected.

## **Legal and compliance risks**

### ***The Group is subject to the risk of investigations, disputes and legal proceedings***

The risk of litigation and claims is a general risk that applies across the Group's business. The Group operates a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies and is also subject to various claims and litigation from third parties. The Group is of the opinion that no material contingent liability for any such claims or litigation currently exists.

The Group may be subject to litigation, class actions (including consumer / customer class actions, securities / shareholder class actions), and other claims and disputes in the course of its business in each of the jurisdictions it operates, including contractual disputes, indemnity claims, consumer actions, personal injury claims, regulatory enforcement actions, claims in relation to compliance with laws including taxation, sanctions, anti-money laundering and anti-bribery, claims in relation to technology failures, data breaches and information security incidents and claims in relation to creative content. The Group may become subject to intellectual property infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be required to determine the validity and scope of the intellectual property rights of others.

The Group may also be subject to litigation and claims by employees individually, or as part of a class action or a trade union organisation, or investigations and enforcement proceedings by regulatory bodies, in the various jurisdictions in which it operates, in respect of employment related matters such as employment disputes, occupational health and safety, compliance with employee awards or entitlements (including underpayment of wages, overtime or other entitlements), wrongful dismissal or termination claims, discrimination, harassment and bullying, and/or claims regarding the status of certain employees and/or contractors of the Group. The risk of employee disputes are heightened having regard to the Group's response to the COVID-19 pandemic in various jurisdictions (which has included stand-downs of employees and furloughing employees as well as large-scale redundancies and group terminations), volatility in global markets and uncertainty in the travel industry. As noted above, the Group is currently engaged in legal proceedings with respect to alleged underpayment of award entitlements in relation to a small number of former employees.

Damages (or any other awards, orders, penalties or costs) under any such litigation may be material or may be indeterminate, and the negative outcome from litigation or the cost of responding to potential or actual litigation or investigation can have a material adverse impact on the financial performance, financial position, operations and reputation of the Group. Defence and settlement costs can be significant, even in respect of claims that have no merit, and can divert the time and attention of the management away from the business. In addition, the adverse publicity surrounding such claims (particularly in relation to shareholder or employee class actions or regulatory action) may have a material adverse effect on the Group's business and prospects.

The Group's business activities and operations are located in various countries around the world. There are risks that a business operated by the Group or its employees might engage in conduct that

is inconsistent with the Group's Code of Conduct, consumer, trade or other regulations that apply in its various jurisdictions, or agreements with its suppliers or customers. Any litigation, class actions, claims or disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Group's business, operating and financial performance.

***Laws and regulations regarding privacy and data protection could result in claims, regulatory impacts and changes to the Group's business processes, penalties, increased cost of doing business or otherwise harm the Group's business***

Regulations relating to the provision of online services are evolving as governments continue to adopt or modify laws and regulations regarding data privacy, data protection, and the collection, processing, storage, transfer, use of personal data and mandatory notification of breaches of data security. In addition, there is a risk that laws and regulations that were historically formulated to regulate financial institutions either evolve or are interpreted by regulatory authorities to apply to aspects of the Group's products and services.

Any new or altered laws or regulations which affect the Group's business could require the Group to increase spending and employee resources on regulatory compliance and/or change or restrict the Group's business practices, which could adversely affect the Group's operations and profitability. For example, to address the implementation of the EU General Data Protection Regulation ("GDPR") and other data privacy regulations, the Group has made changes to its business processes. If the Group fails to address these changing requirements or fails to support its customers meeting in their regulatory obligations that may arise in connection with use of the Group's platforms, demand for the Group's offerings could decline. In addition, the failure may result in governmental enforcement actions against the Group including, for example, fines and/or penalties for non-compliance with these laws (which amounts may be significant), compliance orders, enforceable undertakings, litigation or public statements that could harm the Group's reputation and cause the Group's customers and suppliers to lose trust in the Group, any of which could have a material adverse impact on the Group's business, brand, market share and results of operations.

***The Group is subject to government regulations and legal requirements***

As a global travel business operating in many countries, the Group faces on-going legal risk arising from its exposure to a wide range of laws and regulatory requirements in various jurisdictions. There is a risk that laws, regulations and governmental agency administrative procedures may be adopted with respect to the Group's products and services, covering issues such as user privacy, the content and quality of products and services, internet and online commerce, consumer protection, intellectual property rights, and/or information security.

Any such changes could limit the Group's proposed scope of business activities and require significant investments by the Group. In particular, changes in government regulation regarding location of data hosting and data storage may require the Group to invest in new data storage locations and may increase its cost base, therefore impacting the Group's financial performance. Further, there can also be no assurance that any jurisdiction in which the Group operates will not change its foreign ownership or licensing requirements (or the enforcement of same), including the terms and conditions to which any existing ownership, licences and/or approvals are subject, or introducing new ownership, licensing and/or approval requirements.

If the regulatory scheme of any jurisdiction in which the Group operates were to change its foreign ownership, licensing or approvals requirements, the Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may be required to modify its ownership structures or product offering or its operations in order to comply with the new requirements and/or may not be able to meet the new requirements, any or a combination of which could have a material adverse effect on its business, financial condition and results of operations.

In addition, tax and accounting laws and requirements applying to customers of the Group's platforms, or changes in those laws and requirements, may impact the product functionality requirements of the Group's platforms and may require significant investment by the Group. Further, any inability to meet those laws and requirements may result in loss of customers or liability to customers.

A variation in legislation and government policy may also affect the Group 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. In particular, anti-money laundering, anti-bribery and corruption, counter-terrorism financing, and sanctions compliance have been the subject of significant regulatory change and enforcement in recent years.

The Group's business activities and operations are located in jurisdictions in both the developed and developing world with varying degrees of political and judicial stability, including some countries with a relatively high inherent risk with regard to money laundering, modern slavery, bribery, corruption and terrorism-financing. This, for example, exposes the Group to the risk of unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws. Some of these risks are also inherited from businesses or entities acquired as part of past acquisitions which may not have been detected as part of the due diligence process at the time. Risks also include possible delays or disruptions resulting from a refusal to make so-called facilitation payments or any other form of benefit inconsistent with the Group's policy or applicable laws.

A failure to operate effective and fully compliant programs to combat money laundering, modern slavery, bribery, corruption and terrorist financing or to ensure compliance with economic sanctions or where breaches (whether involving the Group's related bodies corporate or employees) are only detected following an acquisition of a business or entity, could have serious legal and reputational consequences for the Group and its employees. Consequences can include fines, criminal and civil penalties, civil claims, reputational harm, consumer class actions and limitations on doing business in certain jurisdictions. As government regulations, regulatory requirements or policies/procedures continue to evolve and regulatory oversight continues to increase, the Group may likely be subject in the future to inquiries from time to time from regulatory bodies concerning compliance with such regulations, requirements or policies/procedures. Regulatory action against the Group under legislation and government policy may adversely affect the Group. For example, as a retailer of travel and travel-related products, the Group engages in extensive promotional and other advertising activities, conducts a foreign currency exchange business and processes its employees' and customers' personal information/data. The Group cannot guarantee that its operations and policies will be deemed compliant by all applicable regulatory authorities. In the event the Group's control should fail or is found to be non-compliant for other reasons, the Group could be subject to fines and/or penalties, civil and criminal claims, litigation and other proceedings, which could have material adverse impact on the Group's business, financial condition, results of operations, reputation and brand value. Further, if such regulations, requirements or policies/procedures are not enforced equally against the Group's competitors in a particular market, the Group's compliance may put the Group at a competitive disadvantage vis-à-vis competitors who do not comply with such regulations, requirements or policies/procedures.

There is also a risk that governments globally may change the regulations and legal requirements of (or withdraw entirely) the assistance and support packages or schemes currently available to the Group in response to the COVID-19 pandemic. There is also a risk that the Group may have made an error in assessing its entitlement to participate in and/or fail to comply with ongoing requirements of any such support packages or schemes, and amounts claimed may have to be repaid. Any such changes, combination of changes, withdrawals or errors could have a material adverse effect on the business, financial condition and results of operations of the Group.

In addition, the Group's various cancellations and refunds policies and procedures and/or the imposition of cancellation fees or charges during the COVID-19 crisis have and may also continue to expose the Group to further regulatory scrutiny or other regulatory action, further adverse media attention, consumer actions (including class actions) and/or cause further reputational damage to the Group. Any further adverse media attention, regulatory scrutiny or other actions taken against the Group members in any of the countries in which it operates may have a material and adverse effect on the reputation of the Group and/or on its operating and financial performance.

Unfavourable changes to government regulation or legislation, regulatory requirements or policies/procedures to which the Group is subject including the Corporations Act, the ASX Listing Rules, the Australian Competition & Consumer Act, and the policies of regulatory authorities including ASIC, the Australian Competition and Consumer Commission and the Reserve Bank of

Australia (and similar laws and regulatory requirements internationally), as well as global laws and regulations relating to consumer credit laws, credit card surcharges, the registration, operations and licensing of travel agents, consumer financing, banking policy in relation to credit cards, regulation of trade practices, competition, consumer protection, sanctions, modern slavery, anti-money laundering and anti-corruption, general consumer protection laws and taxation may adversely affect the Group's business model and profitability. Changes to any such legislation, rules and regulatory requirements, or to other policies and procedures of government or other regulatory authorities, may affect the Group, its business operations and/or its financial performance or have other unforeseen implications. For example, a variation in law or regulation requiring the Group or any of its other businesses to hold or treat customer deposits differently to the way in which these are currently managed may have financial implications for the Group.

***The Group licences third party proprietary technology platforms to operate its key business systems and to provide key technical services to customers. The continued efficacy of these platforms and solutions is dependent upon (1) the Group's continued compliance with the relevant licence terms (2) the relevant third party licensor meeting required performance and operability obligations and (3) the relevant third party licensor holding the relevant intellectual property rights to grant the Group the required access to and use of the technical solution or platform.***

The majority of the Group's key business systems and customer facing technical solutions are third party technology, or proprietary solutions built on third party technology, platforms that the Group accesses and utilises through complex licensing arrangements. The Group's ability to continue accessing and exploiting these arrangements depends upon:

- the renewal and extension of existing licenses in the future where there is no guarantee that the Group will be able to conclude licensing arrangements for its products or technology with appropriate partners on commercially acceptable terms, or at all. The cost of licences may also increase. Failure to secure appropriate licensing arrangements may impact revenue adversely and could lead to delays in product introductions and loss of substantial resources while the Group attempts to develop alternative products which could in turn result in the ultimate failure of the Group;
- compliance by the Group with licence terms which if not achieved could expose the Group to significant damages claims and legal costs in relation to any breach; and
- the third party licensor holding the necessary intellectual property rights so as to authorise the Group's use of the relevant platforms / solutions, failing which, the Group may be exposed to a claim from a third party rights holder.

Intellectual property claims by third party rights holders will require significant internal resources which may distract from the management of the Group's business, and may also result in significant legal costs. If the Group is not indemnified against such loss by the licensor (or if such rights are impaired or unenforceable for whatever reason) the Group may be exposed to a damages claim from the third party rights holder. In addition, if the third party claim is successful, the Group may be required to cease using the relevant platform or solution, which may have an adverse impact on the Group's business operations and revenue.

The efficacy and value derived from the third party platforms and solutions is also dependent upon functionality and operability remaining within agreed cadences, tolerances and requirements. A substantial departure from these agreed metrics and service levels may materially impact upon the operability of the platforms and solutions and by so doing, the ability of the Group to operate certain business systems and customer solutions effectively or at all. Moreover, the licensors may be subject to events, such as insolvency or technical failures, which may lead to the temporary or permanent loss of services and systems which would disrupt and have an adverse impact on the Group's business operations if replacement solutions cannot be implemented in a timely manner and at reasonable expense.

## **General business risks**

### ***The Group is subject to changes in accounting policy***

The Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Group. The Group has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting. The Group's financial statements comply with Australian International Financial Reporting Standards ("**AUS IFRS**") and other Australia accounting standards and authoritative notices that are applicable to entities that apply AUS IFRS as established by the Australia Accounting Standards Board ("**ASB**"). These accounting practices, standards and notices are out of the control of the Group. From time to time, the ASB may introduce new or refined accounting standards which may affect the future measurement and recognition of key income statement or statement of financial position items. Such changes may also be as a result of harmonisation of AUS IFRS with international accounting standards. There is also a risk that interpretations of existing AUS IFRS, including those relating to the measurement and recognition of key income statement and statement of financial position items, may differ.

### ***The Group is subject to changes in taxation laws***

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 FLT or its shareholders. Tax liabilities are the responsibility of each individual holder of the Notes.

The Group's tax position is based on current tax law and an understanding of the practice of the relevant tax authorities in respect of the application of that law. An interpretation of taxation laws by the relevant tax authority that differs from the Group's view of the application of those laws may reduce the pool of tax losses available or increase the amount of tax that is payable by the Group. There is also the potential for changes to Australian and international taxation law including changes in the interpretation or application of the law by the courts or tax authorities in the jurisdictions in which the Group operates that may impact the Group's tax position, which in turn may impact the Group's financial performance. In addition, the Group may from time-to-time be subject to reviews, audits or investigation from relevant tax authorities, the outcome of which may impact the amount of tax payable by the Group and impact the financial performance of the Group.

Changes in taxation laws in the jurisdictions in which the Group operates or in which Noteholders reside may also adversely affect the tax treatment of an investment in the Notes or the holding and disposal of the Notes. Investors should refer to the taxation summary in Section 14.

### ***The Group is exposed to interest rates changes***

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect the Group's costs of servicing borrowings, and may affect the relative strength of the Australian Dollar against other currencies (including, but not limited to, the Australian Dollar and the U.S. Dollar as well as the Australian Dollar and the Euro), each of which could materially and adversely affect the Group's earnings, financial performance and position. Changes in interest rates will have an impact on interest-earning investments held by the Group, where a reduction in interest rates will reduce the interest income earned, which could materially affect the Group's earnings, financial performance and position.

### ***The Group is exposed to force majeure events***

Events may occur within or outside Australia that negatively impact global, Australian or other local economies relevant to the Group's financial performance, the operations of the Group and/or the price of the Notes and Ordinary Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, bushfires, floods, earthquakes and volcanic eruptions and volcanic ash clouds, labour strikes, civil wars, natural disasters, outbreaks of disease, pandemics (such as the COVID-19 pandemic) or other man-made or natural events or occurrences that may have a material adverse effect on the Group's ability to perform its obligations.

### ***The Group is subject to fluctuations in the price of its Ordinary Shares***

There are general risks associated with investments in equity capital and equity-linked instruments such as the Notes. As with any entity with ordinary shares listed on the ASX, the trading price of FLT's ordinary shares on the ASX may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors which may affect the market price of FLT's ordinary shares include:

- the impact of COVID-19, including on health of workforce, the industry, customers, supply chains and travel restrictions;
- general movements in Australian and international stock markets, including market volatility;
- investor sentiment and the risk of contagion between financial markets;
- Australian and international economic conditions and outlook, including changes in interest rates, the rate of inflation, exchange rates, commodity prices, employment levels and consumer demand;
- changes in Australian and foreign government regulation and fiscal, monetary and regulatory policies;
- loss of key personnel and delays in replacement;
- announcement of new technologies;
- geo-political instability, including international hostilities, acts of terrorism, the response to COVID-19 and travel restrictions;
- natural disasters, extreme weather events and catastrophes, whether in global, regional or local scale;
- epidemics and pandemics such as COVID-19;
- operating results of the Group that may vary from expectations of securities analysts and investors;
- changes in market valuations of other travel companies; and
- future issues of FLT equity securities.

The share prices for many listed companies have in recent times been subject to wide fluctuations and volatility, which in many cases may reflect a diverse range of non-company specific influences referred to above, including the general state of the economy, the response to COVID-19, investor uncertainty, geo-political instability, and global hostilities and tensions. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of securities trading on the ASX. There is continued uncertainty as to the further impact of COVID-19 on the Australian and overseas economies and share markets, including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy and equity and debt capital markets. Any of these events and resulting fluctuations may materially adversely impact the market price of FLT's Ordinary Shares. It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including the impacts of COVID-19) may evolve in ways that are not currently foreseeable. The equity capital markets have in the past and may in the future be subject to significant volatility.



***There is no assurance that expected future events will occur***

The forward looking statements, opinions and estimates provided in this Offering Circular rely on various contingencies and assumptions. There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate. Such forward-looking statements involve known and unknown risks, uncertainties and other factors (many of which are outside the control of the Group) which may cause the actual results, performance and achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

**RISKS RELATING TO THE NOTES**

***Interest payments are not guaranteed***

FLT expects to make interest payments using available cash balances and cash flow from the Group. FLT's ability to generate cash flows from Group's operations will depend substantially on the financial performance of the Group. FLT cannot guarantee that the interest payments on the Notes will be paid when due and these interest payments are not guaranteed by FLT, the Trustee or any other entity.

***Certain initial investors or a single initial investor may purchase a significant portion of the Notes and may potentially be able to exercise certain rights and powers on their own***

Certain initial investors or a single initial investor may purchase a significant portion of the aggregate principal amount of the Notes in this offering. Any Noteholder holding a significant percentage of the aggregate principal amount of the Notes will be able to exercise certain rights and powers and will have significant influence on matters voted on by Noteholders. For example, Noteholders of at least 50 per cent. (or at adjourned meetings no minimum per cent.) of the aggregate principal amount of the Notes would form quorum for the purposes of passing an Extraordinary Resolution (as defined in the Trust Deed), while Noteholders of at least 75 per cent. (or at adjourned meetings at least 50 per cent.) of the aggregate principal amount of the Notes would form quorum for the purposes of voting on reserved matters, including the modification of the date for maturity of the Notes or the reduction or cancellation of the principal amount of, or interest on, the Notes.

In addition, as the passing of Extraordinary Resolutions at meetings of Noteholders requires a majority of 75 per cent. of votes cast (subject to certain reserved matters as specified in the Terms and Conditions of the Notes and the Trust Deed), any Noteholder of a significant percentage of the Notes, even if less than a majority, will on its own be able to take certain actions that would be binding on all Noteholders. For example, Noteholders of at least 25 per cent. of the principal amount of Notes represented at a meeting of Noteholders will be able to block the passing of Extraordinary Resolutions.

Additionally, the existence of any such significant Noteholder may reduce the liquidity of the Notes in the secondary trading market.

***The Notes are complex instruments and may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. Furthermore, each potential investor in the Notes should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or where the currency for payment is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes constitute legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Notes by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules and regulations.

### ***Market price of the Notes***

The market price of the Notes may fluctuate due to various factors, including investor perceptions, Australian and worldwide economic conditions, better rates of return on other securities, interest rates, inflation rates, movements in foreign exchange rates, impacts of regulatory change, changes in the laws relating to the availability of franking, movements in the market price of Ordinary Shares or senior or subordinated debt, FLT's financial performance and position, as a result of information disclosed to the market by FLT in order to comply with its continuous disclosure requirements and other factors that may affect that performance and position. The Notes may trade at a market price below the face value. There is no guarantee that the Notes will remain continuously quoted on the SGX-ST.

In recent years, markets have sometimes been volatile. In particular, since March 2020 global financial markets have become more volatile due to the impact of the COVID-19 pandemic. The expected duration and magnitude of the COVID-19 pandemic and its full economic impact remain unclear. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. You should carefully consider the impact of volatility risk on the potential market price of the Notes before deciding whether to make an investment in the Notes.

Noteholders who wish to sell or otherwise transfer their Notes may incur loss if the Notes trade at a market price below the amount for which the Notes were acquired by those Noteholders.

### ***Lack of a public market for the Notes***

The Notes are a new issue of securities for which there is currently no established trading market when issued, and one may never develop. An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The approval in-principle was received on 9 November 2020 for the listing of the Notes on the SGX-ST. However, there can be no assurance that the Issuer will be able to maintain such a listing or that, if listed, a trading market will develop for the Notes on the SGX-ST. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes.

If an active trading market were to develop, the Notes could trade at a price that may be lower than the initial offering price of the Notes. Whether or not the Notes will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;

- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects as well as the market price and volatility of the Ordinary Shares;
- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Issuer or the Group; and
- changes in the industry and competition affecting the Group.

***The Notes are unsecured obligations and will rank behind the claims of the Group's secured creditors and payments under the Notes will be structurally subordinated to liabilities and obligations of the subsidiaries of the Group***

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking pari passu and rateably, without any preference among themselves. Neither the Trust Deed nor the Notes create any security interest in favour of Noteholders to secure the payment obligations of the Issuer arising under the Notes. The payment obligations of the Issuer under the Notes will rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application. The repayment of the Notes may be compromised if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Notes.

In addition, potential investors should be aware that in the event of bankruptcy, liquidation, reorganisation or other winding up procedures, any of the Group's assets which are the subject of a valid security arrangement in favour of a secured creditor will be only available to pay obligations on the Notes after such secured indebtedness has been repaid in full, and the assets of the relevant subsidiaries will be only available to pay obligations on the Notes after all such relevant indebtedness and other liabilities (including trade payables) and any preferred equity of such subsidiaries have been repaid in full. As a result, the Group may not have sufficient assets remaining to pay amounts due on any or all of the Notes which are outstanding at the time of such bankruptcy, liquidation, reorganisation or other winding up procedures and the Noteholders may receive less, rateably, than holders of any current or future accrued indebtedness. Save for and subject to the negative pledge covenant under Condition 2 of the Terms and Conditions of the Notes, the Trust Deed and the Terms and Conditions of the Notes do not also prohibit the Issuer or its Subsidiaries (as defined in Condition 3) from incurring additional senior debt or secured debt, nor do they prohibit any of the Group's current and future subsidiaries from incurring additional indebtedness or other liabilities (including trade payables) or issuing preferred equity. The Group may in the future have other liabilities, including contingent liabilities, which may be significant.

As of 30 September 2020, the Group had indebtedness for borrowed money amounting to A\$579 million. It is intended that a certain portion of this indebtedness will be repaid out of the proceeds from the Offering. See Section 5 "Use of Proceeds" and Section 6 "Capitalisation and Indebtedness".

The Notes are structurally subordinated to the bank debt facilities described at "Bank Debt Refinancing" in Section 6.

### ***Market price and liquidity of Ordinary Shares***

The Notes may be converted into Ordinary Shares as described in Sections 1 and Section 11 of this Offering Circular, but there is no guarantee that this will necessarily occur. Conversion may be disadvantageous in light of market conditions or not suit the individual circumstances and preferences of Noteholders.

Where the Notes are converted, there may be no liquid market for Ordinary Shares at the time of conversion, or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of conversion.

The market price of Ordinary Shares may go up or down due to various factors, including Australian equity markets, recommendations by brokers and analysts, investor perceptions, interest rates and inflation, Australian and worldwide economic conditions (including, but not limited to, the impact of and continued uncertainty surrounding the COVID-19 pandemic), changes in government, fiscal and monetary policy, global and geo-political events, hostilities and acts of terrorism, FLT's financial performance and position, impacts of regulatory change (including product intervention by ASIC in the market for the Notes or similar securities), as a result of information disclosed to the market by FLT in order to comply with its continuous disclosure requirements and other factors that may affect that performance and position, and may also be affected by the actual or prospective conversion of the Notes. The value of Ordinary Shares received upon conversion of a Note may be less than the face value of the Note. Holders receiving Ordinary Shares on conversion may not be able to sell those Ordinary Shares at the price on which the conversion calculation was based, or at all.

Certain events and conditions may affect the ability of Noteholders to trade or dispose of Ordinary Shares issued on conversion. For example, the willingness or ability of ASX to accept Ordinary Shares issued on conversion for quotation or any practical issues which affect that quotation, any suspension of trading of Ordinary Shares, any disruption to the market for Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

The Ordinary Shares held by a Noteholder as a result of any conversion will, following conversion, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon conversion will depend upon the market price of Ordinary Shares after the date on which the Notes are converted. That market price is also subject to the factors outlined above and may also be volatile.

### ***Dividends may not be paid on Ordinary Shares***

Payment of any dividends on Ordinary Shares issued on conversion of the Notes is at the discretion of directors of FLT and FLT's ability to pay any dividends is currently restricted under the financing arrangements of the Group. Noteholders whose Notes are converted after the record date for a dividend will have no entitlement to that dividend.

Directors may only declare or determine a dividend if there are funds legally available to pay dividends. The amount of future dividends actually paid will be determined by the Board of FLT having regard, amongst other things, to FLT Group's operating results, financial position, available franking credits and the covenant restrictions or consent requirements under its third party finance facilities referred to above. A change in dividend policy or dividend levels may impact the market value of the Notes.

The Notes will not be entitled to participate in any dividends on the Ordinary Shares.

### ***Noteholders will bear the risk of fluctuation in the price of the Ordinary Shares***

The trading price of the Ordinary Shares will directly affect the trading price of the Notes. It is impossible to predict whether the price of the Ordinary Shares will rise or fall. This may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities. The market price of a publicly traded stock is affected by many variables not directly related to the success or the performance of the Group.

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value or trading price of the Ordinary Shares will depend upon the general stock market and economic conditions as well as other factors including, but not limited to, the Issuer's credit quality, operating results, economic and financial prospects and other factors. In addition, the price of the Ordinary Shares is also subject to varied and often unpredictable influences on the market for equities, including, but not limited to:

- general economic conditions, including the performance of the Australian Dollar and commodities on world markets;
- inflation rates, foreign exchange rates and interest rates;
- changes to government policy, legislation or regulation;
- industrial disputes; and
- general operational and business risks.

The past performance of the Ordinary Shares is not a reliable indicator of future performance as the trading price of shares can fluctuate.

***Noteholders have limited anti-dilution protection***

The Conversion Price will be adjusted in the event that there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares on issue, or if the Issuer undertakes rights offering and equity issuances at a price per Ordinary Share less than 90 per cent. of the then Current Market Price (as defined in the Terms and Conditions of the Notes) per Ordinary Share, where the Issuer pays a Dividend (as defined in the Terms and Conditions of the Notes), and where other analogous dilutive events occur, but only in the circumstances and only to the extent provided in the Terms and Conditions of the Notes (see Condition 6(b)). There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. In particular, there is no Conversion Price adjustment for Ordinary Shares issued pursuant to any Employee Share Scheme (as defined in Condition 6(e)). There is no threshold above which the issue of Ordinary Shares pursuant to an Employee Share Scheme would result in a change in the Conversion Price. Such events, should they occur, may adversely affect the value of the Ordinary Shares and, therefore, where no adjustment is required to be made, may adversely affect the value of the Notes.

***There is an absence of covenant protection for the Notes***

Other than as described herein, the Trust Deed will not limit the Issuer's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Notes in the event of a future leveraged transaction by the Issuer (other than secured capital markets transactions in the circumstances described in the Terms and Conditions of the Notes).

The Issuer may in future incur further indebtedness and other liabilities. The Issuer has provided, and may in the future provide, guarantees and/or indemnities in respect of such liabilities.

***Although the Issuer will decrease the Conversion Price if a Noteholder exercises its right to redeem its Notes during a Change of Control Period, the decrease may not adequately compensate a Noteholder for the option value that such Noteholder may lose as a result of the relevant Change of Control***

If a Change of Control occurs and a Noteholder exercises its right to require conversion of its Notes during the Change of Control Period for such Change of Control, the Issuer will decrease the Conversion Price applicable to such Noteholder's Notes. The amount by which the Issuer will decrease the Conversion Price during a Change of Control Period will be determined based on the number of days from the first day of the Change of Control Period to the day before the Final Maturity Date. Although the adjustment to the Conversion Price is intended to compensate such Noteholder for

the option value that such Noteholder will lose as a result of a Change of Control, the decrease in the Conversion Price is based on a pre-set formula that does not account for many of the factors that will determine the amount of option value that such Noteholder will lose upon the occurrence of a Change of Control. For example, although the formula that determines the decrease in the Conversion Price generally accounts for any time value the Noteholder may lose, the formula does not account for any change in the volatility of the Ordinary Shares that may occur upon a Change of Control or whether the market price of the Ordinary Shares at the time the Change of Control occurs is near the Conversion Price of the Notes.

***The Issuer may be unable to redeem or repay the Notes when due***

In the event the Ordinary Shares cease to be listed on the ASX, a Noteholder may require the Issuer to redeem all of such Noteholder's Notes. The Issuer may also be required to redeem all the Notes following the occurrence of a Change of Control. Following acceleration of the Notes upon an Event of Default, the Issuer would be required to pay all amounts then due in accordance with Condition 10. Unless previously redeemed, converted or purchased and cancelled, the Issuer will be required to redeem the Notes at the Redemption Amount on 17 November 2027. The Issuer may not be able to redeem all or any of such Notes or pay all or any amounts due under the Notes if the Issuer does not have sufficient cash flows to do so. The Issuer cannot assure the Noteholders that, if required, it would have sufficient cash or other financial resources or would be able to arrange financing to redeem the Notes in cash.

***Notes carry no rights with respect to Ordinary Shares on account of holding Notes***

Noteholders will have no rights with respect to the Ordinary Shares on account of holding Notes, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Ordinary Shares, save as set out in the Terms and Conditions of the Notes.

***Short selling of the Ordinary Shares by purchasers of the Notes could materially and adversely affect the market price of the Ordinary Shares***

The issuance of the Notes may result in downward pressure on the market price of the Ordinary Shares. Many investors in convertible Notes seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Ordinary Shares, thereby having a material adverse effect on the market value of the Ordinary Shares as well as on the trading price of the Notes.

***Future issuances of Ordinary Shares or equity-related securities may depress the trading price of the Ordinary Shares***

Any issuance of the Issuer's equity securities after the offer of the Notes could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Ordinary Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt to equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible notes or for other reasons. The issuance of a substantial number of Ordinary Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Ordinary Shares and impair the Issuer's ability to raise capital through the issuance of additional equity securities. There is no restriction on the Issuer's ability to issue further unsecured notes or the ability of any of the Issuer's shareholders to dispose of, encumber or pledge the Ordinary Shares, and there can be no assurance that the Issuer will not issue further unsecured notes or that the Issuer's shareholders will not dispose of, encumber or pledge the Ordinary Shares. The Issuer cannot predict the effect that future issuance of the Ordinary Shares or other equity-related securities would have on the market price of the Ordinary Shares. In addition, the price of the Ordinary Shares could be affected by possible sales of the Ordinary Shares by investors who view the Notes as a more attractive means of obtaining equity

participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Notes.

***The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 of the Terms and Conditions of the Notes and the taking of steps and/or action and/or institution of proceedings pursuant to Condition 15 of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any steps and/or action or institutes any proceeding on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the Terms and Conditions of the Notes and applicable laws and regulations, it will be for the Noteholders to take such actions directly.

***Modifications and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to any modification (except as mentioned in the Trust Deed) of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement (as defined in the Terms and Conditions of the Notes), any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement (as defined in the Terms and Conditions of the Notes), any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and to any other modification of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any breach or proposed breach of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Notes or the Terms and Conditions of the Notes (other than a proposed breach or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

***The insolvency laws of Australia and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar***

As the Issuer is incorporated under the laws of Australia, and any insolvency proceedings relating to the Issuer would involve Australian insolvency laws. The procedural and substantive provisions of Australian insolvency law may differ from comparable provisions of the insolvency laws of jurisdictions with which the Noteholders are familiar.

***The Issuer may issue additional Notes in the future***

The Issuer may, from time to time, and without prior consultation with or consent from the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the Closing Date and the first payment of interest on them) or

otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

***Developments in other markets may adversely affect the market price of the Notes***

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If such volatility occurs in the international financial markets in the future, the market price of the Notes could be adversely affected.

***The Notes are subject to changes of law***

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes. The Issuer must also comply with various legal requirements including requirements imposed by securities laws and company laws in Australia. Should any of those laws change over time, the legal requirements to which the Issuer may be subject could differ materially from current requirements.

***Regulatory actions may adversely affect the trading price and liquidity of the Notes***

Investors in, and potential purchasers of, the Notes may employ, or seek to employ, a convertible arbitrage strategy with respect to the Notes. Investors that employ a convertible arbitrage strategy with respect to the Notes that do not rely solely on derivative hedging arrangements like swaps, typically implement the strategy by selling short the securities underlying the Notes. As a result, any specific rules regulating short selling of securities or other regulatory action that interferes with the ability of investors in, or potential purchasers of, the Notes to effect short sales in the Ordinary Shares could adversely affect the ability of such investors in, or potential purchasers of, the Notes to conduct the convertible arbitrage strategy with respect to the Notes. This could, in turn, adversely affect the trading price and liquidity of the Notes.

***Securities law restrictions on the resale of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may impact the Noteholder's ability to sell the Notes***

The Notes and the Ordinary Shares to be issued upon conversion of the Notes have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the Notes and the Ordinary Shares to be issued upon conversion of the Notes may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Notes are being offered and sold only to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Notes or the Ordinary Shares to be issued upon conversion of the Notes under the Terms and Conditions of the Notes. Hence, future resales of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

***The liquidity and price of the Notes following this offering may be volatile***

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.



***The Notes will each initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s)***

The Notes will each initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each of Euroclear and Clearstream, Luxembourg, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

***Noteholders may be adversely affected by certain exchange rate risks and exchange controls***

The Issuer will make payments to Noteholders in Australian Dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Australian Dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Australian Dollar or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls that could adversely affect an applicable exchange rate. An appreciation in the value of the Investor’s Currency relative to the Australian Dollar would decrease:

- the Investor’s Currency-equivalent yield on the Notes;
- the Investor’s Currency-equivalent value of the amounts payable on the Notes; and
- the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Note. As a result, the payments received by investors may be adversely affected.

***The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.***

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for Notes.

## **SECTION 5: USE OF PROCEEDS**

The net proceeds from the Offering will be approximately A\$392 million, after deduction of commissions, professional fees and other administrative expenses.

FLT intends to use the net proceeds from the Offering to repay A\$100 million of FLT's existing debt, with the remaining proceeds applied to further strengthen FLT's liquidity position.

## SECTION 6: CAPITALISATION AND INDEBTEDNESS

### Capitalisation and Indebtedness of the Group

The following table sets forth the Group's cash and cash equivalents as well as capitalisation and indebtedness as of 30 September 2020 based on the Group's management accounts as of 30 September 2020 (the "Management Accounts"):

- on an actual basis; and
- on an "as adjusted" basis to reflect the:
  - issuance of the Notes in this Offering, after deducting transaction costs incurred by the Issuer in relation to this Offering of approximately A\$392 million; and
  - assumption that the net proceeds from the Offering will be used in part to pay down A\$100 million of debt, with the balance held as cash or cash equivalents.

The Management Accounts have not been audited by independent auditors. Accordingly, such information should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited information. Investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information may be adjusted or restated to address subsequent changes in accordance with accounting standards, the Issuer's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect subsequent comments given by the independent auditors during the course of their audit. Such adjustments or restatements may cause discrepancies between the information with respect to a particular period or date contained in the Issuer's Management Accounts and its audited financial statements. There can be no assurance that, had an audit been conducted in respect of such financial statements, the information presented therein would not have been materially different.

Furthermore, the Group's business has been and will continue to be adversely affected by COVID-19 since its outbreak in December 2019. The full extent to which COVID-19 impacts the Group's results will depend on future developments. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent the Group may be affected. The financial information in the Management Accounts should not be taken as an indication of the expected financial condition and results of operations of the Issuer for the financial half year ending 31 December 2020.

### Pro forma consolidated statement of financial position

The following table sets out the Group's consolidated statement of financial position as at 30 September 2020 as well as the pro forma consolidated statement of financial position assuming the Offer occurred on 30 September 2020.

This table should be read in conjunction with Section 5 "Use of Proceeds" of this Offering Circular.

(A\$ million)	At 30 September 2020	
	Actual	As Adjusted
Cash and cash equivalents <sup>1</sup>	1,679.9	1,971.7
<b>Cash and cash equivalents</b>	1,679.9	1,971.7
<b>Current and non-current borrowings</b>		
Current borrowings <sup>2</sup>	328.2	128.2
Non-current borrowings <sup>2</sup>	250.4	350.4
Notes offered hereby <sup>3</sup>	-	337.7

<b>Shareholders equity</b>		
Share capital	1,095.1	1,095.1
<i>Reserves</i>		
Equity component of convertible notes <sup>4</sup>	-	54.1
Other reserves	3.4	3.4
Retained earnings	217.5	217.5
<b>Equity attributable to the Company owners</b>	<b>1,316.0</b>	<b>1,370.1</b>
Non-controlling interests	0.4	0.4
<b>Total equity</b>	<b>1,316.4</b>	<b>1,370.5</b>
<b>Total capitalisation and Indebtedness</b>	<b>1,895.0</b>	<b>2,186.8</b>

<sup>1</sup> Cash and cash equivalents includes restricted cash of A\$90 million.

<sup>2</sup> Net proceeds from the Offering will be used in part to pay down A\$100 million of debt. See Section 5 "Use of Proceeds".

<sup>3</sup> The Notes will initially be classified as non-current borrowings as the earliest redemption period is 4 years from the date of issuance (November 2024).

<sup>4</sup> The equity conversion component is not subject to revaluation.

#### Current equity capital

<b>Description</b>	<b>No. of Ordinary Shares</b>
Number of Ordinary Shares on issue as at 1 October 2020	199,100,447
Number of Ordinary Shares issued between 1 October 2020 and the date of this Offering Circular	30,103
Number of Ordinary Shares on issue as at the date of this Offering Circular	199,130,550

#### Options and performance rights

As at the date of this Offering Circular, the Issuer has the following performance rights on issue:

<b>Description</b>	<b>No. of Ordinary Shares</b>
Number of performance rights on issue as at 1 October 2020	553,903
Number of performance rights issued between 1 October 2020 and the date of this Offering Circular	Nil
Number of performance rights on issue as at the date of this Offering Circular	553,903

Options and performance rights	Number
<b>Vested</b>	
2015 Long-term retention plan base rights	2,498
2016 Long-term retention plan base rights	2,341
2017 Long-term retention plan base rights	1,691
2015 Long-term retention plan matched rights	2,498
2016 Long-term retention plan matched rights	2,341
2017 Long-term retention plan matched rights	1,691
<b>Total Vested</b>	<b>13,060</b>
<b>Unvested</b>	
2016 Long-term retention plan base rights	10,225
2018 Long-term retention plan base rights	49,687
2018 Long-term retention plan matched rights	49,687
2018 Transformation incentive plan award global	195,000
2018 Transformation incentive plan award Australia	97,500
2019 Long-term retention plan base rights	69,372
2019 Long-term retention plan matched rights	69,372
<b>Total Unvested</b>	<b>540,843</b>
<b>Total options and performance rights</b>	<b>553,903</b>

### Existing Debt Facilities

The Group currently has access to A\$450 million of bilateral bank debt facilities with Australia and New Zealand Banking Group Limited ("**ANZ**"), Westpac Banking Corporation ("**Westpac**"), HSBC Bank Australia Limited ("**HSBC**") and National Australia Bank Limited ("**NAB**") (the "**Existing Bank Lenders**"). The first tranche of this facility, totalling A\$200 million, is due to mature in March 2021 with the remaining A\$250 million maturing in February 2022.

The existing facilities are guaranteed by the Issuer, Australian OpCo Pty Ltd, Flight Centre Technology Pty Ltd, P4 Finance Pty Ltd, Travel Services Corporation Pty Ltd, Rewardscorp Pty Limited, Ignite Travel Pty Limited, The Holiday Centre Pty Limited, Resortrewards Pty Limited, Loyaltycorp Pty Limited, Ignite Holidays Pty Limited, Holiday Exclusives Pty Limited, Corporewards Pty Limited, Ignite Travel Group Pty Ltd, Flight Centre (NZ) Limited, Flight Centre USA Holding Corp, Flight Centre Travel Group (USA) Inc, Flight Centre Travel Group (Canada) Inc and FCTG Global LLC.

As previously announced, in July 2020, Flight Centre (UK) Limited ("**FCUK**"), a subsidiary of the Issuer, issued commercial paper notes ("**UK CCFF Notes**") up to an aggregate value of GBP65 million (approximately A\$117.3 million at 30 September 2020 exchange rates) under a commercial paper programme ("**CPP**") eligible for acquisition by the Bank of England pursuant to its COVID-19 Corporate Financing Facility ("**UK CCFF**") to provide additional short term liquidity. The UK CCFF Note will mature in March 2021. The Bank of England has recently announced that issuers of notes under the UK CCFF must complete a review process to enable issuance of new notes and the Group expects to work through that process with the Bank of England in the coming months. If the review process is successful, FCUK may elect to issue additional notes under the CPP up to an aggregate value of GBP65 million and thereby effectively extend the maturity of notes issued under the CPP for a further 364 days. It is also expected that if FCUK is able to issue new notes eligible for the UK CCFF, then an additional amount of up to GBP235 million may be issued if FCUK elects to do so (based on the latest guidance from the Bank of England, it is expected that the maximum amount available to the Issuer will be GBP300 million in total), subject to approval from the Existing Bank Lenders. These may change from time to time depending on the rules and guidelines of the Bank of England and there is no guarantee the Group will be able to access this funding.

## Bank Debt Refinancing

The Issuer has entered into a commitment letter with the Existing Bank Lenders to refinance the existing bilateral bank debt facilities with a new three-year A\$350 million secured syndicated debt facility. As part of this refinancing, the Issuer intends to use A\$100 million of proceeds received via the issuance of the Notes to partially repay the existing facilities. The profile of the new facility for the proposed refinancing is summarised in the table below.

	Existing Bank Lender	Facility Commitments	Maturity
1	ANZ	A\$100 million	December 2023 <sup>(1)</sup>
2	Westpac	A\$100 million	
3	HSBC	A\$75 million	
4	NAB	A\$75 million	

(1) The Issuer will commence preparation of full documentation of the syndicated bank facility following the Issuance of the Notes and it is expected that this will be completed during December 2020, resulting in maturity of the new facility in December 2023.

Under the new syndicated facility, the Issuer will initially be required to maintain a cash to total borrowings ratio (based on senior secured debt drawn under the facility agreement and also including funds drawn under the UK CCFF) of greater than or equal to 1:1. A portion of this cash, equal to the amount drawn under the facility agreement, must be invested with or held in bank accounts with the Existing Bank Lenders in Australia.

From December 2022, the Issuer will be subject to the following covenants (or earlier if these covenants are satisfied before then), which will be tested on a six-monthly basis and replace the requirements outlined above:

- Fixed Charges Cover Ratio
- Operating Leverage Ratio
- Shareholder Funds

For the purposes of the December 2022 calculation, the covenants will be tested by reference to the six month period from 1 July 2022 to 31 December 2022, and thereafter for a 12-month period.

The proposed refinancing remains conditional on full documentation, issuance of the Notes, and other customary conditions. There has otherwise been no material change in the Group's capitalisation and indebtedness since 30 September 2020.

## Effects of the Notes on the Issuer

The issuance of the Notes is not expected to impact the Operating Leverage ratio as the principal amount of the Notes will be treated as equity for covenant calculation purposes. Further, the Notes are not included in the definition of "borrowings" under the Group's bank debt facilities while the net cash proceeds from the Notes will be counted as cash in the proposed cash to "borrowings" test that is in place until December 2022 (or earlier if existing covenants are satisfied) under the bank debt facilities. The cash costs of servicing indebtedness will increase with the issue of the Notes although partially offset by the partial repayment of existing indebtedness.

## SECTION 7: SUMMARY FINANCIAL INFORMATION

The financial information below has been derived from, and should be read in conjunction with, the audited annual consolidated financial statements of the Group for the years ending 30 June 2019 (which includes restated FY18 comparatives) and 30 June 2020. Copies of these financial statements can be obtained from the 2020 and 2019 financial reports of the Group from the ASX at [www.asx.com.au](http://www.asx.com.au) or the Group's website at [www.fctl.com/investors/asx-announcements/asx-announcements-2020/](http://www.fctl.com/investors/asx-announcements/asx-announcements-2020/).

Investors should note that past performance is not a reliable indicator of future performance.

### Consolidated Income Statement

The following table sets out the Group's consolidated statement of comprehensive income for the financial years ended 30 June 2020 and 30 June 2019 (including restated FY18 comparatives).

(A\$ million)	Derived from audited financial statements for the year ended 30 June		
	2018 Restated <sup>(1)</sup>	2019	2020
Revenue from customers	2,923.0	3,055.3	1,898.1
Fair value (loss)/gain on change in control	0.1	20.3	(3.1)
Other income	30.4	34.9	196.9 <sup>(2)</sup>
Share of (loss)/profit of joint ventures and associates	2.2	1.1	(5.1)
Employee benefits	(1,510.9)	(1,592.0)	(1,491.5)
Sales and marketing	(196.7)	(194.1)	(170.4)
Rental expense relating to operating leases <sup>(3)</sup>	(167.9)	(165.6)	-
Tour & hotel operations - cost of sales	(127.8)	(157.2)	(129.9)
Impairment charge	-	(29.8) <sup>(4)</sup>	(217.1) <sup>(5)</sup>
Other expenses	(484.8)	(521.5)	(652.0)
<b>Profit before interest, tax and depreciation</b>	<b>467.6</b>	<b>451.4</b>	<b>(574.1)</b>
Finance costs <sup>(3)</sup>	(25.5)	(25.6)	(38.2)
Depreciation and amortisation <sup>(3)</sup>	(77.8)	(82.3)	(237.0)
<b>Profit/(loss) before income tax</b>	<b>364.3</b>	<b>343.5</b>	<b>(849.3)</b>
Income tax (expense)/credit	(99.5)	(79.3)	187.2
<b>Net profit after tax</b>	<b>264.8</b>	<b>264.2</b>	<b>(662.1)</b>
<b>Other comprehensive income/(loss) for the period, net of income tax</b>	<b>22.1</b>	<b>35.1</b>	<b>(0.1)</b>
<b>Total comprehensive income</b>	<b>286.9</b>	<b>299.3</b>	<b>(662.2)</b>

- (1) As a result of changes in accounting policies on adoption of AASB 15 Revenue from Contracts with Customers in the financial year ended 30 June 2019, comparative amounts for 30 June 2018 were restated (full retrospective adoption).
- (2) 'Other income' includes A\$145.2 million of government subsidies.
- (3) As a result of the adoption of AASB 16 Leases in the financial year ended 30 June 2020, the consolidated statement of profit or loss no longer includes 'Rental expense relating to operating leases' but is impacted by the recognition of interest on the lease liability and amortisation expense for the right-of-use assets.
- (4) Includes impairment of A\$29.8 million relating to Olympus Tours.
- (5) Includes impairments of A\$63.5 million relating to Global Touring, A\$47.1 million relating to Upside, A\$29.8 million relating to Hotels and A\$18.2million relating to other impairments of intangibles. COVID-19 resulted in a decision to exit a large number of retail stores before 30 June 2020 resulting in a A\$58.5 million impairment of the associated right-of-use assets.

### Consolidated Statement of Financial Position

The following table sets out the Group's consolidated statement of financial position as at 30 June 2020, 30 June 2019 and 30 June 2018.

(A\$ million)	Derived from audited financial statements as at 30 June		
	2018 Restated <sup>(1)</sup>	2019	2020
<b>Current assets</b>			
Cash and cash equivalents	1,273.0	1,172.3	1,867.3
Financial asset investments	204.1	115.4	8.1
Trade receivables	525.1	559.4	319.6
Contract assets	322.7	356.1	96.5
Other assets	72.9	69.7	38.4 <sup>(2)</sup>
Assets held for sale	-	-	20.9 <sup>(3)</sup>
Other financial assets	25.1	13.2	22.8 <sup>(4)</sup>
Current tax receivables	8.5	12.5	58.7
Inventories	1.6	1.6	-
Derivative financial instruments	12.6	7.5	5.4
<b>Total current assets</b>	<b>2,445.6</b>	<b>2,307.7</b>	<b>2,437.7</b>



**Non-current assets**

Property, plant and equipment	247.5	239.9	153.4 <sup>(3)</sup>
Intangible assets	586.3	768.6	761.9
Right of use asset <sup>(5)</sup>	-	-	371.4
Other assets	3.8	11.5	6.4 <sup>(6)</sup>
Other financial assets	7.2	8.0	3.8 <sup>(7)</sup>
Investments in joint ventures and associates	39.0	85.6	34.7
Deferred tax assets	69.6	72.1	229.5
Derivative financial instruments	-	-	0.3
<b>Total non-current assets</b>	<b>953.4</b>	<b>1,185.7</b>	<b>1,561.4</b>
<b>Total assets</b>	<b>3,399.00</b>	<b>3,493.4</b>	<b>3,999.1</b>

**Current liabilities**

Trade and other payables <sup>(5)</sup>	1,505.6	1,517.8	1,203.0
Contract liabilities <sup>(8)</sup>	74.7	68.7	235.8
Contingent consideration	10.6	15.4	3.3
Lease liability <sup>(5)</sup>	-	-	134.2
Borrowings	34.8	84.7	211.7
Provisions	48.7	54.9	65.4
Current tax liabilities	20.4	10.8	1.2
Derivative financial instruments	4.0	2.8	2.2
<b>Total current liabilities</b>	<b>1,698.8</b>	<b>1,755.1</b>	<b>1,856.8</b>

**Total non-current liabilities**

Trade and other payables	60.4	59.5	-
Contract liabilities <sup>(8)</sup>	55.7	48.5	40.6
Contingent consideration	15.8	3.2	0.3
Lease liability <sup>(5)</sup>	-	-	392.5
Borrowings	0.7	100.3	250.5
Provisions	40.9	48.1	43.7
Deferred tax liabilities	12.1	16.4	20.0

Derivative financial instruments	-	-	1.5
<b>Total non-current liabilities</b>	<b>185.6</b>	<b>276.0</b>	<b>749.1</b>
<b>Total liabilities</b>	<b>1,884.4</b>	<b>2,031.1</b>	<b>2,605.9</b>
<b>Net assets</b>	<b>1,514.6</b>	<b>1,462.3</b>	<b>1,393.2</b>
<b>Equity</b>			
Contributed equity	404.0	405.6	1,094.1
Treasury shares	(10.9)	(12.0)	-
Reserves	8.1	15.4	11.2
Retained profits <sup>(5)</sup>	1,108.6	1,053.0	287.7
<b>Equity attributable to the Issuer owners</b>	<b>1,509.8</b>	<b>1,462.0</b>	<b>1,393.0</b>
Non-controlling interests	4.8	0.3	0.2
<b>Total equity</b>	<b>1,514.6</b>	<b>1,462.3</b>	<b>1,393.2</b>

- (1) As a result of changes in accounting policies on adoption of AASB 15 Revenue from Contracts with Customers in the financial year ended 30 June 2019, comparative amounts for 30 June 2018 were restated (full retrospective adoption).
- (2) The balance includes A\$12.1 million of inventories, A\$23.4 million of prepayments and A\$2.9 million of fulfilment assets.
- (3) The balance relates to the sale of the Melbourne head office property which was entered into in May 2020 and completed in July 2020. The balance was reclassified from freehold land and buildings to held for sale.
- (4) The balance includes A\$0.8 million of accrued interest and A\$22.0 million of security deposits.
- (5) As a result of the adoption of AASB 16 Leases in the financial year ended 30 June 2020, 'Lease liabilities' reflecting future lease payments and a corresponding 'Right-of use asset' have been recognised on the balance sheet.

Straight-line lease and lease incentive liabilities recognised in 'Trade and other payables' under the simplified approach were adjusted to 'Right-of-use asset' and leases recognised under the modified retrospective transition method were adjusted to 'Retained profits'.

- (6) The balance includes A\$6.4 million of fulfilment assets.
- (7) The balance includes A\$0.1 million of loans to external parties and A\$3.7 million of security deposits.
- (8) Deferred revenue is included within contract liabilities.

## Consolidated Statement of Cash Flows

The following table sets out the Group's consolidated statement of cash flows for the financial years ended 30 June 2020, 30 June 2019 and 30 June 2018.

(A\$ million)	Derived from audited financial statements for the year ended 30 June		
	2018 Restated <sup>(1)</sup>	2019	2020
<b>Cash flows from operating activities</b>			
Receipts from customers	2,884.6	3,128.0	2,797.5
Payments to suppliers and employees	(2,480.9)	(2,757.1)	(2,841.9)
Royalties received	0.7	0.4	0.4
Interest received	21.2	23.7	15.4
Interest paid (non-leases)	(25.9)	(25.4)	(24.2)
Interest paid (leases)	-	-	(17.1)
Government subsidies received	-	-	98.0
Income taxes paid	(85.4)	(90.7)	(22.4)
<b>Net cash inflow from operating activities</b>	<b>314.3</b>	<b>278.9</b>	<b>5.7</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	(60.0)	(115.2)	(19.6)
Acquisition of non-controlling interests in subsidiaries	-	(29.8)	-
Acquisition of joint ventures and associates	(1.1)	(56.2)	(13.8)
Payments of contingent consideration	-	(9.9)	(11.2)
Payments for property, plant and equipment	(51.0)	(53.4)	(42.7)
Payments for intangibles	(36.3)	(47.6)	(67.9)
Payments for purchase of financial asset investments	(1.1)	(19.7)	(4.6)
Proceeds from sale of financial asset investments	-	112.6	111.3
Dividends received from joint ventures and associates	0.5	0.6	-
Loans repaid by related parties	3.0	0.1	0.4
Loans advanced to related parties	(0.4)	-	-
Loans repaid by external parties	-	0.2	-

<b>Net cash (outflow) from investing activities</b>	<b>(146.4)</b>	<b>(218.3)</b>	<b>(48.1)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	210.6	197.5	413.9
Repayment of borrowings	(232.9)	(48.9)	(137.9)
Payment of principal on lease liabilities	-	-	(113.8)
Payments for purchase of shares on market	-	(2.1)	-
Proceeds from issue of shares, net of transaction costs	1.2	1.4	691.0
Payments for purchase of treasury shares	(13.4)	(7.7)	-
Proceeds from allocation of treasury shares	4.0	4.4	3.2
Dividends paid to Issuer owners	(155.6)	(319.4)	(99.1)
Dividends paid to non-controlling interests	(0.1)	(0.3)	(0.1)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(186.2)</b>	<b>(175.1)</b>	<b>757.2</b>
<b>Net increase/(decrease) in cash held</b>	<b>(18.3)</b>	<b>(114.5)</b>	<b>714.7</b>
Cash and cash equivalents at the beginning of the financial year	1,281.6	1,273.0	1,172.3
Effects of exchange rate changes on cash and cash equivalents	9.7	13.8	(21.2)
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,273.0</b>	<b>1,172.3</b>	<b>1,865.8</b>

## SECTION 8: BUSINESS OF THE GROUP

### Business overview

Flight Centre is an ASX-listed global travel and tourism group, with operations in 23 countries globally. The Group's principal activities consist of travel retailing in both the leisure and corporate travel segments, plus in-destination travel experience businesses including tour operations, hotel management, destination management companies and wholesaling.

The Group's leisure and corporate travel sales network now extends throughout four major regions:

- Australia and New Zealand;
- The Americas, specifically the United States, Canada and Mexico;
- EMEA (the United Kingdom, South Africa, Ireland, the Netherlands, France, Germany, Denmark, Sweden, Norway, Finland and the United Arab Emirates); and
- Asia (Greater China, India, Singapore and Malaysia).

FLT now has a number of brands, including the flagship Flight Centre leisure travel brand and the key corporate brands of Corporate Traveller and FCM.

FLT has been listed on the ASX (Ticker Code: FLT) since 1995. As at 10 November 2020, FLT had a market capitalisation of approximately A\$3.12 billion.

For the financial year ended 30 June 2020, FLT generated A\$15.3 billion TTV, with the leisure businesses globally generating 49% of TTV (A\$7.4 billion) and the corporate businesses generating 45% of TTV (A\$6.9 billion).

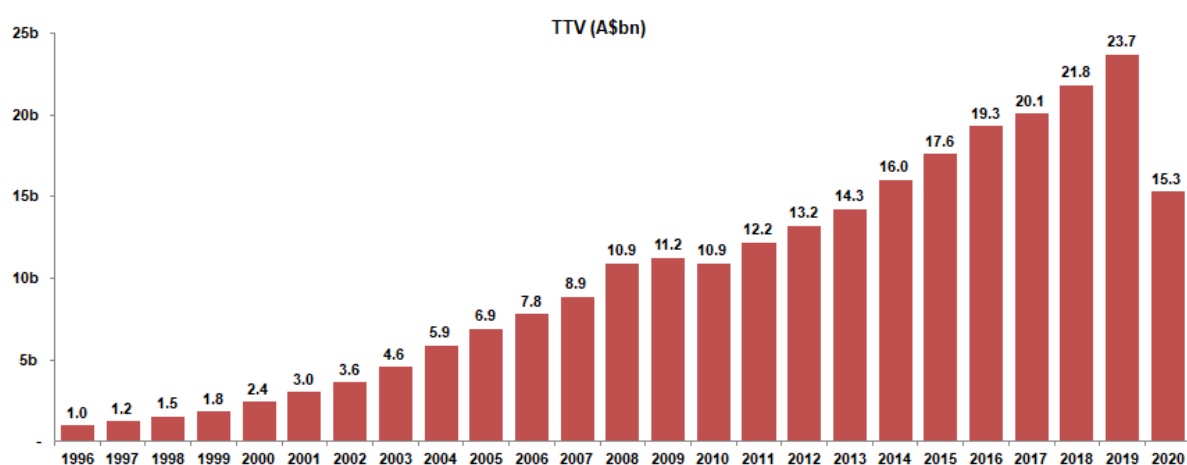
### History

1987	Flight Centre Limited is incorporated and the first bricks-and-mortar store is opened in Australia
1992	FLT opens 100 <sup>th</sup> store
1993	Corporate Traveller is established in Australia
1995	FLT opens its first store in the UK, Canada and South Africa FLT floats on the Australian Stock Exchange
1999	Acquired SBT Business Travel Solutions, Stage & Screen Travel & Freight Services, and commenced operations in the United States
2002	FLT acquires Hong Kong-based corporate travel business, American International Travel Limited Acquired Australian corporate travel specialist ITG
2003	Acquired the corporate travel agency Britannic Travel Limited in the UK
2004	Entered into a joint venture operation with the Chinese-based China Comfort Travel Co Limited Launched FCM Travel Solutions by consolidating and expanding its international corporate travel operations
2005	Acquired a 51% stake in Indian based Friends Globe Travels Limited

<b>2006</b>	Acquired the Chicago-based corporate business of Bannockburn Travel Management
	Acquired Nationwide Currency Services (now Travelmoney), a Perth-based business with a small number of foreign exchange shops across three cities
<b>2007</b>	Acquired a 26% interest in the Boston based corporate travel management business Garber Travel Service
	Acquired the Sydney based travel wholesaler, Travel Spirit Group
	Extended its FCm Travel Solutions corporate travel and expense management network to the Middle East with the opening of a Dubai office
<b>2008</b>	FLT completes the acquisition of Liberty Travel (USA)
	Acquired Back Roads Touring Company, a bus touring company based in London, UK
<b>2009</b>	Acquired the remaining 49% of Friends Globe Travels Limited and 74% of Garber Travel Service
<b>2010</b>	Acquired the Singapore based corporate travel business Air Travel Services Pte Ltd.
<b>2014</b>	FLT acquires Dublin corporate travel agency, Travelplan Corporate Limited and UK based youth tour operator Topdeck Tours
	FLT and Thien Minh Group enter into a JV to establish the Vietnam based Asian touring business Buffalo Tours
<b>2015</b>	FLT announces acquisition of StudentUniverse.com and a majority stake in BYOjet.com
<b>2016</b>	FLT makes its first strategic investment in Ignite Travel Group which specialises in curated holiday packages, travel vouchers and reward programs
	Acquired the corporate travel business Travellink which operates in the Denmark, Norway, Sweden, Germany and Finland markets.
<b>2017</b>	FLT acquires a 75% interest in leading Quebec City-based travel company Les Voyages Laurier du Vallon, also acquires a 25% stake in the Paris based corporate travel management business 3Mundi and the remaining 51% stake in the Buffalo Tours JV
	Acquired the Sydney based Travel Partners expanding into the home-based or mobile travel sectors
	Acquired the Mexican based travel operator Olympus Tours giving FLT an in-destination presence in the North American markets
	In New Zealand, acquired Travel Managers Group, a largely leisure-focused group that provides systems and support services to a network of individual brokers and Executive Travel Group, New Zealand's largest independent corporate travel management company
	Acquired the Thailand based hotel operator Bespoke Hospitality Management Asia
<b>2018</b>	Acquired Umapped, a Toronto-based technology company that provides travel documentation, communication, and itinerary management software to the leisure travel industry

<b>2019</b>	FLT acquires the remaining 75% of 3Mundi, 51% of Ignite and 25% of Les Voyages Laurier du Vallon, bringing its shareholdings to 100%
	Acquired Casto Travel Inc. a Silicon Valley based corporate travel business expanding FLT's corporate travel footprint to the west coast of the US
<b>2020</b>	FLT now has an offering of over 30 brands, company-owned operations in 23 countries and licenced operations in approximately 90 countries
	FLT acquires US online travel management system developer WhereTo Inc (WhereTo) and a 21.7% interest in Travel Technology FZ-LLC and its subsidiary TP Connects, a Dubai based business with New Distribution Capability

FLT's total transaction value ("TTV") has grown substantially since listing:



## Recent Developments

### COVID-19 Pandemic

The COVID-19 pandemic is a new emerging risk that is having an adverse impact on the world economy. While governments worldwide are making efforts to contain the outbreak, the global economy is already experiencing adverse consequences from COVID-19, including restrictions on business activity and the movement of people comprising a significant portion of the world's population, which is weighing on forecasts of global economic activity.

The travel and tourism sector and the Group's business have been and will continue to be adversely affected by COVID-19. The ongoing spread of COVID-19 globally and associated government restrictions have resulted in significant economic disruptions, a dramatic unprecedented reduction in travel, a material escalation in cancellation rates of near-term travel and a significant reduction of overall travel activity, which in turn dampened consumer demand for the Group's products and services.

FLT entered the pandemic with healthy cash reserves and minimal debt, and reacted quickly when trading conditions deteriorated to buffer itself against a steep and prolonged downturn by:

- securing more than A\$1.1 billion in additional cash and liquidity. This included the A\$700 million capital raising described below, and A\$200 million debt facility increase in April 2020,

the A\$62.15 million Melbourne property sale in July 2020 and a GBP 65 million government-backed loan in the United Kingdom; and

- reducing its cash burn by significantly lowering its monthly operational cost base from its A\$225 million to A\$230 million pre-COVID-19 level to approximately A\$71 million in September 2020, via a range of business initiatives outlined below.

The cost initiatives, combined with higher than initially anticipated revenue, enabled FLT to exceed its initial target of A\$65 million monthly net operating cash outflow by 31 July 2020. As set out in the table below, as at September 2020 the Group's monthly net operating cash outflow was A\$53 million, with government subsidies of A\$13 million further reducing the net operating cash outflow to A\$40 million.

September 2020	A\$m
<b>Hibernation Operational Costs*</b>	<b>(71)</b>
Capex	(4)
Hibernation Cash Costs	(75)
<b>Variable Costs</b>	<b>(3)</b>
Total Operating Cash Outflow	(78)
Cash Revenue	25
Net Operating Cash Run Rate	(53)
<b>BAU Subsidies**</b>	<b>13</b>
Current Net Operating Cash Outflow	(40)

\* *Hibernation Operational Costs have been reduced by >6 months rental deferrals/rent free periods*

\*\* *Subsidies relating to FTE who are not stood down, including AU JobKeeper.*

The Group's cash and cash equivalents of A\$1,679.9 million as at 30 September 2020 reflects ongoing cash outflow to run the business, as well as the continued unwind of the Group's negative net working capital position. As at 30 September 2020, the Group's net working capital position was negative A\$662 million (including client creditor liability of negative A\$560 million), reflecting a reduction since 31 July 2020 in both the Group's working capital assets and liabilities. FLT's working capital position is expected to continue to unwind as a result of the reduction in demand for travel and may be further impacted to the extent counterparties do not comply with their obligations. Whilst the Group is proactively working with its debtors to mitigate risks of potential defaults including proactive management of payment terms, the status of receivables is not materially different to pre-COVID levels (as measured by debtor days outstanding). A significant proportion of the Group's corporate customers operate in sectors less impacted by COVID-19 (such as mining, engineering and government). The Issuer's debtors are also widely held with the largest debt being the Australian Commonwealth Government (in respect of the JobKeeper receivable) and the next largest debtor representing less than 5% of the debtor balance held by a large global multi-national company. See Section 6 "Capitalisation and Indebtedness" for the Group's financial information as at 30 September 2020.

The extent of the impact of the COVID-19 pandemic on the Group's business is highly uncertain and difficult to predict, as the response to the COVID-19 pandemic is ongoing, information is rapidly evolving, and the duration and severity of the COVID-19 pandemic are also uncertain and cannot be predicted. In addition, the Group does not have visibility into when the travel bans and other government restrictions will be lifted, nor does it have visibility into the changes to travel behaviour patterns when such travels bans and other government restrictions are lifted. When travel activity begins to normalise, the Group expects this to occur at various points in time and in different regions due to differences in timing and severity of the impact of COVID-19 in each region, which adds on to the difficulty in predictability.



Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, with data from the Australian Bureau of Statistics released in September 2020 confirming the Australian economy had entered a recession.<sup>1</sup> The travel industry tends to experience poorer financial performance during general economic downturns because travel expenditure is generally considered relatively discretionary (particularly for leisure customers). Such economic disruptions could have a material adverse effect on the Group's business as consumers reduce their discretionary spending. Whilst policymakers around the world have responded with fiscal policy actions to support certain areas of the travel industry and economy as a whole, the future magnitude of any unannounced actions and overall effectiveness of both announced and unannounced actions remain uncertain.

In light of the significant uncertainty surrounding the actual impact of the COVID-19 pandemic on the Group's business and financial condition, the Group's actual results for the financial years ended 30 June 2018, 2019 and 2020 as well as the Group's published unaudited consolidated interim management accounts as of 30 September 2020 should not be taken as indicative of future trends in the Group's performance. The Group expects the adverse effects of the COVID-19 pandemic on its business to materialise in future fiscal periods but it is impossible to quantify the expected impact, timing or duration at this time. See further Section 4, in particular, "Risks related to the Group's Industry".

The Group has taken steps to mitigate the impact of COVID-19, including a company-wide cost reduction programme to minimise operating expenditure. As announced previously, cost reduction strategies included:

- lowering occupancy costs through temporary rent reductions and permanent shop rationalisation. This rationalisation saw FLT close about half of its leisure shops globally;
- global workforce reductions – about 70% of FLT's employees have either been placed on stand-down or furlough programs or their roles have become redundant, given that customers have effectively been prevented from travelling and with no visibility around timeframes for restrictions to be lifted;
- pay reductions of 50% for certain senior executives and board members during Q4 FY20, plus ongoing reductions at a lower percentage during FY21; and
- deferral/removal of non-essential capital expenditure and other discretionary spend.

In addition to cost initiatives already implemented, the Group identified a further set of initiatives which could deliver savings of approximately A\$9 million per month.

The one-off cash cost of these initiatives is estimated to be approximately A\$60 million. These savings will be used to offset costs returning as rent free periods end, to re-invest in key elements of the Group's recovery strategies and to further reduce monthly cash burn. The reinvestment initiatives include leisure ecommerce platforms, wage top ups and further investment in corporate technology.

The following table provides further detail on the hibernation cash costs of the Group for the month of September 2020, and the projected hibernation cash costs of the Group as at January 2021 after the additional proposed cost reduction initiatives and net of planned reinvestment & capex:

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<sup>1</sup> Source: Australian Bureau of Statistics (ABS). The ABS has not consented to the inclusion of this statement.

Hibernation cash costs (A\$ in million)*	September 2020	January 2021
<b>Hibernation operational costs</b>	<b>(71)</b>	<b>(71)</b>
End of rent free/deferrals		(2)
Additional cost reduction initiatives		9
Reinvested		(5)
Capex	(4)	(2)**
<b>Hibernation cash costs</b>	<b>(75)</b>	<b>(71)</b>

\*Hibernation cash costs are the monthly fixed cash costs of the Group whilst operating in a low revenue environment (< 30% of pre COVID-19 revenue)

\*\*Average expected monthly capex spend from January 2021 to June 2021.

The following table provides further detail of the one-off cash costs of the Group to execute both the previously announced initiatives to reduce net operating cash outflow to A\$65 million, and the new initiatives which could deliver savings of approximately A\$9 million per month, and timing of payment of the one-off cash costs.

One-off Cash Costs	A\$m
Original Initiatives to A\$65 million net cash run rate (A\$210m estimate)	165
Additional Cost Reduction Initiatives	60
<b>Total Cash Costs Estimate</b>	<b>225</b>
Timing of One-off Cash Costs	\$m
Cash Costs Paid FY20	19
Cash Costs Paid YTD Sep 21	65
<b>Cash Costs Paid To Date</b>	<b>84</b>
Cash Costs To Be Paid (Est) to complete*	141
<b>Total Cash Costs Estimate</b>	<b>225</b>

\*At 30 September 2020, A\$70 million of the A\$141 million cash costs to be paid have been accrued/provided for and are included in working capital liabilities.

Notes: All figures presented are unaudited management accounts as at 30 September 2020.

## Trading update and outlook

As the travel industry is expected to be impacted by COVID-19 for some time, the Group anticipates that any revenue contribution in the near term will be modest only, until the situation improves and broad-based travel activity resumes. The Group has, however, started to see some booking activity resume, with September 2020 sales at approximately 12% of pre-COVID levels. While significant travel restrictions remain for both international and domestic travel, some travel ‘bubbles’ are starting to open (for example, Australia – New Zealand). The Group expects domestic and regional travel to make up a larger proportion of TTV and revenue in the near-term, compared to pre-COVID levels. The Group also expects to see corporate travel make-up an increasing proportion of total TTV and revenue, given its weighting to domestic and regional travel, and exposure to sectors with essential travel requirements (for example, mining, engineering and government).

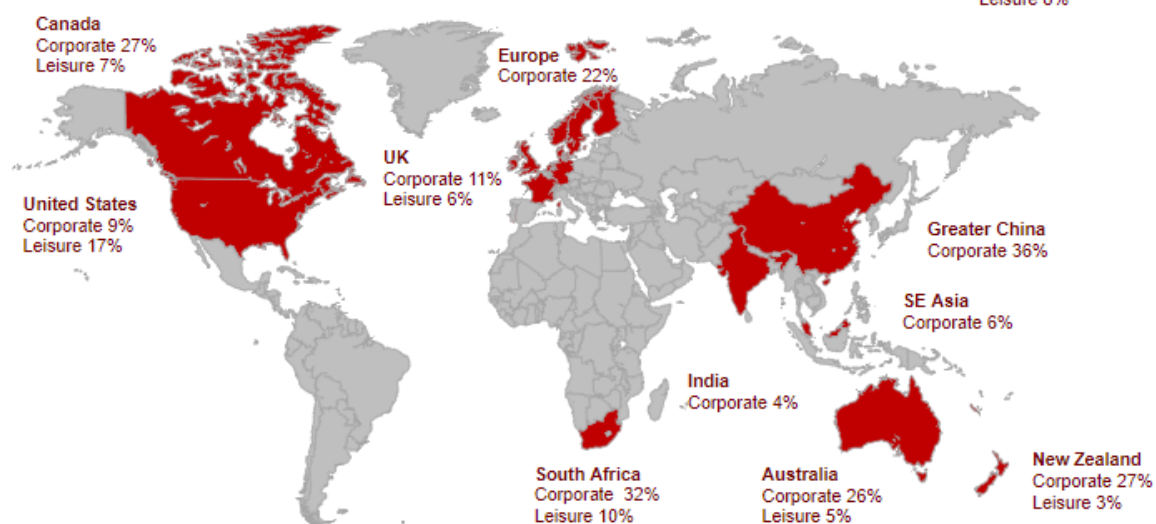
Sales over the first quarter of FY21 have gradually increased week-on week. Cash revenue for September 2020 was A\$25 million or A\$38 million with government subsidies included.

The following table reflects the sales generated by the Group’s leisure and corporate businesses throughout the world, compared to the prior period in FY20. Recovery in some locations that would normally be material contributors to group earnings, specifically Australia, the UK and the USA, has been hampered by ongoing curbs on travel. The corporate business overall was tracking at 18% of prior period FY20 sales for the month of September 2020, with the global leisure business at 8%. Several businesses were tracking above 20% in September 2020, meaning they were close to breakeven given the reduction in cost base of approximately 30% against the prior year level.

### Trading Update: Global Activity - September 2020

Sales gradually increasing and tracking at +12% of pre-COVID levels globally

Group 12%  
Corporate 18%  
Leisure 8%



Notes: All figures presented are unaudited management accounts as at 30 September 2020.

While October 2020 figures have not been finalised as at the date of this Offering Circular, preliminary figures indicate the Group will again be profitable in both China and the United Arab Emirates and in Corporate Traveller in South Africa.

Due to the lack of visibility around government strategies and timeframes for restrictions to be lifted, FLT is not in a position to provide FY21 guidance as at the date of this Offering Circular. Due to heavy restrictions on international travel, short-term revenue generation will be weighted towards domestic and regional travel as a key driver for the Group’s corporate businesses globally and for leisure businesses such as flightcentre.com.au.

Prior to the pandemic, domestic and regional travel accounted for the majority of corporate TTV in Australia, the United States, Canada, Asia, India, New Zealand, Europe, South Africa and the United Arab Emirates, plus 25-30% of leisure TTV globally.

Due to the global Corporate business's heavy domestic weighting, lower cost base and sales trajectory and account pipeline, FLT expects that it will return to profit on a month-to-month basis before the leisure business and possibly in late FY21. The global leisure business, which has a higher cost base and a heavier international travel weighting, is expected to follow in FY22, although recovery in both sectors will largely depend on government decisions with respect to travel restrictions.

Whilst demand for international travel is not expected to fully recover for several years, the Group has identified opportunities in the near-term recovery phase as borders reopen and bilateral agreements are established between countries. Bilateral agreements, which are also being proposed for key international routes such as New York-London, could deliver a significant stimulus to the Group.

The development of new "re-opening" plans for governments and businesses that address ongoing health concerns and incorporate potential game-changing developments such as rapid antigen testing and effective vaccines should also provide further opportunities for the Group's recovery.

Surveys of Australian leisure customers conducted by the Group suggest there is significant pent-up demand for travel:

- ~60% of surveyed customers are considering booking an international holiday in the 12 months following lifting of restrictions;
- ~80% of surveyed customers are considering booking an interstate or intrastate holiday;
- ~ 20% of surveyed customers are considering booking a domestic or international cruise;
- ~3.5% of surveyed customers indicated they will not be travelling in the next 12 months; and
- majority of surveyed customers indicated they would favour a Queensland holiday if booking a domestic holiday.

Some heavily affected travel sectors are also starting to show modest signs of recovery. After an extended lockdown period, the business in South Africa overall is now close to breakeven 11 weeks after domestic travel restrictions were lifted in mid-August 2020. The recovery in China, which has also been driven by domestic travel is another positive sign for the Group given it was the first business to be impacted by the pandemic. Elsewhere in the world, the Corporate business in France has, to date been a strong performer although its short-term recovery will now be impacted by new restrictions that are being applied in parts of Europe and in the UK. The Group is also seeing relaxations in some locations, including Western Australia, Tasmania and Queensland in Australia. In addition, the New South Wales government announced in November 2020 its plans to reopen the border with Victoria on 23 November 2020, which is expected to be significant given that Sydney-Melbourne is normally one of the world's busiest flight paths and a key corporate travel route.

### ***Relationships with Suppliers***

The Group has maintained strong supplier relationships globally and engaged with key partners to outline recovery plans and strategies. Given the current uncertainty, the Group's contracts with suppliers have generally been extended or renewed on the same or similar terms. FLT have agreed new contracts with a significant number of airlines, including Virgin Australia and extended the existing agreement with Qantas, with a view to agreeing a longer term deal.

### ***Equity Raising***

In April 2020, the Issuer completed an equity raising by way of:

- a fully underwritten institutional placement of approximately 78.1 million Ordinary Shares; and
- a fully underwritten 1 for 1.74 accelerated pro rata, non-renounceable entitlement offer of approximately 19 million Ordinary Shares,

which raised an aggregate of approximately A\$700 million in proceeds (the "**Equity Raising**").

The proceeds from the Equity Raising have been, and will continue to be used to, strengthen the Group's balance sheet in light of the continued impact of COVID-19 and associated government restrictions impacting travel globally.

### **Virgin Australia's Voluntary Administration**

On 20 April 2020, Virgin Australia Holdings Limited ("**Virgin Australia**") and most wholly or majority held companies owned directly or indirectly by Virgin Australia were placed into voluntary administration. Whilst FLT books airfares with Virgin Australia on behalf of its customers, FLT does not have a material financial exposure to Virgin Australia, as FLT is only an agent and not a provider of airfare booking services. The Group has a ~A\$21 million receivable from Virgin Australia in respect of overrides owed by Virgin Australia prior to entering voluntary administration which has been provisioned for by the Group. FLT is working closely with its customers and on their behalf to process refunds/credits directly with Virgin Australia. The extent and the impact of Virgin Australia's voluntary administration on the Group's business is highly uncertain and difficult to predict at the present moment and would depend on various factors, including but not limited to:

- whether there are other airline competitors operating, which will in turn lead to a demand for price comparison booking services offered by the Group;
- the duration and severity of the COVID-19 pandemic; and
- the lifting of international travel restrictions and border closures.

On 26 June 2020, the administrators for Virgin Australia announced that it had selected Bain Capital to take over the carrier, with sale completion expected to occur in November 2020.

### **Business Divisions**

The Group operates across the Corporate and Leisure segments, as described below.

#### *Leisure*

Flight Centre's Leisure business is focussed on the sale of travel and tourism products to private leisure customers. Key markets include Australia, New Zealand and South Africa, plus smaller and more specialised offerings in the UK, US and Canada. In FY20 the business generated TTV of A\$7,422 million (A\$13,878 million in FY19) and revenue of A\$1,126 million (A\$2,017 million in FY19).

Flight Centre's multi-brand strategy has enabled it to maintain a strong position in the Australian and global travel market, by servicing a broad demographic of customers through a broad range of mediums.

Key brands include the flagship Flight Centre brand, which is present in 5 countries globally and benefits from strong brand recognition and customer loyalty. The Flight Centre brand includes a large physical store network, defined by iconic company branding and use of trained travel consultants. The store network has increasingly been supplemented by a digital brand presence where customers can book directly online. Other key brands include:

- **Liberty Travel:** Travel agency group in the US (acquired by Flight Centre in 2008);
- **Jetmax:** Group of low-cost online travel agent brands operating in five countries;
- **StudentUniverse:** One of the world's largest online travel agent for students / youth; and
- **Travel Associates:** A leading network of premium/luxury travel advisers.

As announced in August 2020, FLT's global leisure business recorded a ~A\$20 million underlying trading profit during the eight months to 29 February 2020, before incurring significant losses during the four months to 30 June 2020. These losses reflected:

- a pre-COVID monthly cost base of between A\$140-150 million, which has now been reduced by more than 70%;
- heavy weighting towards international and discretionary travel, both of which were effectively grounded when border restrictions were applied globally; and
- the significant loss of revenue, given minimal forward bookings from March to June and the reversal of revenues recognised in previous months for future bookings.

In Australia, FLT's largest leisure market, the heavy ongoing restrictions that were applied to international travel led to an industry-wide 99.4% decrease in Australian short-term resident departures during the fourth quarter of FY20.<sup>2</sup>

With this challenging trading climate, initial Leisure priorities included:

- cost control, through network rationalisation, rent renegotiations, brand consolidation and reduced discretionary spending;
- structural enhancements and communications; and
- enhancing the refund process to deliver better outcomes to customers, while FLT's people and suppliers dealt with unprecedented volume.

The Leisure business continues to be focussed on its long-term transformation program:

- Improving operational effectiveness in core business, including optimisation of store network, reduced costs and enhanced productivity, as well as growing the core Flight Centre brand's e-commerce presence and sales; and
- Investment in and shift towards new models to capture emerging and future market trends, focussed on North America and Australia. This includes further e-commerce growth through the Jetmax (FY20 TTV: A\$365 million) and StudentUniverse (FY20 TTV: A\$312 million) brands, and growth in the premium / luxury sector.

In-line with this strategy the Group continues to invest in e-commerce capabilities and intends to soon introduce a new packaging tool, along with other enhancements, to fast-track its online market-share growth.

The Leisure business has also started to scale up the call centre model using the successful template developed by the Ignite business, which FLT took 100% ownership of during FY20. Ignite is moving closer to a breakeven financial position after pivoting during the pandemic to focus on closer-to-home domestic deals and FY22 cruise products. The Leisure business has also taken the opportunity during the hibernation period to fast-track certain technical and digital transformation projects, including the deployment of the Helio product platform in the UK and South Africa, approximately nine months ahead of schedule and ahead of full global roll-out. The new platform will replace six legacy systems and will incorporate links to FLT's Trips App and finance systems to achieve time and costs savings.

### *Corporate*

Flight Centre's Corporate business is one of the world's largest corporate travel management businesses, and aims to provide a comprehensive and integrated global service of the travel needs of enterprise and government clients of all sizes across all industries. Its global corporate network covers more than 90 countries, made up of company-owned offices and strategic licensing arrangements with

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<sup>2</sup> Source: Australian Bureau of Statistics (ABS). ABS has not consented to the inclusion of this statement.

leading local agencies. This global presence enables it to win and maintain large, multi-national accounts.

It is the only large corporate travel management company with two distinct brands – FCM Travel Solutions (targeted at large accounts) and Corporate Traveller (targeted at SMEs) – which provides increased flexibility to build and maintain market share.

In FY20 the business generated TTV of A\$6,911 million (A\$8,970 million in FY19) and revenue of A\$727 million (A\$938 million in FY19). The business recorded strong 1H FY20 growth and was on track to exceed A\$10 billion in TTV before industry-wide activity slowed significantly from March 2020.

As outlined below, the business continues to win new accounts, and demonstrates strong growth potential in a large and fragmented global market. This success was fuelled by a pipeline of new accounts and high retention rates, through a compelling customer offering based on:

- a customer-centric focus, which provides customers with the right flexibility and agility to support their businesses;
- innovative and disruptive technology, including the SAM chatbot with artificial intelligence capabilities to help travellers during the pandemic, which blends seamlessly with partner and customer offerings;
- state of the art data and reporting suite, powering new COVID dashboards and safety products; and
- people and small team-based service model.

The Corporate business has maintained a monthly cost base in the order of A\$25 million, which has allowed FLT to continue to invest in key growth drivers. The Group is increasing its share of what was previously a US\$1.5 trillion per year global market by retaining customers and winning new accounts with FLT's two key brands of FCM and Corporate Traveller.

FCM has secured new accounts with annualised pre-COVID travel spend of more than US\$500 million during the first four months of FY21. To date, 75% of this new business has been won in the Americas, the UK and Europe.

Throughout the pandemic, FLT continued to invest in product research and development within the Corporate business as well as implementation and account management. On 12 June 2020, FLT acquired 100% of WhereTo Inc (WhereTo) to enhance the available suite of technology by delivering game changing technology, particularly for the SME-focussed Corporate Traveller brand.

The Group expects the Corporate business to lead the recovery from COVID-19, given the heavier weighting to domestic and regional travel, as well as the essential nature of some business travel.

#### *Segment financial performance*

The following table sets out the TTV for each of the Corporate and Leisure divisions for the years ended 30 June 2018, 2019 and 2020:

	For the year ended 30 June					
	2018 <sup>(1)</sup>		2019 Restated <sup>(1)</sup>		2020	
	(A\$ millions)					
	Corporate	Leisure	Corporate	Leisure	Corporate	Leisure
TTV	-	-	8,970.1	13,877.8	6,911.1	7,422.2

- (1) Following a change in management reporting structure, effective 1 January 2020, FLT's operating segments changed from geographic to Corporate and Leisure pillars to align with the internal reporting to the board and executive team (chief operating decision makers). Prior period comparative information (for the year ended 30 June 2019) was restated to reflect the revised segments. Comparative information for the year ended 30 June 2018 was not restated.

The following table sets out the TTV breakdown by geographical location for the years ended 30 June 2018, 2019 and 2020:

	TTV					
	For the year ended 30 June					
	2018 Restated <sup>(2)</sup>		2019		2020	
	(A\$ millions)					
	A\$m	%	A\$m	%	A\$m	%
<b>Australia/New Zealand</b>	12,319.2	56.4	12,506.1	52.7	7,343.6	48.0
<b>EMEA</b>	3,096.6	14.2	3,411.8	14.4	2,454.8	16.0
<b>Asia</b>	1,386.2	6.4	1,946.0	8.2	1,666.9	10.9
<b>Americas</b>	4,755.2	21.8	5,537.2	23.3	3,646.4	23.8
<b>Other</b>	260.8	1.2	326.7	1.4	191.4	1.3
<b>Total</b>	21,818.0	100.0	23,727.8	100.0	15,303.1	100.0

- (2) As a result of changes in accounting policies on adoption of AASB 15 *Revenue from Contracts with Customers* in the financial year ended 30 June 2019, comparative amounts for 30 June 2018 were restated.



## SECTION 9: DIRECTORS AND MANAGEMENT

### Board of Directors

Brief profiles of the directors of the Issuer as at the date of this Offering Circular are as follows:

Director	Experience and directorships	Special responsibilities
G.W. Smith BCom, FCA, FAICD Age: 60	FLT director since 2007. Gary has vast tourism industry experience and has served on a diverse range of boards and tourism industry related bodies during the past 30 years. Gary is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. He is also a director of Michael Hill International Limited (from Feb-16) and National Roads and Motorists' Association Limited (the NRMA) (from Feb-19).	Independent non-executive chairman  Remuneration and nomination committee member  Audit and risk committee member
J.A. Eales BA, GAICD Age: 50	FLT director since 2012. Director of Magellan Financial Group (from Jul-17), Executive Health Solutions (from Jun-15) and FujiXerox-DMS Asia Pacific (from Jan-14).	Independent non-executive director  Remuneration and nomination committee chairman  Audit and risk committee member
R.A. Baker FCA, GAICD BBus (Accountancy) Age: 62	FLT director since 2013. Former audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. Chairman of Rightcrowd Limited (from Aug-17), Goodman Private Wealth Ltd (from Oct-14), and NeuroSensory Limited (from Dec-19). Board member of Apollo Tourism & Leisure Limited (from Jan-20). Pro bono roles include chairman of the Archdiocese Development Fund, Catholic Archdiocese of Brisbane (from Jan-18), and chairman of the audit and risk committee of Australian Catholic University Limited (from May-15).	Independent non-executive director  Remuneration and nomination committee member  Audit and risk committee chairman
C.M. Garnsey OAM Age: 60	FLT director since Feb-18. Chairman and independent director of Australian Wool Innovation Limited and non-executive director of Seven West Media. Extensive experience in Australian retail industry, marketing and distribution. Former advisory roles include advisor to Federal Minister for Trade	Independent non-executive director  Remuneration and nomination committee member  Audit and risk committee member

	and Investment, Australian Fashion Week, Melbourne Fashion Festival and CSIRO. Former executive director of Just Group Limited (2012-2017).	
G.F. Turner BVSc Age: 71	Founding FLT director with significant experience in running retail travel businesses in Australia, New Zealand, USA, UK, South Africa, Canada and Asia. Director of the Australian Federation of Travel Agents Limited (from Sept-05).	Managing director

## Executive Leadership

### **Graham Turner**

*Global Managing Director and Chief Executive Officer, appointed to board of Flight Centre Travel Group ("FCTG") in 1995*

Graham "Skroo" Turner worked as a vet in western Victoria before moving to London. In London, he and friend Geoff "Spy" Lomas, both of whom were working as vets, took their first steps into the travel industry in 1973 when they invested the equivalent of A\$1300 in an ageing bus and started operating budget double-decker bus trips around Europe, North Africa and Asia.

Skroo's initial involvement with Top Deck ended in the mid-1980s, when he and his colleagues sold the business to management and devoted their full attention to Flight Centre, a business that had less than 30 shops at that time.

As the long serving chief executive officer and managing director of the public company that grew from the small band of Flight Centre shops, Skroo has presided over a period of significant growth for the Group.

### **Chris Galanty**

*Chief Executive Officer of Corporate*

Chris Galanty began his career in Flight Centre's Putney store as a Consultant. That was 1997, during its start-up phase when the company had less than 10 shops in the UK and around 20 staff.

Since then, Chris has progressed through the Group working as a Store Manager then subsequently as an Area Manager and General Manager. In 2004, he was appointed Managing Director of Leisure and in 2007 Managing Director of FCTG UK. In 2009, Chris also took on responsibility for the Issuer's South Africa market. Then in 2016, Chris was appointed as the Managing Director Europe, Middle East and Africa (EMEA).

Today, Chris is a key member of FCTG's global executive leadership team in his current role as the Chief Executive Officer of Corporate and is responsible for FCTG's growth in the corporate travel sector globally.

### **Adam Campbell**

*Chief Financial Officer*

Adam Campbell became Flight Centre Travel Group Chief Financial Officer (CFO) in August 2015, after previously serving for a number of years as the Group's Australian CFO.

Since his appointment, Adam has worked closely with Global Managing Director and CEO Graham "Skroo" Turner, the Board and other members of the global taskforce to spearhead a number of key business initiatives.

During this time, Adam has also overseen a period of significant cultural and environmental change both within the finance community and beyond. Adam is passionate about the commercial and strategic role of finance and the importance of robust governance and risk frameworks.

### ***Melanie Waters-Ryan***

*Chief Executive Officer of Leisure*

Melanie Waters-Ryan began her career with Flight Centre in Brisbane as a Consultant in 1987. Since then, Melanie has progressed through the company working as a team leader for various stores and held a number of management roles including National Training Manager, Land Leader, Global Human Resources Manager and Executive General Manager roles across various leisure, wholesale and people and culture divisions.

In 2012, Melanie was appointed as FCTG Chief Operating Officer (COO). Concurrently, Mel was also appointed as Managing Director (MD) Australia which she held for 4 years. As COO, Mel was responsible for the global air and land businesses, IT and digital functions of FCTG globally, as well as The Americas and Asia regions reporting to her.

Today, Melanie is a key member of FCTG's global executive leadership team in her current role as Chief Executive Officer of Leisure travel globally including FCTGs at destination businesses.

### ***James Kavanagh***

*MD Australia*

James Kavanagh began his travel career as a consultant in Dublin in 1997 at Corporate Travel Partners (now FCM) after completing the IATA/UFTAA advanced diploma in Travel & Tourism. He went on to spend a number of years at Carlson Wagonlit Travel in operations and account management and also lectured the Travel & Tourism diploma at college in Ireland.

In 2004, he joined FCTG and rapidly progressed his career through roles in account management to Operations Leader, and in 2009 he became the General Manager of FCTG's corporate division Queensland.

In 2013 he became the National General Manager of FCM Travel Solutions and he went on to become the Executive General Manager of FCTG's corporate brands (FCM Travel Solutions, Corporate Traveller, Stage and Screen and cievents) in 2018. During this time the corporate business grew to become the largest TMC in Australia winning many accolades. James is now the Managing Director for FCTG Australia and a key member of FCTG's global executive leadership team.

### ***Steve Norris***

*MD Europe, Middle East and Africa*

Steve Norris began his career with Flight Centre as Store Manager in 2002. Since then, he has progressed from Store Manager to heading up Flight Centre (UK) Limited's land product business (ie. hotels, rail, cruise, tours, car hire)..

In an upward trajectory, Steve became the UK Marketing Director in 2007, General Manager of Flight Centre Brand UK in 2009 and then Managing Director of Corporate in 2011 for Europe, Middle East and Africa (EMEA).

Steve is now the Managing Director for Flight Centre Travel Group EMEA and a key member of FCTG's global executive leadership team.

**Charlene Leiss**

*MD The Americas*

Charlene Leiss joined FCTG during the Boston-based Garber's Travel Service acquisition by FCM Travel Solutions in 2007.

During her time at Garber's Travel Service and later FCM Travel Solutions, Charlene headed up the FCM's Travel Management Services (TMS) as Vice President Sales. As a highly successful business leader, Charlene was appointed to President for corporate brands USA in 2015.

Charlene is now the Managing Director for FCTG United States of America and a key member of FCTG's global executive leadership team.

## SECTION 10: SUBSTANTIAL SHAREHOLDERS

As at the date of this Offering Circular, the Issuer has three substantial holders (which is a holder who individually holds more than 5% shareholdings in the Issuer's issued capital), being Gainsdale Pty Ltd, Gehar Pty Ltd and James Management Services Pty Ltd (the "**Founders**"). The Founders are party to a "deed of pre-emption" initially dated 9 October 1995 as amended from time to time, which binds each of the parties to give each other party a first right of refusal on the sale of shares in the Issuer. The deed automatically terminates if the parties collectively hold less than 15% of the total issued share capital of the Issuer at any time.

As at the date of this Offering Circular, the Issuer's free float is 153,141,730 shares (i.e 76.98%). The free float number excludes shares held by, or on behalf of any Director of the Issuer and his or her associates.

## SECTION 11: TERMS AND CONDITIONS OF THE NOTES

*The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Notes.*

*If the Notes were to be issued in definitive form, the terms and conditions set out on the reverse of each of such Notes (as the case may be) would be as follows. While the Notes are represented by a Global Certificate (as defined in the Trust Deed), they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Certificate.*

The issue of the A\$400,000,000 2.50 per cent. Senior Unsecured Convertible Notes due 2027 (the “**Notes**”, which expression shall, unless otherwise indicated, include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes) was (save in respect of any such further Notes) authorised by a resolution of the board of directors of Flight Centre Travel Group Limited (ABN 25 003 377 188) (the “**Issuer**”) passed on 9 November 2020. The Notes are constituted by a trust deed dated on or about 17 November 2020 (as amended and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”, which expression shall include its successors and all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Notes. The statements set out in these terms and conditions (these “**Conditions**”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. The Noteholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and to have notice of those provisions applicable to them which are contained in the paying, transfer and conversion agency agreement dated on or about 17 November 2020 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Notes between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited in its capacity as principal paying agent and principal conversion agent (the “**Principal Paying and Conversion Agent**”, which expression shall include any successor as principal paying agent and principal conversion agent under the Agency Agreement), in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement) and in its capacity as transfer agent (the “**Transfer Agent**”, which expression shall include any successor as transfer agent under the Agency Agreement) and any other paying agents, transfer agents and conversion agents for the time being appointed thereunder (such persons, together with the Principal Paying and Conversion Agent and the Transfer Agent referred to below as the “**Paying Agents**”, the “**Conversion Agents**” and the “**Transfer Agents**”, respectively, which expressions shall include their successors as Paying Agents, Conversion Agents and Transfer Agents, respectively, under the Agency Agreement) (collectively, the Registrar, the Paying Agents, the Conversion Agents and the Transfer Agents are the “**Agents**”).

The Issuer has also entered into a calculation agency agreement (as amended and/or supplemented from time to time, the “**Calculation Agency Agreement**”) to be dated on or about 17 November 2020 with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement) pursuant to which the Calculation Agent has been appointed to make certain calculations and determinations in relation to the Notes. The Noteholders are deemed to have notice of all of the provisions of the Calculation Agency Agreement applicable to them.

Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m., Hong Kong time) at the principal office for the time being of the Trustee (being, at the Closing Date, at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong) and at the specified office of the Principal Paying and Conversion Agent) following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying and Conversion Agent.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

## 1. FORM, DENOMINATION, TITLE AND STATUS

### (a) *Form and Denomination*

The Notes are in registered form, serially numbered, in principal amounts of A\$200,000 and integral multiples thereof (an “**Authorised Denomination**”). A note certificate (each a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes.

*Upon issue, the Notes will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form. See “Summary of Provisions Relating to the Notes in Global Form”.*

### (b) *Title*

Title to the Notes will pass by transfer and registration in the Register as described in Condition 4. The holder (as defined in Condition 3) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

### (c) *Status*

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Notes rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

## 2. NEGATIVE PLEDGE

So long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and will ensure that none of its Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (including any security interest arising under section 12(1) or section 12(2) of the Personal Property Securities Act 2009 of Australia) (each a “**Security Interest**”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or such guarantee or indemnity, as the case may be; or
- (b) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes and the Trust Deed either:
  - (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders than the Security Interest relating to the Relevant Indebtedness; or
  - (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

### 3. DEFINITIONS

In these Conditions, unless otherwise provided:

**“Alternative Stock Exchange”** means at any time, in the case of the Ordinary Shares, if they are not at that time listed and traded on the ASX, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in;

**“Associate”** has the meaning it has in section 128F(9) of the Income Tax Assessment Act 1936 of the Commonwealth of Australia;

**“ASX”** means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires;

**“ASX Listing Rules”** means the listing rules of the ASX from time to time;

**“Auditors”** means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Notes, such other firm of accountants as may be nominated by the Issuer and notified in writing to the Trustee for the purpose;

**“Australian Dollars”** and **“A\$”** mean the lawful currency of the Commonwealth of Australia;

**“business day”** means (other than in Condition 8), a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Hong Kong, Sydney and, if the term is used in relation to a particular place, that place.

**“Cash Dividend”** means:

- (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (ii) of the definition of “Spin-Off”; and
- (ii) any Dividend determined to be a Cash Dividend pursuant to proviso (i) to the definition of “Dividend” and, for the avoidance of doubt, a Dividend falling within provisos (iii) or (iv) to the definition of “Dividend” shall be treated as being a Non-Cash Dividend;

**“Change of Control”** means the occurrence of one or more of the following events:

- (i) an offer is made to all (or as nearly as may be practicable to all) Shareholders (or all (or as nearly as may be practicable to all) Shareholders other than the



offeror and/or any associate (as defined in sections 11 and 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer (an “Offer”) and such Offer having become or been declared unconditional in all respects, and the offeror has at any time during the relevant offer period a relevant interest (as defined in the Corporations Act) in more than 50 per cent. of the Ordinary Shares on issue; or

- (ii) any person proposes a scheme of arrangement (including an informal scheme or similar arrangement involving the Issuer) with regard to such Ordinary Shares (other than an Exempt Newco Scheme) (a “Scheme”), where such Scheme:
  - (A) is approved by the Shareholders and all other classes of members or creditors whose approval is required for the scheme of arrangement to take effect; and
  - (B) when implemented will result in a person having a relevant interest (as defined in the Corporations Act) in more than 50 per cent. of the Ordinary Shares that will be in issue after the scheme of arrangement is implemented; or
- (iii) an event occurs which has equivalent effect as the events set out in (i) or (ii) above of this definition, including if the Issuer announces a proposal whereby it or one or more of its Subsidiaries is to consolidate with or merge into or sell or transfer all or substantially all of the business or assets of the Issuer and its Subsidiaries (taken as a whole) to any other person or groups of persons;

“Change of Control Notice” has the meaning provided in Condition 6(g);

“Change of Control Period” has the meaning provided in Condition 6(b)(x);

“Closing Date” means 17 November 2020;

“Closing Price” means, in respect of an Ordinary Share or any Security, Spin-Off Security, option, warrant or other rights or assets on any Dealing Day, the closing price, as determined by the Calculation Agent, on the Relevant Stock Exchange on such Dealing Day of an Ordinary Share or, as the case may be, such Security, Spin-Off Security, option, warrant or other right or asset published by or derived from “*Bloomberg page HP*” (or any successor page) (setting “*Last Price*”, or any other successor setting and using values not adjusted for any event occurring after such Dealing Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the “*DPDF Page*”, or any successor or similar setting, switched off) in respect of such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset and such Relevant Stock Exchange (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page for the Ordinary Shares as at the Closing Date is “*FLT AU*” Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day and translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such Dealing Day, provided that:

- (i) if on any such Dealing Day (for the purpose of this definition, the “Original Date”) such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant, or other right or asset, as the case may be, in respect of such Dealing Day shall be the Closing Price, determined by the Calculation Agent as provided above, on the immediately preceding Dealing Day on which the same can be so determined, and further provided that if such immediately preceding Dealing Day falls prior to the fifth day before the Original Date, the Closing Price in respect of

such Dealing Day shall be considered to be not capable of being determined pursuant to this proviso (i); and;

- (ii) if the Closing Price cannot be determined as aforesaid, the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant, or other right or asset, as the case may be, shall be determined as at the Original Date by an Independent Adviser in such manner as it shall determine in good faith to be appropriate.

**“Conversion Date”** has the meaning provided in Condition 6(h);

**“Conversion Notice”** has the meaning provided in Condition 6(h);

**“Conversion Period”** has the meaning provided in Condition 6(a);

**“Conversion Period Commencement Date”** has the meaning provided in Condition 6(a);

**“Conversion Price”** has the meaning provided in Condition 6(a);

**“Conversion Right”** has the meaning provided in Condition 6(a);

**“Corporations Act”** means the Corporations Act 2001 of Australia;

**“Current Market Price”** means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the ten consecutive Dealing Days ending on the Dealing Day immediately preceding such date as determined by the Calculation Agent, provided that:

- (i) for the purposes of determining the Current Market Price pursuant to Condition 6(b)(iv) or Condition 6(b)(vi) in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said ten Dealing Day period (which may be on each of such ten Dealing Days) the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and/or during some other part of that period (which may be on each of such ten Dealing Days) the Volume Weighted Average Price shall have been based on a price with entitlement to Dividend (or with any other entitlement), in any such case which has been declared or announced, then:
  - (A) if the Ordinary Shares to be so issued do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price with entitlement to such Dividend (or with such other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the first date on which the Ordinary Shares are traded ex- such Dividend or entitlement on the Relevant Stock Exchange (or, where on each of the said ten Dealing Days the Volume Weighted Average Price shall have been based on a price with entitlement to Dividend (or with any other entitlement), as at the date of first public announcement of such Dividend or entitlement), in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
  - (B) if the Ordinary Shares to be so issued do rank for the Dividend or entitlement in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-

Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement), in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

- (ii) for the purposes of any calculation or determination required to be made pursuant to paragraph (i) of the definition of "Dividend", if on any of the said ten Dealing Days the Volume Weighted Average Price shall have been based on a price with entitlement to the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on any such Dealing Day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the relevant Cash Dividend as at the first date on which the Ordinary Shares are traded ex- such Cash Dividend on the Relevant Stock Exchange, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; and
- (iii) for any other purpose, if any day during the said ten Dealing Day period was the Effective Date in relation to any Dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price with entitlement to such Dividend (or with such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the first date on which the Ordinary Shares are traded ex- such Dividend or entitlement on the Relevant Stock Exchange;

**"Dealing Day"** means a day on which the Relevant Stock Exchange is open for business and on which Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets (as the case may be) may be dealt in, and on which participants may obtain market values for Ordinary Shares, other than a day on which the Relevant Stock Exchange is scheduled to or does close prior to its regular closing time;

a **"Delisting"** occurs when the Ordinary Shares:

- (i) cease to be quoted, listed or admitted to trading on the ASX or the Alternative Stock Exchange (as relevant); or
- (ii) are suspended from trading on the ASX or the Alternative Stock Exchange (as the case may be) for a period of more than 20 consecutive Dealing Days;

**"Dividend"** means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction in capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (i) where:

- (A) a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to:
- (aa) (in the case of an issue of Ordinary Shares pursuant to a DRP where the discount per Ordinary Share (as determined and announced by the Issuer) at which Ordinary Shares may be issued pursuant to such DRP in respect of such Dividend (determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit) is equal to or less than 5 per cent. of such reference price as is determined and announced by the Issuer to be applicable for the purpose of determining such discount) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend; or
  - (bb) (in the case of an issue of Ordinary Shares pursuant to a DRP where the discount as referred to in (aa) above exceeds 5 per cent.) the sum of (i) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend or capitalisation and (ii) the difference (if positive) (determined per each Ordinary Share entitled to participate in such DRP, taking into account the number of Ordinary Shares which may be issued pursuant to such DRP in respect of each such Ordinary Share so entitled to participate in such DRP) between the Current Market Price of an Ordinary Share as at the Ex-Date of the relevant Dividend (or, if later, the Dividend Determination Date) and the price per Ordinary Share at which any such Ordinary Share may be issued pursuant to such DRP (determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit); or
  - (cc) (in any other case) the greater of:
    - (a) the Fair Market Value of such cash amount as at the Ex-Date of the relevant Dividend or capitalisation; and
    - (b) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in each case as at the Ex-Date in respect of the relevant Dividend or capitalisation (or, if later, the Dividend Determination Date); or
- (B) (x) there shall be any issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where (other than in circumstances subject to (A) above of this proviso (i)) such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced) or a Dividend in cash that is to be satisfied (other than in circumstances subject to (A) above of this proviso (i)) by the issue or delivery of Ordinary Shares or other property or assets, or (y) any issue

or delivery of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied (other than in circumstances subject to (A) above of this proviso (i)) by the payment of cash, then, in the case of (x) the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in each case as at the Ex-Date of the relevant Dividend or capitalisation (or, if later, the Dividend Determination Date), and, in the case of (y), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date), save that where a Dividend in cash is announced which is to be satisfied by the issue or delivery of Ordinary Shares where the number of Ordinary Shares to be issued or delivered is to be determined at a date or during a period following such announcement and is to be determined by reference to a publicly available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount to such price or benchmark, then such Dividend shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid;

- (ii) any issue of Ordinary Shares falling within Conditions 6(b)(i) or 6(b)(ii) shall be disregarded;
- (iii) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any Subsidiary of the Issuer shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the daily Volume Weighted Average Price of:
  - (A) an Ordinary Share on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days on which sales in Ordinary Shares were recorded immediately preceding the Specified Share Day; or
  - (B) where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five Dealing Days on which sales in Ordinary Shares were recorded immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the

aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of:

- (x) 105 per cent. of the average of the daily Volume Weighted Average Price of an Ordinary Share determined as aforesaid; and
  - (y) the number of Ordinary Shares so purchased, redeemed or bought back;
- (iv) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depository or other receipts or certificates representing Ordinary Shares, the provisions of proviso (iii) of this definition shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Adviser;
- (v) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than, or in addition to the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;
- (vi) where a Dividend in cash is declared which provides for payment by the Issuer to Shareholders in the Relevant Currency or an amount in cash is or may be paid in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Cash Dividend in the amount of such Relevant Currency or, as the case may be, an amount in such Relevant Currency, and in any other case it shall be treated as a Cash Dividend or, as the case may be, an amount in cash in the currency in which it is payable by the Issuer; and
- (vii) a dividend or distribution that is a Spin-Off shall be deemed to be a Dividend paid or made by the Issuer,

and any such determination shall be made in good faith by the Calculation Agent, or where specifically provided in these Conditions, an Independent Adviser and, in either such case, on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

**“Dividend Determination Date”** means, for the purposes of the definition of “Dividend”, the date on which the number of Ordinary Shares or, as the case may be, amount of other property or assets, which may be issued or delivered is, or is capable of being, determined, and where determined by reference to prices or values or the like on or during a particular day or during a particular period, the Dividend Determination Date shall be deemed to be such day or the last day of such period, as the case may be;

**“DRP”** means any dividend reinvestment plan implemented by the Issuer from time to time;

**“Equity Share Capital”** means, in relation to any entity, its issued share capital excluding any part of that capital which, neither as regards dividends nor as regards capital, carries any right to participate beyond a specified amount in a distribution of assets on a winding up of the entity;

**“Ex-Date”** means, in relation to any Dividend or capitalisation, the first Dealing Day for the Ordinary Shares on which the Ordinary Shares are traded ex- the relevant Dividend or capitalisation.

**“Exempt Newco Scheme”** means a Newco Scheme where immediately after completion of the relevant Scheme of Arrangement the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are:

- (i) admitted to trading on the Relevant Stock Exchange; or
- (ii) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine;

**“Fair Market Value”** means, with respect to any property on any date, the fair market value of that property as determined in good faith by the Calculation Agent (unless otherwise specified), provided that:

- (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend;
- (ii) the Fair Market Value of any other cash amount shall be the amount of such cash;
- (iii) where Securities or Spin-Off Securities, options, warrants or other rights or assets are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by the Calculation Agent or an Independent Adviser as provided for in these Conditions), the Fair Market Value:
  - (A) of such Securities or Spin-Off Securities (to the extent constituting Equity Share Capital), shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities; and
  - (B) of such Securities or Spin-Off Securities (other than to the extent constituting Equity Share Capital), options, warrants or other rights or assets shall equal the arithmetic mean of the daily Closing Prices of such Securities, Spin-Off Securities, options, warrants or other rights or assets,

in the case of both paragraphs (A) and (B) of this proviso (iii) during the period of five Dealing Days for such Securities, Spin-Off Securities, options, warrants or other rights or assets commencing on such date (or, if later, the first such Dealing Day such Securities or Spin-Off Securities, options, warrants or other rights or assets are publicly traded), or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded, all as determined by the Calculation Agent;

- (iv) where Securities or Spin-Off Securities, options, warrants or other rights or assets are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid) or where not capable of being determined pursuant to paragraph (iii) above, the Fair Market Value of such Securities or Spin-Off Securities, options, warrants or other rights or assets shall equal the fair market value of such Securities or Spin-Off Securities, options, warrants or other rights or assets as determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of

such Securities or Spin-Off Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof;

- (v) in the case of proviso (i) above to this definition, translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date; and
- (vi) in the case of provisos (i) and (ii) above to this definition, disregarding any withholding or deduction required to be made on account of tax and any associated tax credit;

**“FATCA”** means:

- (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;
- (ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (i) above of this definition; or
- (iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (i) or (ii) of this definition with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

**“Final Maturity Date”** means 17 November 2027;

**“Indebtedness For Borrowed Money”** means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of:

- (i) money borrowed or raised;
- (ii) liabilities under or in respect of any acceptance or acceptance credit;
- (iii) any notes, bonds, debentures, debenture stock, loan capital, loan stock, certificates of deposit, commercial paper or other securities or instruments, offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash; or
- (iv) any guarantee for, or indemnity in respect of, any of the above.

**“Independent Adviser”** means an independent adviser with appropriate expertise, which may be the Calculation Agent (acting in such Independent Adviser capacity as may be agreed between the Issuer and the Calculation Agent), appointed by the Issuer at its own expense and (other than where the initial Calculation Agent is appointed) notified in writing to the Trustee or, if the Issuer fails or is unable to make such appointment and such failure or inability continues for a period of 30 calendar days (as determined by the Trustee in its sole discretion), the Trustee may, provided that the Trustee has been indemnified and/or secured and/or prefunded to its satisfaction against the liabilities, costs, fees and expenses of such adviser and otherwise in connection with the making of such appointment, appoint an independent adviser (but the



Trustee shall have no obligation to do so and shall have no liability in the event that it does so) and any such appointment by the Trustee shall be deemed to be made by the Issuer;

**“Interest Payment Date”** has the meaning provided in Condition 5(a);

**“Material Subsidiary”** means any Subsidiary of the Issuer:

- (i) whose gross revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest profit and loss account, are at least 10 per cent. of the consolidated gross revenue of the Issuer and its Subsidiaries as shown by the latest published audited consolidated profit and loss account of the Issuer and its consolidated Subsidiaries, including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of revenue of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or
- (ii) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer, as shown by its latest audited balance sheet, are at least 10 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its consolidated Subsidiaries, including the investment of the Issuer and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associated companies and after adjustment for minority interests,

provided that, in relation to paragraphs (i) and (ii) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its consolidated Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, gross revenue or gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer for the purposes of preparing any certificate thereon to the Trustee; and
- (C) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above to this definition) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; or

- (iii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon:
  - (A) the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary; and
  - (B) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of the paragraphs above of this definition.

A certificate prepared and signed by a director of the Issuer who is also an Authorised Signatory of the Issuer, stating that in his or her opinion, a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**“Newco Scheme”** means a scheme of arrangement or analogous proceeding (a **“Scheme of Arrangement”**) which effects the interposition of a limited liability company or trust (**“Newco”**) between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the **“Existing Shareholders”**) and the Issuer; provided that:

- (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent are issued to Existing Shareholders;
- (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement;
- (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer;
- (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and
- (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and Equity Share Capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

**“Non-Cash Dividend”** means any Dividend which is not a Cash Dividend, and shall include a Spin-Off;

**“Noteholder”** and, in relation to a Note, **“holder”** means the person in whose name a Note is registered in the Register (as defined in Condition 4(a));

**“Offshore Associate”** means an Associate of the Issuer:

- (i) which is a non-resident of Australia that does not receive payment in respect of Notes (or an interest in Notes) that such Associate acquired in carrying on a business in Australia at or through a permanent establishment of the Associate in Australia; or
- (ii) which is a resident of Australia that acquired the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the Associate in that country,

and which, in either case, is not receiving payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme;

**“Optional Put Exercise Notice”** has the meaning provided in Condition 7(e);

**“Optional Redemption Date”** has the meaning provided in Condition 7(b);

**“Optional Redemption Notice”** has the meaning provided in Condition 7(b);

**“Ordinary Shares”** means fully paid ordinary shares in the capital of the Issuer (ASX:FLT ISIN: AU000000FLT9);

**“Permitted Security Interest”** means a Security Interest in respect of property or assets of the Issuer or a Subsidiary of the Issuer, which:

- (i) existed at the Closing Date and was not created in contemplation of the issue of Notes; or
- (ii) existed before the relevant entity became a Subsidiary of the Issuer and was not created in contemplation of such entity becoming a Subsidiary of the Issuer and provided that the principal amount of such Relevant Indebtedness is not increased;

a **“person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

**“Potential Event of Default”** means an event that, with the giving of notice or the lapse of time would be an Event of Default;

**“Prevailing Rate”** means, in respect of any pair of currencies on any calendar day, the spot mid-rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (London time) on that date as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies, or, if such a rate cannot be determined as aforesaid, the Prevailing Rate shall be determined *mutatis mutandis* but with respect to the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined (all as determined in good faith by the Calculation Agent), the Prevailing Rate shall be determined in such other manner as an Independent Adviser shall consider in good faith appropriate;

**“Record Date”** has the meaning provided in Condition 8(c);

**“Redemption Amount”** means 100.00 per cent. of the principal amount of the relevant Notes plus any interest accrued but unpaid to (but excluding) the relevant Redemption Date;

**“Redemption Date”** means any of:

- (i) an Optional Redemption Date pursuant to Condition 7(b);

- (ii) a Tax Redemption Date pursuant to Condition 7(c);
- (iii) a Put Option Date pursuant to Condition 7(e);
- (iv) a Relevant Event Redemption Date pursuant to Condition 7(f);
- (v) the Final Maturity Date; or
- (vi) following the occurrence of an Event of Default, the Relevant Date,

**“Redemption Notice”** means any of:

- (i) an Optional Redemption Notice provided pursuant to Condition 7(b);
- (ii) a Tax Redemption Notice provided pursuant to Condition 7(c);
- (iii) an Optional Put Exercise Notice provided pursuant to Condition 7(e); or
- (iv) a Relevant Event Redemption Notice provided pursuant to Condition 7(f),

as applicable;

**“Reference Date”** means each date a relevant Retroactive Adjustment takes effect or if that is not a Dealing Day the next following Dealing Day;

**“Relevant Currency”** means Australian Dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the ASX is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or traded on the Relevant Stock Exchange;

**“Relevant Date”** means, in respect of any Note, whichever is the later of:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Noteholders in accordance with Condition 17 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions;

a **“Relevant Event”** occurs when:

- (i) there is a Delisting; or
- (ii) there is a Change of Control;

**“Relevant Event Redemption Date”** has the meaning provided in Condition 7(f);

**“Relevant Event Redemption Notice”** has the meaning provided in Condition 7(f);

**“Relevant Indebtedness”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or evidenced by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, which (in any case) are or are capable of being quoted, listed or ordinarily dealt in or traded on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market. For the avoidance of doubt, syndicated, club or bilateral debt facilities, transactional facilities including merchant acquiring and letter of credit facilities, in each case not in the form of or evidenced by notes, bonds,

debentures, debenture stock or other securities which (in any case) are or are capable of being quoted, listed or ordinarily dealt in or traded on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market, and any hedging entered into in connection with such facilities or debt is not “Relevant Indebtedness” for the purposes of this definition;

**“Relevant Stock Exchange”** means:

- (i) in the case of Ordinary Shares, the ASX or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the ASX, the Alternative Stock Exchange; and
- (ii) in the case of Securities (other than Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets, the principal stock exchange or securities market on which such Securities (other than Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets are then listed, admitted to trading or quoted or dealt in;

**“Retroactive Adjustment”** has the meaning provided in Condition 6(c);

**“Securities”** means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares;

**“Shareholders”** means the holders of Ordinary Shares;

**“Specified Date”** has the meaning provided in Conditions 6(b)(iv), 6(b)(vi), 6(b)(vii) and 6(b)(viii), respectively;

**“Spin-Off”** means:

- (i) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (ii) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries;

**“Spin-Off Securities”** means Equity Share Capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase Equity Share Capital of an entity other than the Issuer;

**“Subsidiary”** means any entity which is a subsidiary of the Issuer within the meaning of Part 1.2 Division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the Issuer within the meaning of any approved accounting standard applicable to the Issuer;

**“Tax”** or **“Taxes”** means any tax, levy, charge, excise, goods and services or value added tax, impost, rates, stamp, transaction or registration duty or similar charge, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any fiscal government agency and includes any interest, fine, penalty, charge, fee, expenses or other statutory charges or any other such amount imposed by any fiscal government agency on or in respect of any of the above;

**“Tax Redemption Date”** has the meaning provided in Condition 7(c);

“**Tax Redemption Notice**” has the meaning provided in Condition 7(c);

“**Valuation Time**” means the Scheduled Closing Time in respect of the relevant day; and

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset on any Dealing Day, the volume-weighted average price on the Relevant Stock Exchange on such Dealing Day of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset published by or derived from Bloomberg page HP (or any successor page) (setting Weighted Average Line, or any other successor setting and using values not adjusted for any event occurring after such Dealing Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) for such Ordinary Share, Security or Spin-Off Security, option, warrant or other right or asset in respect of the Relevant Stock Exchange for such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset (and for the avoidance of doubt such Bloomberg page for the Ordinary Shares as at the Closing Date is FLT AU Equity HP), if any or, in any such case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser on such Dealing Day, provided that:

- (i) if on any such Dealing Day (for the purposes of this definition, the "**Original Date**") such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, provided however that if such immediately preceding Dealing Day falls prior to the fifth day before the Original Date, the Volume Weighted Average Price in respect of such Dealing Day shall be considered to be not capable of being determined pursuant to this proviso (i); and
- (ii) if the Volume Weighted Average Price cannot be determined as aforesaid, the Volume Weighted Average Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset as the case may be, shall be determined as at the Original Date by an Independent Adviser in such manner as it shall determine in good faith to be appropriate,

all as determined by the Calculation Agent (unless otherwise specified).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Closing Price, Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as the Calculation Agent or an Independent Adviser (as provided for in these Conditions) considers in good faith appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(a), 6(b), 6(c), 6(h), 6(j) and 11 only:

- (i) references to the “**issue**” of Ordinary Shares or Ordinary Shares being “**issued**” shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries; and
- (ii) Ordinary Shares held by or on behalf of the Issuer or any of its Subsidiaries (and which, in the case of Conditions 6(b)(iv) and 6(b)(vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “**in issue**” or “**issued**” or entitled to receive the relevant Dividend, right or other entitlement.

#### 4. **REGISTRATION AND TRANSFER OF NOTES**

##### (a) *Registration*

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers, redemptions and conversions of the Notes.

##### (b) *Transfer*

Notes may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an Authorised Denomination by lodging the relevant Certificate evidencing such Notes (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will (and the Issuer shall procure the Registrar to) within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note register the relevant transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Note, deliver a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request in writing.

##### (c) *Formalities Free of Charge*

Such transfer will be effected without charge to the holder of the relevant Note subject to:

- (i) the person making such application for transfer paying or procuring the payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any of the Agents may require) of any taxes, duties and other governmental charges in connection therewith;
- (ii) the Registrar or the relevant Transfer Agent being satisfied with the documents of title and/or identity of the person making the application; and
- (iii) compliance with the regulations referred to it in Condition 4(e).

*Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules and procedures of Euroclear Bank SA/NV or Clearstream Banking S.A. (each a “**Relevant Clearing System**”).*

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof):

- (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 7(b) or Condition 7(c);
- (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(h);
- (iii) in respect of which a holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e) or Condition 7(f); or
- (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Notes.

(e) *Regulations*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning registration and transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written agreement of the Trustee and the Registrar, and by the Registrar, with the prior written agreement of the Trustee. A copy of the current regulations will be made available for inspection at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m., Hong Kong time) at the specified office of the Registrar to any Noteholder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

(f) *Restrictions on transfer*

Notes may only be transferred if the offer or invitation giving rise to the transfer:

- (i) where received in Australia, is made to sophisticated or professional investors within the meaning of sections 708(8) or 708(11) of the Corporations Act or otherwise does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 or Chapter 7 of the Corporations Act;
- (ii) is not made to a person who is a “retail client” within the meaning of Section 761G of the Corporations Act; and
- (iii) complies with any applicable law or directive of the jurisdiction where transfer takes place.

5. **INTEREST**

(a) *Interest Rate*

The Notes bear interest from and including the Closing Date at the rate of 2.50 per cent. per annum (the “**Interest Rate**”) calculated by reference to the outstanding principal amount thereof and payable semi-annually in arrear on 17 May and 17 November in



each year (each an “**Interest Payment Date**”), commencing on the Interest Payment Date falling on 17 May 2021.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated at the Interest Rate and on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Closing Date) to (but excluding) the next Interest Payment Date and the number of Interest Periods normally ending in any year.

In these Conditions, “**Interest Period**” means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Note will cease to bear interest:

- (i) where the Conversion Right shall have been exercised by a Noteholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(j)); or
- (ii) where such Note is, or is to be, redeemed or repaid pursuant to Condition 7 or Condition 10, from and including the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at 4.50 per cent. per annum (both before and after judgment) but otherwise in accordance with Condition 5(a) until whichever is the earlier of:
  - (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder; and
  - (B) the day falling seven days after the Trustee or the Principal Paying and Conversion Agent has notified the Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6. **CONVERSION RIGHT AND CONVERSION PERIOD**

(a) *Conversion Period*

- (i) *Conversion Right*: Subject to, and as provided in these Conditions, each Note shall entitle the holder to require the Issuer to convert such Note into Ordinary Shares (a “**Conversion Right**”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall (subject to these Conditions as aforesaid) be determined by dividing the principal amount of the Notes to be converted by the Conversion Price (as defined below) in effect on the relevant Conversion Date.

The price at which Shares will be issued upon exercise of a Conversion Right will initially be A\$20.04 per Share (the “**Conversion Price**”), subject to adjustment as provided in Condition 6(b).

A Noteholder may exercise the Conversion Right in respect of a Note by delivering the Certificate evidencing such Note together with a duly completed Conversion Notice to the specified office of any Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery to or as directed by the relevant Noteholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to, and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 18 January 2021 (the “**Conversion Period Commencement Date**”), provided that the relevant Conversion Date shall not fall later than on the date falling 5 business days (as defined in Condition 3) prior to the Final Maturity Date (both days inclusive) or, if such Note is to be redeemed pursuant to Condition 7(b) or Condition 7(c) prior to the Final Maturity Date, not later than the fifth business day (as defined in Condition 3) before the date fixed for redemption thereof pursuant to Condition 7(b) or Condition 7(c), unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the date falling 5 business days prior to the Final Maturity Date (the “**Conversion Period**”) provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day, then the period for exercise of Conversion Rights by Noteholders shall end on the immediately preceding business day.

Conversion Rights may not be exercised:

- (A) following the giving of a notice by the holder thereof pursuant to Condition 7(e) or Condition 7(f) or;
- (B) following the giving of notice by the Trustee pursuant to Condition 10.

Save in the circumstances provided in Condition 6(j) in respect of any notice given by the Issuer pursuant to Conditions 7(b) or 7(c), Conversion Rights may not be exercised by a Noteholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Notes and ending on the relevant Interest Payment Date (both days inclusive).

Conversion Rights may only be exercised in respect of an Authorised Denomination.

The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the holder of the Notes completing the relevant Conversion Notice or its nominee. Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(c) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or if that is not a Dealing Day, the next following Dealing Day (each such date, the “**Reference Date**”).

- (ii) *Fractions*: Fractions of Ordinary Shares will not be issued or transferred and delivered on conversion or pursuant to Condition 6(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Note is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be issued or transferred and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Notes being so converted and rounded down to the nearest whole number of Ordinary Shares.

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted by the Calculation Agent as follows:

- (i) **consolidation, reclassification, redesignation or subdivision**: if and whenever there shall be a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

- (ii) **capitalisation of profits or reserves**: if and whenever the Issuer shall issue any Ordinary Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any amount of any share premium account or capital redemption reserve) (other than an issue of Ordinary Shares determined to constitute a Cash Dividend pursuant to paragraph (i) of the definition of "Dividend"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue; and
- B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) **Dividend:** if and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
- B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

**“Effective Date”** means, in respect of this Condition 6(b)(iii), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off on the Relevant Stock Exchange.

For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (i) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Effective Date.

- (iv) **rights issues or options over Ordinary Shares:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue any Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 90 per cent. of the Current Market Price per Ordinary

Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights or for the Securities issued by way of rights and upon exercise of rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, Ordinary Shares, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares to be issued on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase (or other rights of acquisition) in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if at the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange (as used in this Condition 6(b)(iv), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then

for the purposes of this Condition 6(b)(iv), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date (or, if later, the Dealing Day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant).

“**Effective Date**” means, in respect of this Condition 6(b)(iv), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (v) **rights issues of other Securities:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for,

purchase or otherwise acquire any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date (or, if later, the Dealing Day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant).

**“Effective Date”** means, in respect of this Condition 6(b)(v), the first date on which the Ordinary Shares are traded ex- the relevant Securities or ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (vi) **issues at less than the Current Market Price:** If and whenever the Issuer shall issue wholly for cash or for no consideration (otherwise than as mentioned in Condition 6(b)(iv) above), any Ordinary Shares (other than Ordinary Shares issued on conversion of the Notes (which term shall for this purpose include any further Notes issued pursuant to Condition 18) or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of or rights to otherwise acquire, Ordinary Shares and other than where it is determined to constitute a Cash Dividend pursuant to paragraph (i) of the definition of “Dividend”) or if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue or grant (otherwise than as mentioned in Condition 6(b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares (other than the Notes, which term shall for this purpose include any further Notes issued pursuant to Condition 18), in each case at a price per Ordinary Share which is less than 90 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if at the time of issue or grant of such options, warrants or rights (as used in this Condition 6(b)(vi), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6(b)(vi), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this Condition 6(b)(vi), the date of issue of such Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or rights.

- (vii) **other issues at less than the Current Market Price:** if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in Conditions 6(b)(iv), 6(b)(v) or 6(b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Notes which term shall for this purpose exclude any further Notes issued pursuant to Condition 18, and other than where it is determined to constitute a Cash Dividend pursuant to paragraph (i) of the definition of “Dividend”), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified or redesignated as Ordinary Shares and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition reclassification or redesignation is less than 90 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the date immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such Securities or upon the exercise of any such options, warrants or rights or, as the case may be, for the Ordinary Shares to be issued or to arise from any such reclassification or redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription, purchase or acquisition attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such reclassification or redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 6(b)(vii), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified or redesignated or at such other time as may be provided), then for the purposes of this Condition 6(b)(vii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition, reclassification or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this Condition 6(b)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any Securities (other than the Notes which shall for this purpose include any further Notes issued pursuant to Condition 18) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, any Ordinary Shares (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon



issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 90 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share on the date of such first public announcement or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as the Calculation Agent shall consider appropriate for any previous adjustment under this Condition 6(b)(viii) or under Condition 6(b)(vii) above,

provided that if at the time of such modification (as used in this Condition 6(b)(viii), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this Condition 6(b)(viii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this Condition 6(b)(viii), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

- (ix) **other offers to Shareholders:** subject to Condition 6(e), if and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall offer any Ordinary Shares or Securities of the Issuer in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Ordinary Shares or Securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(b)(ii), 6(b)(iii), 6(b)(iv), 6(b)(v), 6(b)(vi) or 6(b)(vii) above or 6(b)(x) below (or, where applicable, would fall to be so adjusted if the relevant issue or grant was at less than 90 per cent. of the Current Market Price per Ordinary Share on the relevant day)) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date (or, if later, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this Condition 6(b)(ix)).

“**Effective Date**” means, in respect of this Condition 6(b)(ix), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (x) **Change of Control:** if a Change of Control shall occur, the Issuer shall deliver a Change of Control Notice in accordance with Condition 6(g). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights where the Conversion Date falls during the period (the “**Change of Control Period**”) commencing on the occurrence of the Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Change of Control Notice as required by Condition 6(g) is given, the Conversion Price (the “**Change of Control Conversion Price**”) shall be as determined pursuant to the following formula:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

COCCP = means the Change of Control Conversion Price

OCP = means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this Condition 6(b)(x)

CP = means 31.0 per cent. (expressed as a fraction)

c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

- (xi) **other events:** if the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 6(b), the Issuer shall, at its own expense and acting reasonably, request an Independent Adviser to determine, in consultation with the Calculation Agent (if different), as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 6(b)(xi) if such Independent Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions, where:

- (A) the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and
- (B) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser, in consultation with the Calculation Agent (if different), to be in its opinion appropriate:
- (x) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once; and
- (y) to ensure that the economic effect of a Dividend is not taken into account more than once.

The Issuer has undertaken that it will not take any corporate or other action which is equivalent to Conditions 6(b)(i) to 6(b)(x) (both inclusive) that would cause the Conversion Price of the Notes to be adjusted in a manner that contravenes the Corporations Act or the ASX Listing Rules.

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 6(b)(iv), 6(b)(vi), 6(b)(vii) and 6(b)(viii), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B)
  - (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be the consideration or price received or receivable for any such Securities; and
  - (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date referred to in Condition 6(b)(iv) or the relevant date of the first public announcement as referred to in Conditions 6(b)(vi), 6(b)(vii) or 6(b)(viii), as the case may be,

plus in the case of each of (x) and (y) above of this paragraph (B), the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights; and

  - (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above of this paragraph (B) (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (C) if the consideration or price determined pursuant to paragraph (A) or (B) immediately above (or any component thereof) shall be expressed in a currency other than the Relevant Currency it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (for the purposes of Condition 6(b)(iv)) or the relevant date of the first public announcement (for the purposes of Conditions 6(b)(vi), 6(b)(vii) or 6(b)(viii));
- (D) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and

- (E) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Note shall be after the record date in respect of any consolidation, reclassification, redesignation or subdivision as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Conditions 6(b)(ii), 6(b)(iii), 6(b)(iv), 6(b)(v) or 6(b)(ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Conditions 6(b)(vi) and 6(b)(vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), but before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b) (such adjustment, a “**Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Noteholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) as determined by an Independent Advisor (the “**Additional Ordinary Shares**”) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Note (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Note as if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision and Determination of the Calculation Agent or an Independent Adviser*

Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent upon request from the Issuer and/or, to the extent so specified in the Conditions and upon request from the Issuer, by an Independent Adviser.

Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Calculation Agent or, where applicable, an Independent Adviser, or an opinion of an Independent Adviser, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the noteholders, the Calculation Agent (in the case of a determination by an Independent Adviser) and the Paying, Transfer and Conversion Agents.

The Calculation Agent may consult, at the expense of the Issuer, on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Trustee, the Noteholders or the Agents in respect of anything done, or omitted to be done, relating to that matter in good faith, in accordance with that adviser’s opinion.

The Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer and in accordance with these Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Adviser appointed in connection with the Notes (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in its capacity as Calculation Agent as against the Trustee, the Noteholders or the Agents.

If following consultation between the Issuer and the Calculation Agent any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price or the date from which such adjustment shall take effect, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Noteholders, the Calculation Agent (if different) and the Trustee, save in the case of manifest error.

(e) *Employees Incentive Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, transferred, offered or granted pursuant to any Employee Share Scheme.

**“Employee Share Scheme”** means any scheme approved by the Issuer and in compliance with the requirements of the ASX Listing Rules (or if applicable, the Alternative Stock Exchange) pursuant to which Ordinary Shares or other securities (including rights, warrants, awards or options) are or may be issued, transferred, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) of the Issuer, its Subsidiaries and/or affiliated companies, or spouses or persons related to such employees or former employees or eligible participants of such scheme or to a trustee or trustees to be held for the benefit of any such person or any amendment or successor plan thereto.

(f) *Rounding Down and Notice of Adjustment*

On any adjustment to the Conversion Price, the resultant Conversion Price, if not an integral multiple of A\$0.0001, shall be rounded down to the nearest whole multiple of A\$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing promptly after the determination thereof.

The Conversion Price shall not in any event be reduced so that on conversion of the Notes, Ordinary Shares would fall to be issued in circumstances not permitted by applicable laws or regulations.

The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws or regulations or that would otherwise result in the inability to issue Ordinary Shares on conversion as fully paid or result in Ordinary Shares being required to be issued or transferred and delivered in circumstances not permitted by applicable laws or regulations.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Ordinary Shares as referred to in Condition 6(b)(i) above. The Issuer may at any time and for a specified period only, following notice being given

to the Trustee and the Principal Paying and Conversion Agent in writing and to Noteholders in accordance with Condition 17, reduce the Conversion Price.

(g) *Change of Control*

Within 10 business days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and the Principal Paying and Conversion Agent in writing and to the Noteholders in accordance with Condition 17 (a "**Change of Control Notice**"). Such notice shall contain a statement informing Noteholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to require the Issuer to redeem their Notes as provided in Condition 7(f).

The Change of Control Notice shall also specify:

- (i) all information material to Noteholders concerning the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price applicable pursuant to Condition 6(b)(x) during the Change of Control Period (on the basis of the Conversion Price in effect immediately prior to the occurrence of the Change of Control);
- (iii) the Closing Price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;
- (iv) the Relevant Event Redemption Date and the last day of the Change of Control Period;
- (v) details of the right of the Issuer to redeem any Notes which shall not previously have been converted or redeemed pursuant to Condition 7(f); and
- (vi) such other information relating to the Change of Control as the Trustee may require.

Neither the Trustee nor the Calculation Agent shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and none of them will be responsible or liable to Noteholders or any other person for any loss arising from any failure by it to do so.

(h) *Procedure for exercise of Conversion Rights*

Conversion Rights may be exercised by a Noteholder during the Conversion Period by delivering the relevant Note to the specified office of any Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion in the form (for the time being current) obtainable from any Conversion Agent (a "**Conversion Notice**"). Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after 3.00 p.m. (Hong Kong time) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in

the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the other Conversion Agents and the relevant Noteholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. Where Conversion Rights are exercised in respect of Notes represented by part of a Certificate only, the old Certificate evidencing such Notes shall be cancelled and a new Certificate evidencing the remaining Notes in respect of which Conversion Rights have not been exercised (the "**Remaining Notes**") and appropriate entries made in the Register for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver the new Certificate evidencing the Remaining Notes to the Noteholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) mail the new Certificate evidencing the Remaining Notes by uninsured mail to such address as the Noteholder may request.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Note (the "**Conversion Date**") shall be the third business day following the date of the delivery of the Notes and the Conversion Notice as provided in this Condition 6(h).

A Noteholder exercising a Conversion Right shall:

- (i) subject to Condition 6(h)(ii) below, be responsible for paying directly to the relevant authorities any capital, stamp, issue, registration, transfer and/or other taxes and/or duties arising on conversion and such Noteholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein in connection with such conversion; but
- (ii) not be responsible for any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Australia (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer. If the Issuer shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Noteholder in respect of any payment thereof and any penalties payable in respect thereof.

For the avoidance of doubt, none of the Agents nor the Trustee shall be responsible for determining whether such capital, stamp, issue, registration, transfer and/or other taxes and/or duties are payable in Australia or any other jurisdiction or, in any case, the amount thereof and none of them shall be responsible or liable to pay any such taxes or capital, stamp, issue and registration and transfer taxes and duties or for any failure by the Issuer, any Noteholder or any other person to pay such capital, stamp, issue, registration, transfer and/or other taxes and/or duties.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued, at the option of the Noteholder exercising its Conversion Right as specified in the Conversion Notice, either:



- (i) in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd (“**CHES**”) (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares), or
- (ii) in uncertificated form through the Issuer’s share registry provider,

and in the case of (i), the Ordinary Shares will be credited to the CHES account specified in the Conversion Notice, or in the case of (ii) the Ordinary Shares will be credited to an account with the share registry provider in the name of the Noteholder, in each case by a date which is generally expected to be not later than 4 business days (in the case of Ordinary Shares to be issued through CHES) after the relevant Conversion Date. Statements of holdings for Ordinary Shares issued on exercise of Conversion Rights through CHES will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 business days after the relevant Conversion Date. On conversion, the Issuer will redeem the Notes held at that time by the Noteholder concerned and in respect of which a Conversion Right is to be exercised (“**Relevant Notes**”) for an amount equal to their aggregate outstanding principal amount. In relation to each Noteholder concerned, the Issuer will apply, on behalf of that Noteholder, the whole of the said amount in respect of the redemption of the Relevant Notes for the subscription for, or acquisition of, the number of Ordinary Shares calculated in accordance with these Conditions.

On the Conversion Date, the Issuer must issue, or otherwise deliver (or procure the issue or delivery as the case may be), to each Noteholder (or to such other person as the Noteholder may direct the Issuer in writing in the Conversion Notice provided that such person is a person to whom a transfer of the Notes could be made in compliance with Condition 4) the number of Ordinary Shares for its Notes calculated in accordance with these Conditions. Provided the Issuer is admitted to the official list of the ASX, on the date of issue of Ordinary Shares issued on conversion of a Note, the Issuer will apply for quotation of such Ordinary Shares on the ASX.

The lodgement of an application for quotation of the Ordinary Shares with ASX by the Issuer will constitute a representation and warranty by the Issuer to the person to whom the Ordinary Shares in question are issued on Conversion (“**Recipient**”) that:

- (i) the Ordinary Shares issued on conversion are issued solely for the purpose of satisfying the Issuer’s contractual obligations under the terms of the Notes and not for the purpose of the person to whom those Ordinary Shares are issued, selling or transferring the Ordinary Shares or granting, issuing or transferring an interest in, or options over, them;
- (ii) subject to the ASX granting quotation of the Ordinary Shares issued on conversion of Notes, they will be freely tradable in the ordinary course on the ASX for so long as the Issuer remains admitted to, and Ordinary Shares are trading on, the Australian Securities Exchange; and
- (iii) an offer of the Ordinary Shares issued on conversion for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act.

Without limiting its obligations under this Condition 6(h), the Issuer shall use its best endeavours, and furnish all such quotation applications, documents, information and undertakings as may be reasonably necessary in order, to procure the ASX quotation referred to in this Condition 6 on the Conversion Date.

(i) *Ordinary Shares*

Ordinary Shares (including any Additional Ordinary Shares) issued or transferred and delivered upon conversion of the Notes will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, and the relevant holder shall be entitled to all rights, distribution or payments the record date or other due date for the establishment of entitlement for which falls on or after the relevant Conversion Date, or as the case may be, the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law or as otherwise may be provided in these Conditions. Such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

(j) *Interest on Conversion*

Save as provided below, no payment or adjustment shall be made on exercise of Conversion Rights for any interest which otherwise would have accrued on the relevant Notes since the last Interest Payment Date preceding the Conversion Date relating to such Notes (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

If any notice requiring the redemption of any Notes is given pursuant to Conditions 7(b) or 7(c) on or after the 15<sup>th</sup> calendar day prior to a record date or other due date for establishment of entitlement which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) and where such notice specifies a date for redemption falling on or prior to the date which is 14 calendar days after the Interest Payment Date next following such record date or other due date for establishment of entitlement, interest shall accrue at the applicable Interest Rate on Notes in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date or other due date for establishment of entitlement and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 calendar days after the relevant Conversion Date by transfer to an Australian Dollar account in accordance with instructions given by the relevant Noteholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

The Issuer or any Subsidiary of the Issuer may exercise such rights as it may from time to time enjoy as permitted under applicable law to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Noteholders.

(l) *No duty to Monitor*

None of the Trustee, the Calculation Agent or the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which requires or may require an adjustment to be made to the Conversion Price and none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure by it to do so.

Neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify:

- (i) the Conversion Price and/or any adjustments to it, or any determinations, advice or opinions made or given in connection therewith;
- (ii) the Closing Price of any Ordinary Share or any Security, Spin-Off Security, option, warrant or other rights or assets on any Dealing Day or any other day; and
- (iii) any entitlement of any Noteholder(s) to any additional amount payable upon or following the exercise of any Conversion Right,

and none of them will be responsible or liable to any Noteholder(s) or any other person for any loss arising from any failure to do so.

## 7. REDEMPTION AND PURCHASE

### (a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at the Redemption Amount on the Final Maturity Date. The Notes may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b) or Condition 7(c).

### (b) *Redemption at the Option of the Issuer*

On giving notice (an “**Optional Redemption Notice**”) to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), the Issuer may redeem all but not some only of the Notes on the date (an “**Optional Redemption Date**”) specified in the Optional Redemption Notice at the Redemption Amount, at any time on giving not less than 30 nor more than 60 days’ notice to Noteholders of such Optional Redemption Date, if Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions shall have been effected in respect of 85 per cent. or more in principal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes).

### (c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing (which notice shall be irrevocable), redeem (subject to the last paragraph of this Condition 7(c)) all but not some only, of the Notes on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice at the Redemption Amount, if:

- (i) the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Notes pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 10 November 2020; and

- (ii) the Issuer would still be obliged to pay such additional amounts after taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors of the Issuer each of whom are also Authorised Signatories of the Issuer stating that the circumstances in sub-paragraph (i) of this Condition 7(c) have occurred and the Issuer would still be obliged to pay such additional amounts after taking reasonable measures available to it; and
- (B) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective),

and the Trustee shall accept without investigation and without liability such certificate and opinion as sufficient evidence of the matters set out in sub-paragraphs (i) and (ii) above of this Condition 7(c), and such certificate and opinion shall be conclusive and binding on the Noteholders.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) redeem the Notes at the Redemption Amount.

If the Issuer gives a Tax Redemption Notice, each Noteholder will have the right to elect that their Note(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of interest to be made on such Note(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts of interest on the Notes shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of the Principal Paying and Conversion Agent or any other Paying Agent together with the relevant Certificate evidencing such Notes on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional Redemption Notices and Tax Redemption Notices*

The Issuer shall not give an Optional Redemption Notice or a Tax Redemption Notice at any time:

- (i) during a Change of Control Period; or
- (ii) which specifies a date for redemption falling in a Change of Control Period or the period of 21 days following the end of a Change of Control Period (whether or not the relevant notice was given prior to or during such Change of Control Period),

and any such Optional Redemption Notice or Tax Redemption Notice shall be invalid and of no effect (whether or not given prior to the relevant Change of Control Period) and the relevant redemption shall not be made.

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify:

- (A) the Optional Redemption Date or, as the case may be, the Tax Redemption Date which shall be a business day (as defined in Condition 8);
- (B) the Conversion Price, the aggregate principal amount of the Notes outstanding and the Closing Price of the Ordinary Shares,

in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice; and

- (C) the last day on which Conversion Rights may be exercised by Noteholders.

(e) *Redemption at the Option of Noteholders*

The Issuer will, at the option of the holder of any Note redeem all or some only of such holder's Notes on 17 November 2024 (the "**Put Option Date**") at their Redemption Amount. To exercise such option, the holder must deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of the Principal Paying and Conversion Agent (the "**Optional Put Exercise Notice**") or any other Paying Agent, together with the Certificate evidencing the Notes to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date. An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Notes the subject of an Optional Put Exercise Notice on the Put Option Date.

Payment in respect of any such Note shall be made by the Issuer directly to the relevant Noteholder by transfer to an Australian Dollar account as specified by such Noteholder in the relevant Optional Put Exercise Notice.

(f) *Redemption for a Relevant Event*

Following the occurrence of a Relevant Event, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all or some only of that holder's Notes on the Relevant Event Redemption Date (as defined below) at the Redemption Amount. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of the Principal Paying and Conversion Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Relevant Event Redemption Notice**") together with the Certificate evidencing the Notes to be redeemed by not later than 70 days following a Relevant Event, or, if later, 70 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 17.

The "**Relevant Event Redemption Date**" shall be the later of the 14<sup>th</sup> business day after the expiry of such period of 70 days as referred to above in this Condition 7(f) or the 90<sup>th</sup> calendar day following the occurrence of the Relevant Event.

Payment in respect of any such Note shall be made by transfer to an Australian Dollar account as specified by the relevant Noteholder in the Relevant Event Redemption Notice.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Relevant Event Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.

The Issuer shall give notice to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing by not later than 10 business days following the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Noteholders of their rights to require redemption of the Notes pursuant to this Condition 7(f) and shall give brief details of the Relevant Event and, in the case of a Change of Control, provide the additional details set out in Condition 6(g).

Neither the Trustee, the Calculation Agent nor any Agent shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and none of them shall be liable to Noteholders or any other person for any loss arising from any failure to do so.

(g) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer (other than an Offshore Associate of the Issuer not acting in the capacity of a dealer manager or underwriter in relation to the placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme) may at any time purchase some or all of the Notes in the open market, by private contract or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10, Condition 14(a) and Condition 15.

(h) *Cancellation*

All Notes which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Notes purchased by the Issuer or any of its Subsidiaries may be surrendered to the Registrar for cancellation or may be held and re-sold.

(i) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail, save that a notice of redemption given by a Noteholder pursuant to Condition 7(f) shall prevail over any other notice of redemption given pursuant to this Condition 7, whether given before, after or at the same time as any notice of redemption under Condition 7(f).

8. **PAYMENTS**

(a) *Principal*

Payment of principal in respect of the Notes and accrued interest payable on a redemption of the Notes other than on an Interest Payment Date will be made to the

persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Certificate evidencing such Notes at the specified office of the Registrar or of any Paying Agent.

(b) *Interest and other Amounts*

Payments of interest due on an Interest Payment Date, which shall be for value on such Interest Payment Date, (or, if such Interest Payment Date is not a business day (as defined below in Condition 8(g)), for value on the first following day which is a business day) will be made to the persons shown in the Register at the close of business on the Record Date.

Payments of all amounts other than as provided in Conditions 8(a) and 8(b)(i) will be made as provided in these Conditions.

(c) *Record Date*

**“Record Date”** means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

*So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. (each a “**Relevant Clearing System**”), all payments in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(d) *Payments*

Each payment in respect of the Notes pursuant to Conditions 8(a) and 8(b) will be made in Australian Dollars by transfer to the registered account of the relevant Noteholder.

For the purpose of this Condition 8, a Noteholder’s **“registered account”** means an Australian Dollar account maintained by or on behalf of such Noteholder with a bank that processes payments in Australian Dollars, details of which appear on the Register at the close of business on the relevant Record Date.

The Issuer will not be required to make any such payment in respect of the Notes until six business days after the Noteholder has provided the necessary account details for payment in accordance with this Condition 8(d).

Payment instructions (for value on the due date or, if that is not a business day, for value the first following day which is a business day) will be initiated on the business day preceding the due date for payment (for value the next business day).

(e) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to:

- (i) any applicable fiscal or other laws and regulations but without prejudice to Condition 9; and
- (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended,

or otherwise under or in connection with, or in order to ensure compliance with FATCA. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Delay in Payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due:

- (i) as a result of the due date not being a business day;
- (ii) if the Noteholder is late in surrendering the relevant Note; or
- (iii) if the Noteholder does not provide the necessary account details for payment in accordance with these Conditions.

(g) *Business Days*

In this Condition 8, "**business day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Sydney and (where such surrender is required by these Conditions) in the place of the specified office of the Registrar or relevant Paying Agent, to whom the relevant Certificate evidencing such Note is presented or surrendered.

(h) *Paying Agents, Transfer Agents, Conversion Agents, Calculation Agents etc.*

The initial Principal Paying and Conversion Agent, the initial Transfer Agent and the initial Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Registrar or any other Agent and to appoint another Registrar or any additional or other Agents or another Registrar, provided that it will:

- (i) maintain a Principal Paying and Conversion Agent and a Transfer Agent;
- (ii) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require, maintain a Paying Agent having a specified office in Singapore; and
- (iii) maintain a Registrar with a specified office outside the United Kingdom.

Notice of any change of any Agent or its specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 17 and to the Trustee and the other Agents in writing.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The Issuer also reserves the right under the Calculation Agency Agreement at any time with the prior written consent of the Trustee or of an Extraordinary Resolution of Noteholders to vary or terminate the appointment of the Calculation Agent, provided that it will maintain a Calculation Agent, which shall be a financial institution of international repute or a financial adviser with appropriate expertise. Notice of any change in the



Calculation Agent will promptly be given to Noteholders in accordance with Condition 17 and to the Trustee.

*In addition, in the event that the Global Certificate is exchanged for definitive Certificates, announcement of such exchange shall be made through the Singapore Exchange Securities Trading Limited and such announcement will include all material information with respect to the delivery of the definitive Certificates.*

(i) *Fractions*

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

(j) *Non-payment business days*

If any due date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day.

9. **TAXATION**

All payments of principal and/or interest made by or on behalf of the Issuer in respect of the Notes will be made without deduction or withholding for or on account of any present or future Taxes imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding of such Taxes is required to be made by law or is made under or in connection with, or in order to ensure compliance with FATCA.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Note:

- (a) to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of such Note by reason of such holder having some connection with the Commonwealth of Australia other than the mere holding of the Note provided that such a holder shall not be regarded as being connected with the Commonwealth of Australia for the reason that such a holder is a resident of the Commonwealth of Australia within the meaning of the Income Tax Assessment Act 1936 of Australia as amended and replaced (the "**Australian Tax Act**") where, and to the extent that, such tax is payable by reason of Section 128B(2A) of the Australian Tax Act; or
- (b) presented, or in respect of which the Certificate representing such Note is presented, or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on presenting or surrendering the relevant Certificate for payment on the last day of such period of 30 days; or
- (c) on account of Taxes which are payable by reason of the holder being an Offshore Associate of the Issuer; or
- (d) in respect of a payment to, or to a third party on behalf of, a holder, in circumstances where such withholding or deduction would not have been required if the holder or any person acting on such holder's behalf had provided to the Issuer a tax file number, Australian business number or details of an exemption from providing those numbers; or

- (e) held by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with, or procuring that any third party complies with any statutory requirements, by complying with or requesting the Issuer to comply with any statutory requirements or provide information concerning the nationality, residence, identity, tax identification number or name or address of such holder or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any Tax authority; or
- (f) where such withholding or deduction is made under or in connection with, or in order to ensure compliance with FATCA.

Any Ordinary Shares to be issued under or in connection with these Conditions will be issued net of any withholding or deduction made under or in connection with, or in order to ensure compliance with FATCA, and no additional Ordinary Shares will be required to be issued on account of any such deduction or withholding.

References in these Conditions and the Trust Deed to principal and/or interest and/or any other amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying Taxes or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder(s) or any third party to pay such Taxes or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any Taxes or other payment imposed by or in any jurisdiction..

This Condition 9 shall not apply in respect of payments on any Notes which are the subject of an election by the relevant Noteholder pursuant to Condition 7(c).

## 10. **EVENTS OF DEFAULT**

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or pre-funded and/or secured to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) and (g), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their Redemption Amount if any of the following events (each an “**Event of Default**”) shall have occurred and is continuing (as defined in the Trust Deed):

- (a) if the Issuer fails to:
  - (i) pay when due:
    - (A) any principal payable in respect of the Notes and such failure continues for a period of seven days; or
    - (B) any interest payable in respect of the Notes and such failure continues for a period of 14 days; or

- (ii) deliver Ordinary Shares to satisfy a Conversion Right pursuant to Condition 6 and such failure continues for a period of seven days; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Trust Deed and (unless in the opinion of the Trustee the default is incapable of remedy) is not remedied within 30 days after the Issuer shall have received from the Trustee written notice of such default requiring it to be remedied; or
- (c)
  - (i) any other present or future Indebtedness For Borrowed Money of the Issuer becomes due and payable prior to its stated maturity by reason of an event of default (however described); or
  - (ii) any such Indebtedness For Borrowed Money is not paid when due or, as the case may be, within any applicable grace period; or
  - (iii) any mortgage, charge, pledge, lien or other encumbrance, created or assumed by the Issuer for any Indebtedness For Borrowed Money that has become payable becomes enforceable and steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager, controller or other similar person),  

and the aggregate amount of such Indebtedness for Borrowed Money in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds A\$25,000,000 (or its equivalent in other currencies); or
- (d) a distress, attachment, execution, seizure before judgment or other legal process is levied or enforced on or against all or any material part of the property, assets or revenues of the Issuer or any Material Subsidiary having an aggregate value of at least A\$25,000,000 which is not discharged, removed, stayed or paid within 30 days; or
- (e) the Issuer or any Material Subsidiary:
  - (i) is (or is deemed by law or a court to be) or states that it is insolvent or unable to pay its debts when they fall due;
  - (ii) stops, suspends or threatens to stop or suspend payment of its debts generally; or
  - (iii) makes or enters into a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors (other than in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation permitted under Condition 10(f)); or
- (f) an administrator (as defined in the Corporations Act) or liquidator or a like or similar officer is appointed in respect of the Issuer or any Material Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Material Subsidiary (which is not stayed, withdrawn or dismissed within 30 days), except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation:
  - (i) on terms approved by the Trustee acting on an Extraordinary Resolution of the Noteholders; or

- (ii) in the case of a Material Subsidiary, where that Material Subsidiary is solvent or its undertaking and assets are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or
- (g) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous or substantially similar effect to any of the events referred to in Condition 10(d) to Condition 10(f) (both inclusive).

## 11. UNDERTAKINGS

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of the Noteholders to give such approval:

- (a) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
  - (i) pursuant to a Scheme of Arrangement involving a reduction and cancellation of Ordinary Shares and the issue to Shareholders of an equal number of Ordinary Shares by way of capitalisation of profits or reserves; or
  - (ii) pursuant to a Newco Scheme;
  - (iii) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares of Securities on a capitalisation of profits or reserves; or
  - (iv) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Cash Dividend; or
  - (v) by the issue of fully paid Equity Share Capital (other than Ordinary Shares) to the holders of Equity Share Capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Equity Share Capital (other than Ordinary Shares); or
  - (vi) by the issue of Securities or any Equity Share Capital pursuant to any Employee Share Scheme,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of any exclusion from Conditions 6(b)(i) to 6(b)(x) (both inclusive) or Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of Equity Share Capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
  - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or

- (ii) any modification of such rights which is not, in the opinion of an Independent Adviser, materially prejudicial to the interests of the holders of the Notes; or
  - (iii) any issue of Equity Share Capital where the issue of such Equity Share Capital results, or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares (or Equity Share Capital which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire any Ordinary Shares), the fact that the consideration per Ordinary Share receivable therefor is at least 90 per cent. of the Current Market Price per Ordinary Share at the relevant time for determination thereof pursuant to the relevant provisions of Condition 6(b), otherwise result, in an adjustment to the Conversion Price; or
  - (iv) any issue of Equity Share Capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed an Independent Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Adviser shall have determined either that no adjustment is required or that an adjustment resulting in an decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 90 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price pursuant to these Conditions and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital or any uncalled liability in respect thereof, or any non-distributable reserves, except:
- (i) pursuant to the terms of issue of the relevant share capital; or
  - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
  - (iii) pursuant to a Newco Scheme; or
  - (iv) by way of transfer to reserves as permitted under applicable law; or
  - (v) where the reduction is permitted by applicable law and the Trustee has received written advice addressed to it from an Independent Adviser, acting as an expert,

that the interests of the Noteholders will not be materially prejudiced by such reduction; or

- (vi) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Noteholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in sections 11 and 12 of the Corporations Act)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the registered office of the Issuer and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Noteholders which entitle the Noteholders to receive the same type and amount of consideration they would have received had they held the number of Ordinary Shares to which those Noteholders would be entitled assuming Noteholders were to exercise their respective Conversion Rights during the relevant period;
- (g) in the event of a Newco Scheme take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the Scheme of Arrangement:
  - (i) Newco is substituted under the Notes and the Trust Deed as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; and
  - (ii) such amendments are made to these Conditions and the Trust Deed as are advised to the Trustee by the Independent Adviser, acting as an expert and in good faith, are necessary to ensure that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and the Trustee shall (at the expense of the Issuer) be obliged to concur such substitution or grant of such guarantee and in either case making any such amendments provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose new or more onerous duties or obligations upon it or expose it to further liabilities or reduce its protections; and
  - (iii) the Trust Deed and these Conditions provide at least the same powers, protections, rights and benefits to the Trustee and the Noteholders following the implementation of such Newco Scheme as they provided to the Trustee and the Noteholders prior to the implementation of the Newco Scheme, *mutatis mutandis*; and

- (iv) the ordinary shares or units or the equivalent of Newco are:
  - (A) admitted to listing on the Relevant Stock Exchange; or
  - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market;
- (h) use its best endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Australian Securities Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) not change the jurisdiction in which it is domiciled or resident or to whose taxing authority it is subject generally unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Notes;
- (j) for so long as any Note remains outstanding and subject to the occurrence of a Change of Control, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing and to trading on the ASX;
- (k) comply with each of the requirements of ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 as it applies to the Issuer, including those with ongoing operation after the Issue Date for so long as they are relevant; and
- (l) for so long as any Note remains outstanding, shall provide the consolidated and unconsolidated financial statements to the Trustee in accordance with the Trust Deed.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually and also within 14 days of any request therefor from the Trustee a certificate of the Issuer certifying that, to the best of the knowledge, information and belief of the Issuer, there has not occurred an Event of Default or Potential Event of Default since the date of the last such certificate (or, if none, the date of the Trust Deed) or, if any such event has occurred, providing details of such event. The Trustee will be entitled to rely conclusively on any such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in these Conditions and in particular, but without limitation, this Condition 11, or in the Trust Deed, and shall not be liable to any Noteholder or any other person for not so doing.

## 12. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

## 13. **REPLACEMENT OF NOTES**

If any Certificate evidencing a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security,

indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### 14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER, SUBSTITUTION

##### (a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including without limitation, the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent., in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (ii) to reduce or cancel the principal amount, or interest on, the Notes or to reduce the amount payable on redemption of the Notes or modify or cancel the Conversion Rights;
- (iii) to increase the Conversion Price other than in accordance with these Conditions;
- (iv) to change the currency of any payment in respect of the Notes;
- (v) to change the governing law of the Notes, the Trust Deed, the Agency Agreement or the Calculation Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)); or
- (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution,

in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 50 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed). An Extraordinary Resolution is a resolution in respect of which not less than 75 per cent. of the votes cast shall have been in favour at a meeting of Noteholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that:

- (A) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Notes then outstanding (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders); or



- (B) consents given by way of electronic consent through the Relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the Notes then outstanding,

shall, in any such case, be effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

No consent or approval of Noteholders shall be required in connection with any modification proposed to give effect to, or otherwise in relation to, a Newco Scheme.

(b) *Modification and Waiver*

The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to:

- (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law; and
- (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Noteholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and, unless the Trustee otherwise agrees, shall be notified by the Issuer to the Noteholders promptly in accordance with Condition 17. The Trustee's agreement may be subject to any condition that the Trustee requires including but not limited to obtaining, at the expense of the Issuer, an opinion of any investment bank or legal or other expert and being indemnified and/or secured and/or pre-funded to its satisfaction.

(c) *Substitution*

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition 14(c)) as the principal debtor under the Notes and the Trust Deed of any Subsidiary of the Issuer subject to:

- (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer; and
- (ii) the Notes continuing to be convertible into Ordinary Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case:

- (A) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (B) certain other conditions set out in the Trust Deed are complied with.

In the case of such a substitution, the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Any such substitution shall be binding on the Noteholders and shall be notified by the Issuer promptly to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying and Conversion Agent in writing.

In connection with a Newco Scheme, at the request of the Issuer the Trustee shall, without the requirement for any consent or approval of the Noteholders, concur with the Issuer in the substitution in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Notes of Newco pursuant to and subject to the provisions set out in Condition 11(g).

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Noteholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its functions, rights, powers, trusts, authorities or discretions for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require on behalf of any Noteholder, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 9 and/or in any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

15. **ENFORCEMENT**

The Trustee may at any time, at its discretion and without notice, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed or the Notes unless:

- (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding; and
- (b) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16. **THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any steps, action or proceedings to enforce payment or taking other actions unless first indemnified and/or pre-funded and/or secured to

its satisfaction. The Trustee may engage or be interested in any financial or other transaction in the ordinary course of business with the Issuer and shall not in any way be liable to account to the Issuer, the Noteholders or any other person for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to Noteholders, the Issuer or any other person on any report, information, confirmation or certificate from or any opinion or any advice of any accountants (including the Auditors), lawyers, financial advisers, investment bank, an Independent Adviser or other expert, whether or not obtained by or addressed to it and whether or not liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without liability on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Noteholders in the absence of manifest error. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution and to be indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which in its opinion it may be or become liable, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, any Noteholder or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes then outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed or otherwise passed as provided in the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and/or any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee, nor any of the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or to monitor or ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred and none of them shall be liable to any Noteholder, the Issuer or any other person for not doing so.

Each Noteholder shall be solely responsible for making, and continuing to make, its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and no Noteholder shall rely on the Trustee in respect thereof.

## 17. **NOTICES**

All notices required to be given by the Issuer to the Noteholders regarding the Notes pursuant to these Conditions will be valid if published by the Issuer through the electronic communication system of Bloomberg. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or

admitted to trading. Any such notice shall be deemed to have been given on the date of such notice. If publication as provided above is not practicable, notice will be given by publication in an English language newspaper with general circulation in Asia (which is expected to be the Asian Wall Street Journal) and Europe (which is expected to be the Financial Times).

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System (as defined in the Global Certificate), notices to Noteholders shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by them to their respective accountholders in substitution for notification as required by these Conditions.

18. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures either (a) having the same terms and conditions in all respects as the outstanding Notes or in all respects except for the first payment of interest on them and the first date on which Conversion Rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding Notes or (b) upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes consolidated and forming a single series with the outstanding Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Without prejudice to the rights of Noteholders as contemplated in Condition 15, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 (United Kingdom).

20. **GOVERNING LAW AND JURISDICTION**

(a) *Governing Law*

The Trust Deed, the Agency Agreement, the Calculation Agency Agreement, and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer has irrevocably appointed Cogency Global (UK) Limited of 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, England, as its agent in England to receive service of

process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

## **SECTION 12: SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM**

The Global Certificate will contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions.

### **Relationship of accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg or any other clearing system through which the Notes are held (an “**Alternative Clearing System**”) as the holder of a Note represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Notes evidenced by the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or such other Alternative Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Notes evidenced by the Global Certificate in respect of each amount so paid.

### **Exchange of Notes Represented by the Global Certificate**

Owners of beneficial interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, Luxembourg, or, as the case may be, an Alternative Clearing System is closed for business for a continuous period of 14 days or more (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Certificates in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such Definitive Certificates will be registered in the name of the accountholders with the Registrar, and the Registrar shall alter the entries in the Register in respect of the Notes accordingly.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located.

### **Meetings**

The holder of the Global Certificate shall be treated as having one vote in respect of each A\$200,000 in principal amount of Notes represented by the Global Certificate. The Trustee may allow to attend and speak (but not to vote) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by this Global Certificate on confirmation of entitlement and proof of his identity.

### **Conversion**

Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Conversion Right attaching to Notes represented by the Global Certificate may be exercised by the presentation of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Note together with the Global Certificate to the Principal Paying and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose for annotation and the principal amount of the Notes will be reduced in the Register accordingly. The provisions of Condition 6 will otherwise apply.

### **Redemption for Taxation Reasons**

The option of the Noteholders provided for in Condition 7(c) may be exercised by the relevant accountholder giving notice to the Principal Paying and Conversion Agent within the time limits specified by Condition 7(c) and in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying and Conversion Agent by electronic means), and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Notes in respect of which such election right is exercised.

### **Redemption at Option of the Noteholders**

The Noteholders' put option in Condition 7(e) may be exercised by the relevant accountholder giving notice to the Principal Paying and Conversion Agent within the time limits specified by Condition 7(e) and in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying and Conversion Agent by electronic means), and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Notes in respect of which such option is exercised. Upon exercise of the option the relevant Noteholder shall present the Global Certificate to the Registrar for annotation in the Global Certificate accordingly and the principal amount of the Notes will be reduced in the Register accordingly.

### **Redemption for a Relevant Event**

The Noteholders' put option following the occurrence of a Relevant Event provided for in Condition 7(f) may be exercised by the relevant accountholder giving notice to the Principal Paying and Conversion Agent within the time limits specified by Condition 7(e) and in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying and Conversion Agent by electronic means), and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Notes in respect of which such option is exercised. Upon exercise of the option the relevant Noteholder shall present the Global Certificate to the Registrar for annotation in the Global Certificate accordingly.

### **Trustee's Powers**

In considering the interests of Noteholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes represented by the Global Certificate.

### **Redemption or Purchase and Cancellation**

Cancellation of any Note represented by the Global Certificate following its redemption or purchase will be effected by a reduction in the principal amount of the Notes in the register of Noteholders.

### **Payments**

Payments of principal in respect of Notes represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent or such other Agent as shall have been notified to the holder of this Global Certificate for such purpose. The Issuer will, for value received, promise to pay interest in respect of such Notes from and including the Closing Date in arrear at the rates, on the dates for payment and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Certificate.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

### **Notices**

So long as Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, notices to holders of the Notes shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for notification, as required by the Terms and Conditions of the Notes, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System.

### **Transfers**

Transfers of beneficial interests in the Notes represented by the Global Certificate will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.



## SECTION 13: RIGHTS AND LIABILITIES OF ORDINARY SHARES

*The following is a summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to fully paid Ordinary Shares as set out in the Issuer's constitution (the "Constitution"). The rights attaching to Ordinary Shares are in certain circumstances regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.*

Full details of the rights attaching to the Ordinary Shares are set out in the Constitution, a copy of which can be obtained on the Group's website at [www.fctgl.com/investors/governance/](http://www.fctgl.com/investors/governance/)

**Voting** Each holder of Ordinary Shares is entitled to receive notice of and attend and vote at general meetings of the Issuer. Each holder of Ordinary Shares has one vote on a show of hands and one vote for each fully paid Ordinary Share they hold on a poll.

**General meetings and notices** Written notice of the time, date and place of a meeting of shareholders must be sent to holders of Ordinary Shares and to every Director and the auditor of the Issuer not less than 28 days before the meeting.

**Dividends** The Issuer's directors may pay interim and final dividends in accordance with the Corporations Act and ASX Listing Rules.

The payment of a dividend does not require confirmation by a general meeting of the Issuer.

Subject to the rights of holders of any shares or other equity securities which confer special rights as to dividends, each fully paid Ordinary Share confers on the holder the right to an equal share in dividends authorised by the Board.\*

\* FLT's ability to pay any dividends is currently restricted under the financing arrangements of the Group.

**Issue of further shares** Subject to the Constitution, the ASX Listing Rules and the Corporations Act, the Issuer's directors have the right to issue shares (including preference shares) or to grant options to any person and in any number they think fit.

**Transfer of the Issuer's Ordinary Shares** Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Issuer's Ordinary Shares are freely transferable. Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Issuer's directors may decline to register a transfer of the Issuer's Ordinary Shares in any circumstances permitted by the ASX Listing Rules.

**Winding up** If the Issuer is wound up the liquidator may divide among all or any of the contributories any part of the assets of the Issuer, and may vest any part of the assets of the Issuer in trustees on trust for the benefit of all or any of the contributories.

If any division otherwise than in accordance with the legal rights of the contributories is determined, any contributory who would be prejudiced by the division has a right to dissent and ancillary rights as if the determination were a special resolution passed under the Corporations Act relating to the sale or transfer of the Issuer's assets by a liquidator in a voluntary winding up.

If any shares to be divided involve a liability, any person entitled under the division to any of the shares may direct the liquidator to sell the person's

proportion and pay the person the net proceeds by giving notice within 10 business days of the passing of the special resolution.

**Alteration of capital**

The Issuer may buy back its shares in any manner authorised or permitted by the Constitution, the Corporations Act and the ASX Listing Rules.

## SECTION 14: TAXATION

### Australian Taxation

#### *Introduction*

*The following is a summary of the withholding tax treatment under the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia (together, the “**Australian Tax Act**”), and the Taxation Administration Act 1953 of Australia, at the date of this Offering Circular, of payments of interest (as defined in the Australian Tax Act) on the Notes and certain other Australian tax matters.*

*A term used below but not otherwise defined has the meaning given to it in the Terms and Conditions of the Notes.*

*This summary applies to Noteholders that are:*

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia (“**Australian Holders**”); and*
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and Australian tax residents that hold their Notes, and derive all payments under the Notes, in carrying on a business outside of Australia (“**Non-Australian Holders**”).*

*The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person). In addition, the summary does not consider the Australian tax consequences for persons who hold Ordinary Shares on revenue account for tax purposes and, unless expressly stated, the summary does not consider the Australian tax consequences for persons who hold interests in the Notes through Austraclear, Euroclear, Clearstream, Luxembourg or another clearing system.*

*Noteholders should also be aware that particular terms of issue of any series of Notes may affect the tax treatment of that series of Notes. Information regarding taxes in respect of Notes may also be set out in a relevant supplement to this Offering Circular.*

*This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Noteholder. Each Noteholder should seek professional tax advice in relation to their particular circumstances.*

#### **Australian interest withholding tax**

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of Australian interest withholding tax (“**IWT**”) and dividend withholding tax. The Issuer intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be “interest” for the purposes of section 128F of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the relevant supplement to this Offering Circular.

For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts.

#### *Australian Holders*

Payments of interest in respect of the Notes to Australian Holders should not be subject to Australian IWT.

#### *Non-Australian Holders*

Australian IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer to a Non-Australian Holder, unless an exemption is available.

##### *(a) Section 128F exemption from IWT*

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

Unless otherwise specified in any relevant supplement to this Offering Circular, the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

In broad terms, the requirements are as follows:

- (i) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (ii) the Notes are issued in a manner which satisfies the “public offer test” in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the “public offer” test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering the Notes for issue. In summary, the five methods are:

- offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
  - offers to 100 or more investors of a certain type;
  - offers of listed Notes;
  - offers via publicly available information sources; or
  - offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods;
- (iii) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
  - (iv) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

##### *(b) Exemptions under certain double tax conventions*

The Australian Government has signed double tax conventions (“**Specified Treaties**”) with a number of countries (each, a “**Specified Country**”). The Specified Treaties apply to interest derived by a resident of a Specified Country.

In broad terms, the Specified Treaties effectively prevent IWT applying to interest derived by:

- governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- a “financial institution” resident in a Specified Country which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for this exemption.

(c) *Payment of additional amounts*

As set out in more detail in the Terms and Conditions of the Notes, and unless expressly provided to the contrary in any relevant supplement to this Offering Circular, if the Issuer is at any time required by law to deduct or withhold an amount in respect of any Taxes imposed by or on behalf of the Commonwealth of Australia from a payment in respect of the Notes, the Issuer will, subject to certain exceptions, pay an additional amount so that after making the withholding or deduction, each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made.

***Australian income tax***

*Interest payments*

Australian Holders will be required to include any interest in respect of their Notes in their Australian assessable income.

Whether the interest should be recognised as assessable income on a realisation or accruals basis will depend on the individual circumstances of the Australian Holder (see also the “*taxation of financial arrangements*” summary below).

Non-Australian Holders should not be subject to Australian income tax in respect of interest payments received on their Notes. This is on the basis that the Issuer intends to satisfy the requirements of section 128F of the Australian Tax Act in respect of interest paid on Notes (see summary above).

*Gain on disposal or redemption of the Notes*

Australian Holders will be required to include any gain or loss on disposal or redemption of Notes in their assessable income. Depending on the circumstances of the Australian Holder, either the rules relating to “traditional securities” (in sections 26BB and 70B of the Australian Tax Act) or “taxation of financial arrangements” (see summary below) should apply.

In relation to a traditional security, for the purpose of calculating the gain or loss of an Australian resident Holder that is not subject to the “taxation of financial arrangements” rules on disposal or redemption of Notes:

- the cost of a Note should generally be its face value for Noteholders who acquire Notes on issue (plus any relevant costs associated with the acquisition, the disposal or the redemption);
- the consideration for a disposal or redemption will generally be the gross amount received by the Noteholder in respect of the disposal or redemption of Notes; and
- if the Notes are redeemed by the Issuer, the consideration for the redemption may be taken to exclude any parts of the redemption amount paid to Noteholders that are referable to any accrued and unpaid interest on Notes. Those interest amounts may be treated in the same manner as interest payments received during the term of the Notes. Again, Noteholders should seek their own taxation advice in relation to the application of the Australian Tax Act to their particular circumstances.

Non-Australian Holders that are non-residents of Australia should not be subject to Australian income tax on gains made on the disposal or redemption of Notes, provided:

- if the Non-Australian Holder is not a resident of a country with which Australia has entered into a comprehensive double tax treaty – such gains do not have an Australian source; or
- if the Non-Australian Holder is a resident of a country with which Australia has entered into a comprehensive double tax treaty – the Non-Australian Holder is fully entitled to the benefits of the double tax treaty to exclude Australia’s jurisdiction to tax the income.

A gain arising on the sale of Notes by a Non-Australian Holder that is a non-resident of Australia to another non-resident of Australia where Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source.

If a gain realised by a Non-Australian Holder is subject to Australian income tax, depending on the circumstances of the Noteholder, either the rules relating to “traditional securities” or “taxation of financial arrangements” should apply.

#### *No gain on conversion of the Notes*

Noteholders should not make any taxable gain or loss if Notes are converted into Ordinary Shares. This is because any gain or loss on the conversion should be disregarded under the Australian Tax Act.

Ordinary Shares acquired as a consequence of the conversion should generally be treated as having a cost base and reduced cost base for Australian capital gains tax (“CGT”) purposes equal to the cost base of the relevant Notes at the time of conversion. For Australian CGT purposes, the acquisition date of the Ordinary Shares should generally be the time of conversion. This will be relevant in the event that an Australian Holder subsequently disposes of the Ordinary Shares.

In the case of a Non-Australian Holder that is a non-resident of Australia, any capital gain or loss made by that Noteholder from any subsequent disposal of Ordinary Shares may be disregarded for Australian CGT purposes if the Ordinary Shares are not “taxable Australian property” (as defined under the Australian Tax Act) at the time of disposal.

Noteholders should seek their own taxation advice if their Notes are converted into Ordinary Shares.

#### **Other tax matters**

Under Australian laws as presently in effect:

- *taxation of financial arrangements* – Division 230 of the Australian Tax Act contains tax timing rules for certain taxpayers to bring to account gains and losses from “financial arrangements”. The rules do not alter the rules relating to the imposition of IWT nor override the IWT exemption available under section 128F of the Australian Tax Act.

A number of elective tax timing methods are available under Division 230. If none of the tax timing elections are made, the default accruals/realisation methods should apply to the taxpayer. Under the default methods, if the gains or losses from a financial arrangement are sufficiently certain, they should be brought to account for tax on an accruals basis. Otherwise, they should be brought to account for tax when they are realised.

Division 230 does not apply to certain taxpayers or in respect of certain short term “financial arrangements”. Division 230 should not, for example, generally apply to Noteholders which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their “financial arrangements”. Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made;

- *death duties* – no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* – no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on:
  - the issue, transfer or redemption of any Notes; or
  - the issue of Ordinary Shares as a result of a conversion or a transfer of Ordinary Shares acquired as a result of a conversion provided that:
    - if all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 90% or more; or
    - if not all the shares in the Issuer are quoted on ASX at the time of issue or transfer of the Ordinary Shares, no person, either directly or when aggregated with interests held by associates of that person, obtains an interest in the Issuer of 50% or more.

The stamp duty legislation generally requires the interests of associates to be added in working out whether the relevant threshold is reached. In some circumstances, the interests of unrelated entities can also be aggregated together in working out whether the relevant threshold is reached;

- *TFN/ABN withholding* – withholding tax is imposed (at the rate of, currently, 47%) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (TFN), (in certain circumstances) an Australian Business Number (ABN) or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then such withholding should not apply to payments to a Non-Australian Holder that is a non-resident of Australia for Australian tax purposes;

- *dividend withholding tax* – Non-Australian Holders may be subject to dividend withholding tax (“DWT”) on certain distributions paid on equity interests in Australian resident entities (such as Ordinary Shares). A Non-Australian Holder should consider the application of DWT in the event the Noteholder’s Notes are converted into Ordinary Shares. DWT is generally imposed to the extent “franking credits” do not attach to the relevant distribution or the distribution is not declared to be “conduit foreign income”. Australian DWT is imposed at a general rate of 30% but the rate may be reduced under an applicable double tax treaty. The Issuer does not “gross-up” distributions on its Ordinary Shares to account for the imposition of DWT;
- *additional withholdings from certain payments to non-residents* – the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a Noteholder any amount in respect of Australian tax payable by the Noteholder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction;
- *supply withholding tax* – payments in respect of the Notes can be made free and clear of any “supply withholding tax”; and

- *goods and services tax (GST)* – neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

## **U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard**

### ***Foreign Account Tax Compliance Act***

Under sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”), a 30% withholding (“**FATCA withholding**”) may be required if (i)(A) an investor does not provide information sufficient for the Issuer or any other non-U.S. financial institution (“**FFI**”) through which payments on the Notes are made to determine the Noteholder’s status under FATCA, or (B) an FFI to or through which payments on the Notes are made is a “non-participating FFI”; and (ii) the Notes are treated as debt for U.S. federal income tax purposes and the payment is made in respect of Notes issued or modified after the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register, or the Notes are treated as equity for U.S. federal income tax purposes or do not have a fixed term, whenever issued.

FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

Reporting Australian Financial Institutions (“**RAFI**s”) under the Australia–U.S. FATCA Intergovernmental Agreement dated 28 April 2014 (“**Australian IGA**”) must comply with specific due diligence procedures. In general, these procedures seek to identify account holders and provide the Australian Taxation Office (“**ATO**”) with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Noteholders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Notes are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the Terms and Conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

### ***Common Reporting Standard***

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.



## SECTION 15: SUBSCRIPTION AND SALE

This section summarises the Subscription Agreement entered into by the Issuer and the Joint Bookrunners. It also sets out restrictions on the Offering in various jurisdictions.

### SUBSCRIPTION AGREEMENT

The Joint Bookrunners have entered into a subscription agreement dated 10 November 2020 with the Issuer (the "**Subscription Agreement**"). Upon the terms and subject to the conditions contained therein, the Joint Bookrunners have agreed to subscribe or procure subscribers for the aggregate principal amount of the Notes at the Issue Price.

#### *Fees and expenses*

The Issuer has agreed to pay certain commissions to the Joint Bookrunners and to reimburse the Joint Bookrunners for certain of their expenses incurred in connection with the management of the Offering and the issue of the Notes.

#### *Representations, warranties and undertakings*

The Issuer makes various representations and warranties including but not limited to representations and warranties in relation to this Offering Circular, compliance with the Corporations Act, the ASX Listing Rules and the constitutional documents of the Issuer. The Issuer also warrants that it has the power and authority to issue the Notes and to enter into and comply with the terms of the Subscription Agreement, the Trust Deed, the Agency Agreement and the Calculation Agency Agreement.

#### *Termination events*

The Joint Bookrunners are entitled in certain circumstances to terminate the Subscription Agreement prior to the closing of the issue of the Notes, including where one or more of the following events occurs:

- the Issuer breaches any of the representations or warranties, or fails to perform any of its undertakings, in the Subscription Agreement;
- the conditions precedent to closing are not satisfied or waived prior to the closing date;
- there has been in the opinion of the Joint Bookrunners since the date of the Subscription Agreement, any change or development in monetary, financial, political or economic conditions, currency rates or foreign exchange controls, or a general moratorium on banking activities in Australia, that would materially prejudice the Offering or distribution of the Notes;
- there is a suspension or material limitation of trading in securities generally on the SGX-ST or ASX or a suspension of any of the Issuer's securities on ASX, which would materially prejudice the Offering, the distribution of the Notes or dealings in Notes in the secondary market;
- there is a change of law in Australia or Singapore which would prohibit or adversely regulate the issue of the Notes, capital issues or stock markets;
- one of the Joint Bookrunners fails to subscribe and pay for any of the Notes agreed to be subscribed and paid for by such Joint Lead Manager ("**Default Notes**") and the remaining Joint Lead Manager does not subscribe and pay for such Default Notes; or
- a securities lending arrangement entered into by substantial shareholders of the Issuer is terminated or an event of default under that document occurs.

## ***Indemnity***

The Issuer indemnifies the Joint Bookrunners and each of their affiliates, and it and each of its affiliates directors, officers, employees, agents and affiliates against loss arising under or in connection with the certain aspects of the Offering or this Offering Circular, except to the extent that the loss arose directly from the fraud, recklessness, gross negligence or wilful default of those parties.

## **SELLING RESTRICTIONS**

### **General**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken in any jurisdiction by the Issuer or the Joint Bookrunners for the purpose of permitting a public offering, or any other offering under the circumstances not permitted by applicable law, of the Notes, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, by the Issuer or the Joint Bookrunners, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Bookrunners.

### **United States**

The Notes and the Ordinary Shares to be issued upon conversion of the Notes have not been and will not be registered under the Securities Act and the Notes and the Ordinary Shares to be issued upon conversion of the Notes, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside the United States in reliance on Regulation S. Each of the Joint Bookrunners has represented and warranted it has not offered or sold, and agreed that it will not offer or sell, any Notes or any of the Ordinary Shares to be issued upon conversion of the Notes constituting part of their allotment within the United States except in offshore transactions in accordance with Rule 903 of Regulation S other exemptions under the Securities Act.

Accordingly, none of the Joint Bookrunners and their respective affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect of the Notes and the Ordinary Shares to be issued upon conversion of the Notes.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes or Ordinary Shares to be issued upon conversion of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Joint Bookrunners have not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes and the Ordinary Shares to be issued upon conversion of the Notes, except with their affiliates or with the prior written consent of the Issuer.

Terms used in this sub-section captioned "United States" have the meaning given to them by Regulation S.

### Prohibition of Sales to EEA and UK Retail Investors

Each Joint Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purpose of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Joint Bookrunner has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### Australia

Each Joint Bookrunner has represented and agreed that:

- (a) it has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) it has not distributed or published, and will not distribute or publish, any base prospectus, information memorandum or any other offering material or advertisement relating to any Notes in Australia, unless:
  - (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under parts 6D.2 or 7.9 of the Corporations Act;

- (ii) the offer or invitation does not constitute an offer to a 'retail client' as defined for the purposes of section 761G of the Corporations Act;
- (iii) such action complies with any other applicable laws, regulations or directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

## Singapore

Each Joint Bookrunner has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly each Joint Bookrunner has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sold any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other documents or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of who is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(6) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the CMP Regulations 2018), the Issuer has determined and hereby notified all

relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## Hong Kong

Each Joint Bookrunner has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Bookrunner has severally represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

## Switzerland

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering is made to professional clients within the meaning of the FinSA only and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**").

The Notes are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## SECTION 16: ADDITIONAL INFORMATION

### ASX

FLT has received ASX confirmations in relation to the Terms and Conditions of the Notes and the Offering that:

- the Terms and Conditions of the Notes are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the Notes are not options for the purposes of ASX Listing Rules 6.14 – 6.23;
- the Notes are not preference securities for the purposes of ASX Listing Rules 6.4 – 6.7; and
- it is “appropriate and equitable” for the purposes of ASX Listing Rule 6.12 that Noteholders may be divested of their Notes in the case of a conversion or redemption as provided for under the Terms and Conditions of the Notes.

No further ASX waivers or confirmations are required.

### ASIC relief

ASIC has granted relief from the provisions of *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* to permit the Issuer to rely on that instrument in circumstances where trading in its Ordinary Shares were suspended for more than a total of 5 days in the 12 months before the date Notes were issued.

### Foreign Acquisitions and Takeovers Act

The acquisition by foreign persons of interests in the Issuer is regulated by the *Foreign Acquisition and Takeovers Act 1975* (Cth) (“**FATA**”).

The FATA generally requires (with the sanction of penalties) that prior notice be given to the Treasurer and a no objection notification obtained (or a statutory period has expired without the Treasurer objecting) in respect of the acquisition by a “foreign person” of certain interests in the Issuer (including the Notes) and gives the Treasurer of the Commonwealth of Australia (“**Treasurer**”) power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred and the proposal or acquisition considered contrary to Australia’s national interest, if the foreign person (alone or together with its associates) would have an interest in 20% or more (or, if the foreign person is also a ‘foreign government investor’ under the FATA, 10% or more (though a lower percentage threshold can apply in certain circumstances)) of the Ordinary Shares, votes or potential votes (including through interests in options) of the Issuer, or two or more foreign persons (alone or together with their respective associates) would have in aggregate an interest in 40% or more of the Ordinary Shares, votes or potential votes (including through interests in options) of the Issuer.

The above summary does not purport to be a definitive statement of the FATA and investors requiring further information as to whether notification under the FATA to the Treasurer (through the Foreign Investment and Review Board) is required in respect of a proposed investment or further investment in the Issuer should consult their professional advisers.

### Takeover Restrictions

The acquisition of interests in the Issuer is also regulated by the takeover provisions of Chapter 6 of the Corporations Act. These provisions prohibit (with the sanctions of penalties) the acquisition of relevant interests in the Ordinary Shares, if as a result of the acquisition the acquirer’s (or another party’s) “voting power” in the Issuer would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Chapter 6C of the Corporations Act

also contains provisions requiring market disclosure of relevant interests (and changes in relevant interests) in the Ordinary Shares by persons holding “voting power” in the Issuer of 5% or more.

Investors requiring further information relating to takeover restrictions should consult their professional advisers as these matters may be applicable to the conversion of the Notes.



## SECTION 17: GENERAL INFORMATION

- 1 The Issuer's corporate head office and principal place of business is located at 275 Grey Street, South Brisbane, QLD 4101, Australia.
- 2 The Principal Paying and Conversion Agent, the Registrar and the Transfer Agent for the Notes is The Hongkong and Shanghai Banking Corporation Limited at its specified office which, as of the date of this Offering Circular, is located at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong.
- 3 The Calculation Agent for the Notes is Conv-Ex Advisors Limited at its specified office which, as of the date of this Offering Circular, is located at 30 Crown Place London EC2A 4EB United Kingdom.
- 4 The issue of the Notes and the terms of the Offering were approved by resolutions of the Board of Directors of the Issuer passed on 9 November 2020.
- 5 Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement (upon execution and subject to the Issuer providing a copy of the Trust Deed to the Principal Paying and Conversion Agent) will be available for inspection by Noteholders at the specified office of the Principal Paying and Conversion Agent at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time)) following prior written request and proof of holding and identity satisfactory to the Principal Paying and Conversion Agent, so long as any of the Notes is outstanding.
- 6 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Notes is XS2250347700. The Common Code for the Notes is 225034770.
- 7 The Legal Entity Identifier of the Issuer is 254900BGNU178EKEJY68.
- 8 Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2020 and no material adverse change in the financial position or prospects of the Issuer or the Group since 30 June 2020.
- 9 Save as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Notes nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened.
- 10 The audited annual consolidated financial statements of the Group for the financial years ended and as at 30 June 2019 and 30 June 2020, which are deemed to be incorporated by reference in this Offering Circular, have been audited by Ernst & Young, as the independent auditors to the Issuer, as stated in their reports appearing therein.
- 11 An application has been made to the SGX-ST for permission to deal in and quotation for the Notes. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for individual definitive Notes. In addition, in the event that the Global Certificate is exchanged for individual definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Notes, including details of the paying agent in Singapore.

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