

5 May 2020

## Circular to creditors

Dear Sir / Madam

### **Virgin Australia Holdings Limited ACN 100 686 226 and certain subsidiaries (all Administrators Appointed) (the Virgin Group or Companies)**

We refer to previous correspondence in respect to the Virgin Group and the circular to creditors dated 27 April 2020.

On 24 April 2020, Orders were made in the Federal Court of Australia which affect the administration of the Virgin Group, including the process of selecting the committee of inspection (**COI**). A copy of the Orders is available at the Administrators' website: [www.deloitte.com/au/virgin](http://www.deloitte.com/au/virgin)

### **Orders in respect of the COI**

Pursuant to the Orders:

- i) the statutory requirement for creditors to resolve that a COI be formed and to appoint members of the COI was dispensed with;
- 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 and selected from nominations received in advance and at the first meeting of creditors held on 30 April 2020 (**First Meeting**);
- iv) no later than three (3) business days after the First Meeting, the Administrators must put forward to creditors the proposed COI; and
- v) creditors can vote to approve or reject the Administrators' proposed COI and must do so within five (5) business days.

### **Administrators' proposed COI of the Virgin Group (Proposed COI)**

In determining the composition of the Proposed COI, the Administrators have considered:

- the different categories of creditors being represented (i.e. bondholders, employees, landlords, secured creditors, statutory creditors or trade creditors);
- the number of nominations received in respect to each of these different classes of creditors;
- the size of the debt owed to the respective creditors; and
- the relevant background and experience of the nominees.

The Administrators wish to thank all those creditors who submitted a nomination form. We believe that the Proposed COI is a fair representation of all creditors and look forward to working with the Proposed COI during the voluntary administration of the Virgin Group.

The members of the Proposed COI were selected from a total of 76 nominations received. I note that some members were elected more than once. Enclosed at **Schedule B** is a complete listing of all nominations received and a reason why a nomination was not selected for the Proposed COI.

We note the Proposed COI is slightly different to the one displayed at the First Meeting. Set out in the table below is a summary of the number of nominations received, as presented at the First Meeting, and the current position for the Proposed COI.

	<b>First Meeting</b>	<b>Proposed COI</b>
Nominations received	69	76
Proposed COI members	32	35

In summary, we received seven (7) additional nomination forms. We have added three (3) new members to the Proposed COI, being:

1. Deputy Commissioner of Taxation
2. Perth Aircraft Leasing (UK) Limited
3. Spotless Facility Services Pty Ltd

Tabled below is the Administrators' Proposed COI comprising 35 members representative of all categories of creditors.

<b>Proposed COI</b>		
<b>#</b>	<b>Name</b>	<b>Creditor Category</b>
1	FIIG Securities Limited	Bondholder
2	Northern Trust Asset Management	Bondholder
3	Sargon CT Pty Ltd	Bondholder
4	The Bank of New York Mellon	Bondholder
5	Association of Virgin Australia Group Pilots (VIPA)	Employee
6	Australian Council of Trade Unions (ACTU)	Employee
7	Australian Federation of Air Pilots (AFAP)	Employee
8	Australian Licensed Aircraft Engineers (ALAEA)	Employee
9	Australian Manufacturing Workers Union (AMWU)	Employee
10	Australian Services Union (ASU)	Employee
11	Dayna Field	Employee
12	Flight Attendants Association of Australia (FAAA)	Employee
13	SALPA (Skywest Airlines Pilot Association)	Employee
14	Transport Workers Union of Australia (TWU)	Employee
15	Electrical Trades Union (ETU)	Employee
16	Australia Pacific Airports (Melbourne) Pty Ltd	Landlord
17	Brisbane Airport Corporation Pty Ltd	Landlord
18	Canberra Airport Pty Ltd	Landlord
19	Gold Coast Airport Pty Ltd	Landlord
20	Perth Airport Pty Ltd	Landlord
21	Sydney Airport Corporation Limited	Landlord
22	Velocity Rewards Pty Limited	Other
23	Airframe Leasing (S) Pte. Ltd	Secured Creditor
24	AS Air Lease Holdings (Castlake)	Secured Creditor
25	Dell Financial Services Pty Ltd	Secured Creditor
26	JPA No. 123 Co., Ltd	Secured Creditor
27	Perth Aircraft Leasing (UK) Limited	Secured Creditor
28	Wilmington Trust Company (AerCap)	Secured Creditor
29	Deputy Commissioner of Taxation	Statutory
30	Sabre GLOB Inc	Trade creditor
31	Airline Cleaning Services Pty Ltd	Trade creditor
32	Alliance Airlines Pty Limited	Trade creditor
33	Boeing Training & Flight Services Australia Pty Limited	Trade creditor
34	Carlson Wagonlit Travel Australia Pty Ltd	Trade creditor
35	Spotless Facility Services Pty Ltd	Trade creditor
	*Commonwealth of Australia (Fair Entitlements Guarantee) will also join the COI as an observer.	Contingent

## **Notice of Proposal to Creditors without Meeting**

Attached at **Annexure A** is a *Notice of Proposal to Creditors (Notice)* pursuant to Section 75-40 of the *Insolvency Practice Schedule (Corporations) 2016*. The Notice is seeking creditor approval of the following proposal:

*"That the Committee of Inspection for the Virgin Group as proposed by the Joint and Several Administrators in their Circular to Creditors dated 5 May 2020 be formed."*

Pursuant to the Orders, Creditors will be able to vote 'Yes' or 'No' only in respect to the proposal.

## **Voting on the Proposed COI**

An electronic form of the Notice will be circulated to creditors on 5 May 2020 to the email address currently recorded by the Administrators for that creditor. The email Notice will include a link to an online polling platform where creditors may register their vote. The poll will close for voting at 5:00pm (AEST) on Tuesday, 12 May 2020. We note that the survey link will be a onetime only link.

If you don't receive an email you are still able to vote by completing the form attached as **Annexure A** and returning it to [virginsuppliers@deloitte.com.au](mailto:virginsuppliers@deloitte.com.au) by 5:00pm (AEST) on Tuesday, 12 May 2020.

If you receive this circular by mail, please complete the form attached as **Annexure A** and return it either to [virginsuppliers@deloitte.com.au](mailto:virginsuppliers@deloitte.com.au) or:

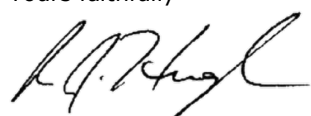
Virgin Group (Administrators Appointed)  
Deloitte Financial Advisory Pty Ltd  
Level 23 Riverside Centre  
123 Eagle Street  
BRISBANE QLD 4000

The results of the proposal will be made available to creditors after the conclusion of the poll and once all votes have been recorded and verified.

## **Questions and contact details**

Any questions in relation to the process outlined above or the administration generally, please email [virginadmin@deloitte.com.au](mailto:virginadmin@deloitte.com.au) or refer to the Administration website [www.deloitte.com/au/virgin](http://www.deloitte.com/au/virgin)

Yours faithfully



**Richard Hughes**

Joint and Several Administrator

Encl.

**Schedule A – Nominations for the Committee of Inspection**

**Annexure A – Notice of Proposal to Creditors form**

## Schedule A – Nominations for the COI

#	Name	Creditor Category	Proposed COI	Reason
1	The Bank of New York Mellon	Bondholder	Yes	
2	Sargon CT Pty Ltd	Bondholder	Yes	
3	FIG Securities Limited	Bondholder	Yes	
4	Northern Trust Asset Management	Bondholder	Yes	
5	Gary Neville Maguire	Bondholder	No	Sufficient representation already on the Proposed COI.
6	Thesan Income Fund Trust	Bondholder	No	Sufficient representation already on the Proposed COI.
7	Kenneth Raphael	Bondholder	No	Sufficient representation already on the Proposed COI.
8	John O. Miller	Bondholder	No	Sufficient representation already on the Proposed COI.
9	Stephen Mayne	Customer	No	Customers are not classified as creditors at this stage.
10	Australian Council of Trade Unions (ACTU)	Employee	Yes	
11	Association of Virgin Australia Group Pilots (VIPA)	Employee	Yes	
12	Australian Licensed Aircraft Engineers (ALAEA)	Employee	Yes	
13	Flight Attendants Association of Australia (FAAA)	Employee	Yes	
14	Australian Services Union (ASU)	Employee	Yes	
15	Transport Workers Union of Australia (TWU)	Employee	Yes	
16	Australian Manufacturing Workers Union (AMWU)	Employee	Yes	
17	Electrical Trades Union (ETU)	Employee	Yes	
18	Australian Federation of Air Pilots (AFAP)	Employee	Yes	
19	SALPA (Skywest Airlines Pilot Association)	Employee	Yes	
20	Dayna Field	Employee	Yes	
21	Matthew James Purton	Employee	No	Sufficient representation already on the Proposed COI.
22	Australian Licensed Aircraft Engineers (ALAEA) (second nomination)	Employee	No	Already on the proposed COI.
23	Brandon Joel Hayat	Employee	No	Sufficient representation already on the Proposed COI.
24	Andrew Lane	Employee	No	Sufficient representation already on the Proposed COI.
25	Rachel Gadsden	Employee	No	Sufficient representation already on the Proposed COI.
26	Paul Scurrah	Employee	No	Sufficient representation already on the Proposed COI.
27	Australian Services Union (ASU) (second nomination)	Employee	No	Already on the Proposed COI.
28	Australian Services Union (ASU) (third nomination)	Employee	No	Already on the Proposed COI.
29	Flight Attendants Association of Australia (FAAA) (second nomination)	Employee	No	Already on the Proposed COI.
30	Australian Services Union (ASU) (fourth nomination)	Employee	No	Already on the Proposed COI.
31	Flight Attendants Association of Australia (FAAA) (third nomination)	Employee	No	Already on the Proposed COI.
32	Australian Federation of Air Pilots (AFAP) (second nomination)	Employee	No	Already on the Proposed COI.
33	Transport Workers Union of Australia (TWU) (second nomination)	Employee	No	Already on the Proposed COI.
34	Australian Council of Trade Unions (ACTU) (second nomination)	Employee	No	Already on the Proposed COI.
35	Australian Council of Trade Unions (ACTU) (third nomination)	Employee	No	Already on the Proposed COI.
36	Commonwealth of Australia (FEG)	Employee (contingent)	Observer	
37	Brisbane Airport Corporation Pty Ltd	Landlord	Yes	
38	Sydney Airport Corporation Limited	Landlord	Yes	
39	Australia Pacific Airports (Melbourne) Pty Ltd	Landlord	Yes	
40	Perth Airport Pty Ltd	Landlord	Yes	
41	Gold Coast Airport Pty Ltd	Landlord	Yes	
42	Canberra Airport Pty Ltd	Landlord	Yes	
43	Townsville Airport Pty Ltd	Landlord	No	Sufficient representation already on the Proposed COI.
44	Mount Isa Airport Pty Ltd	Landlord	No	Sufficient representation already on the Proposed COI.
45	Queensland Airport Limited	Landlord	No	Sufficient representation already on the Proposed COI.
46	Velocity Rewards Pty Limited	Other	Yes	
47	Airframe Leasing (S) Pte. Ltd	Secured Creditor	Yes	
48	AS Air Lease Holdings (Castlake)	Secured Creditor	Yes	
49	Wilmington Trust Company (AerCap)	Secured Creditor	Yes	
50	Perth Aircraft Leasing (UK) Limited	Secured Creditor	Yes	
51	Dell Financial Services Pty Ltd	Secured Creditor	Yes	
52	JPA No. 123 Co., Ltd	Secured Creditor	Yes	
53	Wells Fargo Trust Company, National Association as owner trustee for Willis Engine Structured Trust III	Secured Creditor	No	Sufficient representation already on the Proposed COI.
54	Bank of Utah	Secured Creditor	No	Sufficient representation already on the Proposed COI.
55	Deputy Commissioner of Taxation	Statutory	Yes	
56	Sabre GBL Inc	Trade creditor	Yes	
57	Alliance Airlines Pty Limited	Trade creditor	Yes	
58	Spotless Facility Services Pty Ltd	Trade creditor	Yes	
59	Airline Cleaning Services Pty Ltd	Trade creditor	Yes	
60	Boeing Training & Flight Services Australia Pty Limited	Trade creditor	Yes	
61	No1 Lounges (Australia) Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
62	Buzz Products Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
63	Carlson Wagonlit Travel Australia Pty Ltd	Trade creditor	Yes	
64	Singapore Shipping Corporation Limited (SSC)	Trade creditor	No	Sufficient representation already on the Proposed COI.
65	Brock Solutions (Aust) Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
66	DXC Red Rock Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
67	DXC Technology Australia Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
68	Madame Flavour Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
69	Scott McKenzie Transport Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
70	DEC Workforce Pty Ltd atf DEC Workforce Trust	Trade creditor	No	Sufficient representation already on the Proposed COI.
71	Duncan Cotterill	Trade creditor	No	Sufficient representation already on the Proposed COI.
72	Smart Group Australasia Pty Ltd (Avionics and Calibration Serv. (ACS) and Marcomm)	Trade creditor	No	Sufficient representation already on the Proposed COI.
73	Network Express Aust. Pty Ltd	Trade creditor	No	Sufficient representation already on the Proposed COI.
74	Department of Agriculture, Water and the Environment	Trade creditor	No	Sufficient representation already on the Proposed COI.
75	Exemplar Coaches and Limousines	Trade creditor	No	Sufficient representation already on the Proposed COI.
76	Hallmark Aviation Services	Trade creditor	No	Sufficient representation already on the Proposed COI.

Annexure A – Notice of Proposal to Creditors form

---

---

**NOTICE OF PROPOSAL TO CREDITORS**  
*s75-40 of the Insolvency Practice Schedule (Corporations) 2016*

**Dated: 5 May 2020**

**Voting Poll Closes: 12 May 2020**

---

**Virgin Australia Holdings Limited (Administrators Appointed) ACN 100 686 226  
and Certain Entities listed in Schedule A ("the Companies or Virgin")**

**Proposal No. 1 for creditor approval**

*"That the Committee of Inspection proposed by the Joint and Several Administrators in their Circular to Creditors dated 5 May 2020 be formed."*

*The proposed members of the Committee of Inspection are detailed below:*

1. FIIG Securities Limited
2. Northern Trust Asset Management
3. Sargon CT Pty Ltd
4. The Bank of New York Mellon
5. Association of Virgin Australia Group Pilots (VIPA)
6. Australian Council of Trade Unions (ACTU)
7. Australian Federation of Air Pilots (AFAP)
8. Australian Licensed Aircraft Engineers (ALAEA)
9. Australian Manufacturing Workers Union (AMWU)
10. Australian Services Union (ASU)
11. Dayna Field
12. Flight Attendants Association of Australia (FAAA)
13. SALPA (Skywest Airlines Pilot Association)
14. Transport Workers Union of Australia (TWU)
15. Electrical Trades Union (ETU)
16. Australia Pacific Airports (Melbourne) Pty Ltd
17. Brisbane Airport Corporation Pty Ltd
18. Canberra Airport Pty Ltd
19. Gold Coast Airport Pty Ltd
20. Perth Airport Pty Ltd
21. Sydney Airport Corporation Pty Ltd
22. Velocity Rewards Pty Limited
23. Airframe Leasing (S) Pte. Ltd
24. AS Air Lease Holdings (Castlelake)
25. Dell Financial Services Pty Ltd
26. JPA No. 123 Co., Ltd
27. Perth Aircraft Leasing (UK) Limited
28. Wilmington Trust Company (Aercap)
29. Deputy Commissioner of Taxation
30. Sabre GBLB Inc
31. Airline Cleaning Services Pty Ltd
32. Alliance Airlines Pty Ltd

33. Boeing Training & Flight Services Australia Pty Limited

34. Carlson Wagonlit Travel Australia Pty Limited

35. Spotless Facility Services Pty Ltd

\*Commonwealth of Australia (Fair Entitlements Guarantee) will also join the COI as an observer.

### Vote on the Proposal No. 1

Please select the appropriate Yes or No box referred to below with a  to indicate your preferred position.

Yes  I approve the proposal

No  I do not approve the proposal

For your vote to count, you must be a creditor of the Companies. Please select the option that applies to you:

I am not a related creditor of the Company

I am a related creditor of the Company\*

relationship: \_\_\_\_\_

\*eg Director, relative of Director, related company, beneficiary of a related trust.

### Reasons for the proposal and the likely impact it will have on creditors if it is passed

- We request that creditors approve the resolution in order to minimise the administrative costs incurred in administering this Administration.
- The proposal is being put to creditors to approve the Proposed COI by the Joint and Several Administrators, pursuant to the Orders made by Justice Middleton in the Federal Court of New South Wales on 24 April 2020.
- The Proposed COI will represent the interests of all creditors in the Administration. The Proposed COI will advise and assist the Administrators and have the power to approve and request certain things which are discussed further in the attached ARITA Information Sheet: Committees of Inspection.

### Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Amount owed (AUD\$)

Email address

**Name of creditor / authorised person:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## 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](http://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](http://www.asic.gov.au) (search "insolvency information sheets").