

Circular to creditors

27 April 2020

Dear Sir/Madam

Virgin Australia Holdings Limited, ACN 100 686 226 and certain entities listed in Schedule A (all Administrators Appointed) (the Companies or Virgin)

Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes were appointed Joint and Several Administrators (**Administrators**) of Virgin Australia Holdings Limited ACN 100 686 226 and certain entities listed in Schedule A on 20 April 2020, pursuant to the provisions of Section 436A of the Corporations Act 2001 (Cth) (**Act**).

On Friday, 24 April 2020, the Administrators appeared before Justice Middleton in the Federal Court of Australia in regard to an application filed by the Administrators pursuant to Sections 443B(8) and 447A of the Act.

At the hearing, Justice Middleton made several Orders which will affect the administration going forward. A summary of the relevant Orders is provided below. To obtain a copy of the Sealed Orders, please refer to the Deloitte Virgin Australia website: www.deloitte.com/au/virgin

Summary of relevant Court Orders

For the below Orders, unless otherwise stated the applicable insolvency laws refer to any provision in any of Part 5.3A of the Act, Part 5.3A of the Corporations Regulations 2001 (Cth), the Insolvency Practice Schedule (Corporations) (**IPSC**), or the Insolvency Practice Rules (Corporations) 2016 (Cth) (**IPR**).

A. Notice of meetings and other notices to creditors may be sent electronically

Notices to creditors (including the initial notice sent to creditors on 21 April 2020) to advise of the first meeting of creditors, as well as any future notices given to creditors pursuant to any provision in the applicable insolvency laws, are not required to be provided in hard copy and may be validly given:

- i) where the Administrators have an email address for a creditor, by sending the notice by email to each such creditor;
- ii) where the Administrators do not have an email address for a creditor but have a postal address for the creditor (or have received notification of non-delivery of a notice sent by email in accordance with (i) above), by sending the notice by post to the postal address for each such creditor;
- iii) by causing the notice to be published on the Australian Securities and Investments Commission (ASIC) published notices website at <https://insolvencynotices.asic.gov.au/>; and
- iv) by publishing the notice on Deloitte's Virgin Australia website maintained by the Administrators at www.deloitte.com/au/virgin

B. Meetings of creditors to be held electronically

To the extent not permitted specifically by sections 75-30, 75-35 and 75-75 of the IPR, the Administrators may validly hold all meetings of creditors during the administration period by telephone or audio-visual conference at the place of the Administrators' offices, being Level 9 Grosvenor Place, 225 George Street, Sydney, New South Wales 2000, without creditors of the Companies being able to attend physically at that place. Such details of the arrangements for using these facilities are to be specified in each of the notices issued to creditors.

C. Lodgement of proxy forms

To the extent not permitted specifically by section 75-35(2)(b) of the IPR, creditors of the Companies who wish to participate at any meetings of the Companies must lodge with the Administrators, no later than the second last business day before the day on which the meeting is held, specific proxy forms containing the information in section 75-35(2)9b)(i)(iii) of the IPR (with liberty to notify the Administrators of the withdrawal of the specific proxy forms and amended vote following any discussion at a meeting, in advance of a resolution being passed).

D. Committee of inspection to be proposed by the Administrators

Regarding a committee of inspection (**COI**), Divisions 75 and 80 of the IPSC and Division 75 of the IPR are to operate as if the following Orders now apply:

- i) the requirement in sections 80-10 and 80-15 of the IPSC for the creditors to resolve that a COI be formed and to appoint members of the COI, is dispensed with in relation to this administration;
- ii) a single COI will be formed in respect of all the Companies to which the Administrators are appointed;
- iii) the members of the COI will be persons proposed by the Administrators based on nominations made by the creditors in advance of and at the first meeting of creditors. Details of the nomination process are provided below;
- iv) no later than three business days after the first meeting, the Administrators will put forward a proposal to the creditors that the members of the COI be those persons proposed by the Administrators. Creditors will have the opportunity to approve or reject this proposal only and must do so within five business days; and
- v) creditors will not be able to object to the proposal being determined without a meeting of creditors.

E. Meeting of COI

To the extent not previously permitted specifically by section 80-5(3) of the IPR:

- i) a meeting of the COI may now be convened by electronic notice sent to an email address specified by each of the members of the COI
- ii) a meeting of the COI may be held by telephone or audio-visual conference (only, and in place of a physical meeting) with such details of the arrangements for using the facilities to be specified in each of the notices issued to, or by, the members of the COI.

F. Providing information to creditors

Where the Administrator usually has five business days to respond to a creditors request for information under section 70-1(2)(a) of the IPR, the Administrators will now have ten business days. Information, reports or documents may be provided to requesting creditors by means of publication on the website maintained by the Administrators: www.deloitte.com/au/virgin

Note: The Administrators encourage creditors to refer to the Deloitte Virgin website for any updates or answers to their queries regarding the administration.

G. Extension of time regarding Administrators personal liability

Personal liability of the Administrators under sections 443A(1)(c) and 443B(2) of the Act will not commence until 26 May 2020.

The Administrators are not personally liable for any liability with respect to any property leased, used or occupied by any of the Companies (including amounts payable pursuant to any leases entered into by any of the Companies), from any lessors, in the period from 28 April 2020 to 26 May 2020 inclusive.

Notices to owners or lessors given by the Administrators pursuant to section 443B(3) of the Act may now be given until 26 May 2020.

First meeting of creditors to be held at 11:00am (AEST) on 30 April 2020

A notice of first meeting of creditors of companies under administration is enclosed at Annexure A.

The first meeting of creditors has been convened for:

Date	Thursday, 30 April 2020
Meeting Time	11:00 AM (AEST)
Place	Level 9, Grosvenor Place, 225 George Street, Sydney NSW (creditors can only attend virtually)

This meeting will be held using virtual facilities to adhere to government policies in place due to COVID-19.

The place of the First Meeting is to be at the office of the Administrators, at Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George St, Sydney, NSW 2000. A virtual meeting will be hosted from this address.

Creditors wishing to attend the first meeting virtually must register their attendance by clicking on the link below and complete the registration form:

<https://forms.office.com/Pages/ResponsePage.aspx?id=8UXaNizdH02vE1q-RrmZIVtxAW71pI1LIFc4-NnkCOIUMjI4WUUhHU0hIMExITEJUNkhaOVIZRIVHNCQIQCN0PWcu>

Once you have registered you will be sent an email with a link to join the first creditors meeting.

Attendance at the meeting is not compulsory.

Nominations for members of the Committee of Inspection (COI)

Pursuant to the Orders delivered by the Federal Court of Australia and summarised above, at the first meeting, creditors will no longer decide whether a COI should be appointed. Following the first meeting, a single COI will be formed for all the Companies to which the Administrators were appointed.

Creditors may nominate a person to be a member of the COI. Creditors may nominate themselves or a person they believe can represent their interests regarding the future of the administration. Nominations should be made using the Nominations Form attached at **Annexure B**. Creditors must provide their nominations to: virginsuppliers@deloitte.com.au in advance of and at the first meeting of creditors.

The Administrators ask that all nominees provide a description of their relevant experience and a brief summary of why the Administrators should consider them to be part of the COI.

Nominees should be aware that members of the COI will be subject to confidential information regarding the administration and will be required to execute a Confidentiality Agreement to formally join the COI.

After the first meeting of Creditors

By Tuesday, 5 May 2020, three business days after the first meeting of creditors, the Administrators will issue to creditors a proposed listing the members of the COI as determined by the Administrators. In forming this proposal, the Administrators will consider the nominations received in advance of and at the first meeting of creditors.

Creditors will be asked to vote to accept or reject this proposed COI. Details on how to vote on the proposed COI will be provided during the first meeting and in future correspondence.

Queries and contact details

Should you have any further queries in relation to the process described above or the administration generally, creditors should email us at: virginadmin@deloitte.com.au or refer to our Deloitte Virgin Australia website: www.deloitte.com/au/virgin

Yours faithfully



Richard Hughes

Joint and Several Administrator

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Schedule A – list of entities in administration

Annexure A – Notice of first meeting of creditors of companies in administration

Annexure B – COI nomination form

Annexure C – ARITA Information Sheet: Committees of Inspection

Schedule A – Virgin Group entities (all Administrators Appointed)

Company Name	ACN
Virgin Australia Holdings Ltd	ACN 100 686 226
Virgin Australia International Operations Pty Ltd	ACN 155 859 608
Virgin Australia International Holdings Pty Ltd	ACN 155 860 021
Virgin Australia International Airlines Pty Ltd	ACN 125 580 823
Virgin Australia Airlines (SE Asia) Pty Ltd	ACN 097 892 389
Virgin Australia Airlines Holdings Pty Ltd	ACN 093 924 675
VAH Newco No.1 Pty Ltd	ACN 160 881 345
Tiger Airways Australia Pty Limited	ACN 124 369 008
Virgin Australia Airlines Pty Ltd	ACN 090 670 965
VA Borrower 2019 No. 1 Pty Ltd	ACN 633 241 059
VA Borrower 2019 No. 2 Pty Ltd	ACN 637 371 343
Virgin Tech Pty Ltd	ACN 101 808 879
Short Haul 2018 No. 1 Pty Ltd	ACN 622 014 831
Short Haul 2017 No. 1 Pty Ltd	ACN 617 644 390
Short Haul 2017 No. 2 Pty Ltd	ACN 617 644 443
Short Haul 2017 No. 3 Pty Ltd	ACN 622 014 813
VBNC5 Pty Ltd	ACN 119 691 502
A.C.N. 098 904 262 Pty Ltd	ACN 098 904 262
Virgin Australia Regional Airlines Pty Ltd	ACN 008 997 662
Virgin Australia Holidays Pty Ltd	ACN 118 552 159
VB Ventures Pty Ltd	ACN 125 139 004
Virgin Australia Cargo Pty Ltd	ACN 600 667 838
VB Leaseco Pty Ltd	ACN 134 268 741
VA Hold Co Pty Ltd	ACN 165 507 157
VA Lease Co Pty Ltd	ACN 165 507 291
Virgin Australia 2013-1 Issuer Co Pty Ltd	ACN 165 507 326
737 2012 No.1 Pty. Ltd	ACN 154 201 859
737 2012 No. 2 Pty Ltd	ACN 154 225 064
Short Haul 2016 No. 1 Pty Ltd	ACN 612 766 328
Short Haul 2016 No. 2 Pty Ltd	ACN 612 796 077
Short Haul 2014 No. 1 Pty Ltd	ACN 600 809 612
Short Haul 2014 No. 2 Pty Ltd	ACN 600 878 199
VA Regional Leaseco Pty Ltd	ACN 127 491 605
VB 800 2009 Pty Ltd	ACN 135 488 934
VB Leaseco No 2 Pty Ltd	ACN 142 533 319
VB LH 2008 No. 1 Pty Ltd	ACN 134 280 354
VB LH 2008 No. 2 Pty Ltd	ACN 134 288 805
VB PDP 2010-11 Pty Ltd	ACN 140 818 266

Annexure A

Updated Notice of first meeting of creditors of companies under administration

CORPORATIONS ACT 2001
Section 436E
Insolvency Practice Rules (Corporations)
75-10, 75-15, 75-20, 75-35

**Virgin Australia Holdings Limited, ACN 100 686 226
and certain entities listed in Schedule A
(all Administrators Appointed)
(the Companies or Virgin)**

1. Notice is now given that a concurrent virtual meeting of the creditors of Virgin will be held:

Date: Thursday, 30 April 2020
Meeting time: 11:00 AM (AEST)
Video conference link: MS Teams Live Event link to be provided once registered
Place: Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George St, Sydney, NSW 2000.

Due to the threat of COVID-19, and consistent with government policy on gatherings, a virtual meeting will be held. All creditors are expected to attend by electronic means, and no physical place of meeting will be made available.

2. The purpose of the meeting is to:

- a) inform creditors of the administration process;
- b) agree on certain arrangements for committee members (specifically regarding profiting from being a committee member).

3. Attendance at this virtual meeting is not compulsory.

Dated this 27th day of April 2020.



Richard Hughes
Joint and Several Administrator

Annexure B

**Virgin Australia Holdings Limited, ACN 100 686 226
And certain entities listed in Schedule A
(All Administrators Appointed)
(The Companies or Virgin)**

Insolvency Practice Schedule (Corporations) s80-15

NOMINATION FOR PROPOSED COMMITTEE OF INSPECTION (UPDATED)

At the meeting of creditors to be held on Thursday, 30 April 2020, creditors will be provided an update on the Committee of Inspection nominations received by the Administrators, pursuant to the Orders made by Justice Middleton in the Federal Court of Victoria on 24 April 2020. A copy of the Orders is located on Deloitte's Virgin Australia website. If you would like to nominate yourself/your company to be appointed to the COI, please complete the details below in advance of or at the first meeting of creditors to: virginadmin@deloitte.com.au.

The Administrators ask that all nominees provide a description of their relevant experience and a brief summary of why the Administrators should consider you to be part of a Committee of Inspection.

Duties and obligations of committee members:

Please read the attached information sheet prepared by the Australian Restructuring Insolvency & Turnaround Association (ARITA) which we would normally send after a creditor has been appointed, however, in this case, we are sending it prior to your nomination as it provides important information about the role and powers of a COI.

We draw your attention to the restrictions placed on the COI members not to profit or advantage from the administration, either directly or indirectly. Regarding this, we will be seeking approval from the creditors to allow COI members to continue to trade with the Companies "in the ordinary course of business", which generally means in accordance with the terms of trade that existed prior to our appointment. This will ensure you can continue to do business with the Companies during the administration (if necessary) without being in breach of your obligations. However, you ought to be aware that as a COI member, you will not be able to purchase any part of the property of the Companies (without creditor approval) either directly or indirectly.

I am a creditor of the Companies in the amount of \$_____ and have duly lodged a claim in the administration. I have read the information provided and understand my duties and obligations should I be appointed to the COI.

Name of creditor:	
Contact name:	
Position:	
Email Address:	
Contact number:	
COI nomination (Nominee) (if different to above)	
Nominee position:	
Nominee email address:	
Nominee contact number:	

Please complete the details above and return in advance of or at the first meeting of creditors to: virginadmin@deloitte.com.au

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has already been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au (search "insolvency information sheets").

