



## REGIONAL EXPRESS (REX) CADET PILOT AGREEMENT

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This Agreement dated the \_\_\_\_ (day) of \_\_\_\_\_ (month) \_\_\_\_\_ (year) is made between:

**Regional Express Holdings Limited**, ACN: 099 547 270, ABN: 18 099 547 270, referred hereinafter as “Rex”, of the one part;

and \_\_\_\_\_ (Full Name)

of \_\_\_\_\_ (Full Address)

referred hereinafter as “the Cadet”, of the other part; and

**Australian Airline Pilot Academy**, ACN: 128 392 469, ABN: 79 128 392 469, referred to hereinafter as “AAPA”, of the last part.

**WHEREAS** Rex has in place the Rex Cadet Pilot Programme (“the PROGRAMME”) which offers selected candidates the benefits of Schedule A;

**AND WHEREAS** the Cadet is desirous of being offered a place in the PROGRAMME and agrees to pay the PROGRAMME fees as defined in Schedule A;

**AND WHEREAS** as part of the PROGRAMME, Rex procures funding to the Cadet by means of Cadet Loans to pay for part of the PROGRAMME fees and requirements as outlined in Schedule A and B;

**AND WHEREAS** AAPA conducts certain phases of the PROGRAMME;

Regional Express Group of Companies:

### Regional Express Holdings Ltd

ABN 180 9954 7270 ACN 099 547 270

#### Head Office

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#### Engineering Base

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**AND WHEREAS** it is acknowledged by all parties that junior First Officers are of little benefit to Rex and the Cadet offers as consideration for the benefits of the PROGRAMME the undertaking to serve Rex for at least 3 continuous years of full employment as senior First Officer or Captain. This takes place after the Cadet has completed serving Rex as First Officer for 4 years from commencement of employment with Rex. In furtherance of this the parties agree that the Cadet shall deposit a sum of **AUD \$25,000** at the start of the PROGRAMME as a security pledge (“Pledge”) to secure that the Cadet serves Rex as senior First Officer or Captain as above mentioned.

The parties hereby agree as follows:

## **GLOSSARY**

The following terms used in this Agreement shall, unless the context indicates otherwise have the following meanings:

**"Cadet Loans"** means the loans by Rex to the Cadet under the Regional Express (Rex) Cadet Pilot Pledge Loan Agreement (“Pledge Loan”), Regional Express (Rex) Cadet Pilot Loan Agreement (“Study Loan”) and the Regional Express (Rex) Cadet Pilot Scholarship Agreement (“Scholarship Loan”).

**“CIR”** means Command Instrument Rating.

**“Command Upgrade”** means the training and assessments involved in the conversion of an eligible First Officer to Captain.

**“Course”** means ab-initio Pilot Training at AAPA up to CPL with CIR and SAAB 340 type endorsement.

**“CPL”** means Commercial Pilot License.

**“Ground School”** means the training and testing leading up to a Saab 340 endorsement.





“**PICUS**” means Pilot in Command under Supervision which is an approved programme to allow a First Officer to log command hours from the right hand control seat when flying under the conditions of PICUS.

“**PPL**” means Private Pilot License.

“**Rex Group**” means Rex and/or any of the subsidiaries or related body corporate or associates (as defined in the Corporations Act) of Rex.

## 1. GENERAL

1.1 The PROGRAMME fees and the deposit for the Pledge are due and payable on the first day of the Course. The Cadet Loans by Rex to the Cadet are considered disbursed on this date and paid to AAPA and Rex accordingly. The PROGRAMME fees are non refundable except for the rebates defined in Schedule C and adjustments in Schedule D. The Pledge is non refundable and not released except as set out under the conditions of Schedule E of this Agreement. The terms governing the Pledge Loan, Study Loan and Scholarship Loan are set out in Schedule B, C and E of this Agreement and are reprised in separate loan agreements (which are considered as part of this Agreement) between Rex and the Cadet. The balance of the PROGRAMME fees not covered by the Cadet Loans shall be paid by the Cadet prior to the start of the PROGRAMME, failing which the Cadet shall not be allowed on the PROGRAMME. The Cadet has been made aware by Rex that the Cadet should read and understand fully the terms of the above mentioned Cadet Loans agreements and be willing of his own free will to enter into and be bound by the terms of such loan agreements before entering into this Agreement with Rex. In the event of any conflict between the terms of such Cadet Loans Agreements and the terms of this Agreement, the terms of such Cadet Loans Agreements shall prevail. Annex A provides a summary of the various loans and financing conditions.





- 1.2 At all times, the Cadet acknowledges that Rex has complete authority over the Cadet's training during the Course. In particular, Rex has full right and authority to keep track of the Cadet's progress and performance on the Course. The Cadet acknowledges and confirms that Rex shall have the right to request AAPA at any time to disclose any information in respect of the Cadet's conduct and performance during the Course and the Cadet unconditionally authorises AAPA to disclose all such information as and when requested by Rex.
- 1.3 The Cadet represents and agrees that he alone is responsible and liable for all risks associated with his attending and undergoing the Course, including but not limited to material loss, property damage, personal injury and death. The Cadet hereby absolves and discharges Rex and AAPA from all liability relating thereto, whatsoever and howsoever occasioned. The Cadet further fully indemnifies and holds harmless Rex and AAPA against any claims, losses, damages, expenses and costs (including solicitors' costs on an indemnity basis) which Rex and AAPA may suffer or incur in the event the Cadet is in breach of his representation and agreement given above. This clause 1.3 shall not apply in the event the material loss, property damage, personal injury or death results from the gross misconduct or gross negligence of AAPA or Rex.
- 1.4 The Cadet agrees to abide by all Company Policies (AAPA and/or Rex and its subsidiaries as applicable) as well as the Code of Conduct of AAPA/Rex.
- 1.5 The first phase of the PROGRAMME up to the PPL stage is the probationary period. The Cadet who is deemed unsuitable during or at the conclusion of the probationary period, at Rex's sole discretion, will be asked to leave the PROGRAMME. Generally if he is asked to leave during or at the end of the probationary period the **AUD \$25,000** up-front cash payment will be used to pay for all costs incurred. There will be no refund of any portion of this amount. All loans and liabilities are considered fully discharged thereafter.





## **2. TERM**

- 2.1 The PROGRAMME and this Agreement commence on the first day of the Course and terminates in circumstances as set out in this Agreement or when all the obligations of the parties as set out in this Agreement (including the Cadet Loans Agreements) have been fully discharged, whichever is the first to occur.

## **3. PROGRAMME MILESTONES**

- 3.1 There are several Phases of the PROGRAMME:
- Phase 1: Entrance to AAPA leading up to PPL;
  - Phase 2: After PPL leading up to and including CPL and CIR;
  - Phase 3: Employment with Rex and entrance to Rex Ground School leading up to and including type endorsement;
  - Phase 4: Employment with Rex as a First Officer;
  - Phase 5: Entrance into the PICUS programme after meeting all prerequisites and leading up to graduation from PICUS. Cadets who, at the sole discretion of Rex, have poor aptitude either in performance or attitude will not be offered a place in PICUS and will remain at Phase 4 for the rest of the PROGRAMME;
  - Phase 6: Entrance into the Command Upgrade leading to graduation as Captain.

The above represents the principal progression path of the Cadet. However Rex reserves the right to modify the progression from Phase 3 onwards according to the needs of the Rex Group and the performance and attitude of the Cadets while being mindful of the aspirations of the Cadet.

- 3.2 The Cadet confirms and acknowledges that it is a fundamental element of the PROGRAMME that the Cadet, at his own cost and time, passes the ATPL Air Law and Airline Human Factors exams within 1.5 years of graduating from the Course. The Cadet is required to hold valid credits in all of the ATPL subjects within 2.5 years of graduating from the Course.





- 3.3 In addition to the terms of clause 3.1, the Cadet acknowledges and accepts that the
- continuation in a Phase; and
  - the graduation from a Phase; and
  - the entry into the next Phase
- are all conditional on the Cadet meeting fully at all times **Rex's very high expectations of conduct, attitude and performance with high emphasis being placed on conduct and attitude.** The Cadet acknowledges and accepts Rex's absolute discretion in this matter. The Cadet should be aware that graduation from a Phase does not automatically entail suitability to enter the next Phase.

#### **4. TERMINATION FOR CONVENIENCE OR FOR ANY OTHER REASON WHATSOEVER**

- 4.1 The Cadet acknowledges and fully accepts Rex's sole discretion to terminate this Agreement and the Cadet's place in the PROGRAMME, at any time, during the term of this Agreement, for convenience or any other reason whatsoever. This may include, but not limited to, termination in circumstances where Rex decides, at its sole discretion, that the Cadet fails to meet its expectations of conduct, attitude or performance. In particular, if the Cadet

- 4.1.1 fails to meet the requirement of Clause 3.2;
- 4.1.2 resigns from employment, refuses to take up secondment under 5.3, or refuses progression along the Phases defined;
- 4.1.3 breaches the conditions of this Agreement and the Cadet Loans agreements;
- 4.1.4 fails to successfully progress to Phase 4;
- 4.1.5 breaches AAPA's or Rex's Code of Conduct and/or governing policies;

As and when Rex decides on the termination in any of the occasions as above mentioned, this Agreement and the PROGRAMME will be automatically terminated.

- 4.2 In the event of termination pursuant to clause 4.1 above, the Cadet undertakes to repay Rex immediately the amounts outstanding under the Cadet Loans with rebates accorded according to Schedule C and Schedule D.





- 4.3 The termination of this Agreement and the participation in the PROGRAMME shall not prejudice any of the parties' rights under this Agreement that may have accrued before such termination and such other rights set out herein that may be applicable upon such termination. In addition, the parties acknowledge and agree that the rights and obligations of the parties under any separate loan agreement entered into in furtherance of this Agreement, in particular the Cadet Loans agreements, shall not be prejudiced by such termination but shall continue to be validly binding on the parties until all the terms and conditions contained therein are fully satisfied.
- 4.4 Where this Agreement is terminated after the Cadet has entered Phase 3 or beyond, the Cadet's continued employment and progression in Rex as a pilot will continue to be governed by the prevailing Regional Express Pilots' Agreement and Company policies with regard to its general pilot population.

## **5. EMPLOYMENT AND SECONDMENT**

- 5.1 The Cadet agrees that employment under this Agreement and the Cadet Loans agreements includes employment by any member of the Rex Group, or any external company to which the Cadet is seconded under 5.3.
- 5.2 The Cadet confirms and undertakes that the Cadet shall accept any employment within the Rex Group as a pilot upon the successful completion of Phase 2 and take up such employment thereafter as and when it is offered by Rex in whatever bases that correspond to such employment.
- 5.3 The Cadet agrees that he may be seconded to, and the Cadet agrees to take up secondment with, other air transport operators, either inside or outside the Rex group, as required by Rex. In such secondment, the Cadet will not suffer disadvantage with respect to salary or principal conditions of employment including seniority unless such secondment is requested by the Cadet.
- 5.4 The Cadet agrees not to resign from employment during the term of this Agreement.





## **6. MISCELLANEOUS**

- 6.1 This Agreement is governed by the laws of New South Wales.
- 6.2 This Agreement constitutes the entire agreement between the parties as to the subject matter set out herein and it supersedes all contemporaneous, collateral or prior representations, understandings, negotiations and agreements, whether written or oral, express or in any way implied, between the parties with respect to the subject matter hereof but not set out herein.
- 6.3 Every clause and sub-clause shall where the context permits be severable from every other.
- 6.4 Any reference to the male gender in this Agreement shall include the female gender where the context so admits.







**ACCEPTANCE**

**“The Cadet”:**

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Print Name) \_\_\_\_\_ (Date)

**Regional Express Holdings Limited (“Rex”):**

\_\_\_\_\_ (Signature)

Neville Howell, Chief Operating Officer, \_\_\_\_\_ (Date)

**Australian Airline Pilot Academy Pty Ltd (“AAPA”):**

\_\_\_\_\_ (Signature)

Hank Zheng, Corporate Services Manager, \_\_\_\_\_ (Date)





## SCHEDULE A

### PROGRAMME & PROGRAMME FEES

The **PROGRAMME fees** are **AUD \$105,000.00**.

Subject to Clause 3.3, the PROGRAMME envisages the following career progression (subject to modifications due to Company exigencies):

- Phase 1: Entrance to AAPA leading up to and including PPL;
- Phase 2: After PPL leading up to and including CPL and CIR at AAPA;
- Phase 3: Employment with Rex and entrance to Rex Ground School leading up to Saab 340 type endorsement;
- Phase 4: Employment with Rex as a First Officer;
- Phase 5: Entrance into the PICUS programme leading up to graduation from PICUS;
- Phase 6: Entrance into Command Upgrade leading to graduation as Captain.

The PROGRAMME comprises the following elements of valuable consideration:

- Training at Australian Airline Pilot Academy Pty Ltd ("AAPA") to pursue a Commercial Pilot License with Command Instrument Rating according to the Rate of Effort as outlined in Schedule D;
- Training on type rating for the Saab 340;
- Employment as a professional pilot within the Rex group within 6 months of graduation from Phase 2 subject to meeting prevailing entry requirements;
- A Study Loan of **AUD \$55,000** which is repaid over 7 years from the start of Phase 3;
- A Scholarship Loan of **AUD \$25,000** whose repayment starts only after 7 years from the start of Phase 3;
- A Pledge Loan of **AUD \$25,000** to the Cadet under the conditions of Schedule E; and
- A Retention and Performance Bonus after 7 years of continuous employment after the start of Phase 3 under the conditions of Schedule B.

The above are subject to Clause 3.3 and 4.1 of the Agreement which govern the Cadet's eligibility to receive the above elements of the PROGRAMME.





## **SCHEDULE B**

### **STUDY LOAN AND SCHOLARSHIP LOAN, INTEREST AND RETENTION BONUS**

**Study Loan and Scholarship Loan are worth AUD \$55,000 and AUD \$25,000** respectively which are deemed to be disbursed on the first day of the Course. Refer to the Study Loan and Scholarship Loan agreements for the repayment schedules and full details.

#### **Interest Rates:**

Phase 1 - 2 of the PROGRAMME: No interest amounts charged.

Phase 3 of the PROGRAMME onwards: Interest rate on the outstanding loans based on 10% per annum compound interest.

Where the Cadet is deployed for employment immediately after Phase 2 in a Rex subsidiary or with other operators, interest payment will start to accrue at the start of such employment.

Upon completion of 7 years of continual service: Reversal of interest rate of the Cadet Loans for the previous 7 years to the prevailing ATO FBT benchmark interest rate set by the Australian Tax Office for each year. The current benchmark interest rate is about 5.95%.

#### **Retention and Performance Bonus:**

After seven continuous years of employment with Rex, the Cadet is eligible to be considered for a Retention and Performance Bonus (RPB).

The RPB is conditional on the recommendation of the Rex Nomination and Remuneration Board Committee (NRC) based on the following criteria:

- 7 years of continuous service after Phase 3;
- exemplary and loyal service;
- no disciplinary matters on file;
- any other criteria that the Committee chooses to rely on.





The amount of the RPB is left to the discretion of the NRC but is capped at the full amount of the Scholarship Loan owing (including all the compounded interests) at the time when the RPB is decided. The Cadet can choose to have the RPB disbursed immediately or over a period of up to 5 years for the repayment of the Scholarship Loan. Should the RPB be disbursed over several years, the amount of RPB will be revised to take into account the additional interest rates payable due to the deferment of repayment of the Scholarship Loan.





## **SCHEDULE C**

### **REPAYMENT AMOUNTS - TERMINATION FOR CONVENIENCE**

If Termination for convenience or for any other reason whatsoever were to occur, the full amount owing is due and payable immediately.

The following are the special rebates accorded for Termination for convenience or for any other reason whatsoever during or upon graduation of the various Phases of the PROGRAMME as defined in Schedule A.

#### **Phase 1**

Rex will rebate **AUD \$80,000.00** of the PROGRAMME fees should the Cadet fail to make it to Phase 2 for whatever reason. The rebate will be applied in priority towards the discharge of the Study Loan and Scholarship Loan under the Agreement. Rex will release the Pledge and use it on behalf of the Cadet to repay the Pledge Loan.

#### **Phase 2**

Should the Cadet fail to complete Phase 2 for whatever reason other than for the circumstances of Clause 4.1.2, AAPA will rebate the under consumed portion of the rate of effort and the accommodation according to Schedule D. The net rebate, if any, shall first be applied in priority towards the discharge of the Study Loan and Scholarship Loan under the Agreement. Rex will release the Pledge and use it on behalf of the Cadet to repay the Pledge Loan.

#### **Phase 3 and beyond**

Should termination occur after graduation from Phase 2, the full amounts owing will be due and payable immediately, except that where the termination is for convenience, then Rex will release the Pledge deposit and use it for full satisfaction of the Pledge Loan.





**SCHEDULE D**

**COURSE SYLLABUS AND RATES FOR ADJUSTMENTS**

The Course Syllabus is based on the following rate of effort:

**Flying Hours for the CPL Multi Engine Instrument Rating Course:**

	Piper Warrior III		Piper Seminole			
Aircraft Type	Single Engine		Twin Engine	Simulator	Flight Test	
Dual or Solo	Dual	Solo	Dual	Dual	Single	Twin
Hours	47.8	72.5	28.5	30.0	3.0	6.0

**Flight Tests and Exams**

Note - Rex reserves the right at any time to modify the Course syllabus if in its opinion the modifications will enhance the quality of the training for CPL and CIR.

<b>Flight Tests</b>	PPL Flight Test
	CPL Flight Test
	MECIR Flight Test
<b>Exams</b>	PPL Theory Exam
	CHUF - CPL Human Factors
	CADA - CPL Aerodynamics
	CSYA - CPL Aircraft General Knowledge
	CMET - CPL Meteorology
	CLWA - CPL Flight Rules and Air Law
	CNAV - CPL Navigation
	CFPA - CPL Operation, Performance and Flight Planning
	IREX





## COURSE DURATION

The duration of the Course up to CPL with Instrument Rating is based on 32 weeks.

The following are the rates for adjustments in the case of over/under consumption of resources compared to the planned rate of effort above:

Type of Cost	Description	Unit Rate
Flying Training	Single Engine Solo	AUD \$155 / hour
	Single Engine Dual	AUD \$230 / hour
	Multi Engine Solo	AUD \$352 / hour
	Multi Engine Dual	AUD \$447 / hour
	Simulator (with instruction)	AUD \$175 / hour
Flight Tests	PPL, CPL and MECIR	AUD \$770 per test
CASA Exams	All CASA Exams	At the prevailing rates charged by CASA
Accommodation	Single bedrooms with shared bathrooms, communal kitchen and living areas	AUD \$200 / week or part thereof
Meals	Breakfast, lunch and dinner every day	AUD \$200 / week or part thereof





## SCHEDULE E

The **Pledge Loan** is for the amount of **AUD \$25,000** which is deemed to be disbursed by Rex as a loan to the Cadet on the first day of the Course. The Cadet agrees and acknowledges that the Pledge Loan is deposited with Rex as soon as it is disbursed as security and pledge (Pledge) to secure that the Cadet serves Rex for at least 3 continuous years of full employment as senior First Officer or Captain. This takes place after the Cadet has completed serving Rex as First Officer for 4 years from commencement of employment with Rex.

Consequently, except as otherwise set out in this Agreement, in the event the Cadet fails to serve Rex for at least 3 continuous years of full employment as senior First Officer or Captain or this Agreement is terminated for any reason whatsoever, except for a termination for convenience, before the expiration of 7 years of full employment after the Cadet is employed by Rex the full amount of the Pledge shall be forfeited and retained by Rex absolutely and the Cadet shall thereafter have no claim or right to the Pledge whatsoever. No interest is payable by Rex on the Pledge, except as set out below.

The Pledge Loan is not repayable at any time; and only as set out below.

Upon completion of 7 continuous years of full employment with Rex after Phase 3 or in the case where Rex terminates this Agreement and the Cadet's place on the PROGRAMME for convenience:

- (i) Reversal of interest rate of the Pledge Loan for the prior periods to the prevailing ATO FBT benchmark interest rate set by the Australian Tax Office for each year. The current benchmark interest rate is about 5.95%;
- (ii) Rex shall also pay to the Cadet interest on the Pledge deposit at the same rate as in (i) above for the same period; and
- (iii) Release of the Pledge deposit and interest accrued to the Cadet and simultaneously use the same to repay the Pledge Loan taken by the Cadet and all the interest accrued thereon.







**Interest Rates:**

Phase 1 - 2 of the PROGRAMME: No interest amounts charged by Rex on the Pledge Loan.

Phase 3 of the PROGRAMME onwards: Interest rate on the Pledge Loan to be charged by Rex based on 10% per annum compound interest.

Where the Cadet is deployed for employment immediately after Phase 2 in a Rex subsidiary or with other operators, the above interest payment will start to accrue at the start of such employment.





## ANNEX A

### PROGRAMME / PLEDGE FEES AND CADET LOANS SUMMARY

#### A. Programme Fees – AUD \$105,000

Financed by:

**Cash payment – AUD \$25,000** up front payment prior to commencement at AAPA

#### **Study Loan – AUD \$55,000**

- Disbursed on first day at AAPA.
- Interest rate (I) at 10% compounded.
- Principal (P) + I repayment when first salary drawn. Monthly repayments are calculated to grow with the expected growth of salary.
- Upon reaching 7 years of employment, amounts owing recalculated to reflect the application of the lower ATO interest rate from the first day of the loan repayment.
- With revised interest rate, very marginal amounts left to repay after 7 years.

#### **Scholarship Loan – AUD \$25,000**

- Disbursed on first day at AAPA.
- Interest rate (I) at 10% compounded.
- No P + I repayment during the first 7 years of service.
- Upon reaching 7 years of employment, amounts owing recalculated to reflect the application of the lower ATO interest rate from the first day of the loan disbursement.
- Full amounts payable upon reaching 7 years of service.
- Retention Bonus offered to those who have 7 years of service and fulfil certain conditions. The maximum amount of the bonus will be the outstanding Scholarship Loan (including all the compounded interests) at the time when the retention bonus is decided.





**B. Pledge – AUD \$25,000**

Financed by:

**Pledge Loan – AUD \$25,000**

- Disbursed on first day at AAPA to Rex as Pledge deposit.
- No interest earned on Pledge deposit unless full 7 years' service has been completed.
- Interest rate (I) at 10% compounded for the Pledge Loan for the period in accordance with Schedule E.
- No P + I repayment during the first 7 years of service.
- Upon reaching 7 years of employment, amounts owing recalculated to reflect the application of the lower ATO interest rate.
- Upon reaching 7 years of employment, Pledge deposit will earn interest based on the ATO interest rate for the same period that interest accrues for the Pledge Loan.
- Pledge deposit and interest will be released after 7 years of service and will be used to pay in full the Pledge Loan and outstanding interest.

