

NOTICE OF FILING

This document was lodged electronically in the FEDERAL COURT OF AUSTRALIA (FCA) on 20/08/2020 12:43:41 PM AEST and has been accepted for filing under the Court's Rules. Details of filing follow and important additional information about these are set out below.

Details of Filing

Document Lodged: Affidavit - Form 59 - Rule 29.02(1)
File Number: NSD914/2020
File Title: IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD
(ADMINISTRATORS APPOINTED) ACN 100 686 226 &N ORS
Registry: NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA



A handwritten signature in blue ink that reads 'Sia Lagos'.

Dated: 20/08/2020 2:30:24 PM AEST

Registrar

Important Information

As required by the Court's Rules, this Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date and time of lodgment also shown above are the date and time that the document was received by the Court. Under the Court's Rules the date of filing of the document is the day it was lodged (if that is a business day for the Registry which accepts it and the document was received by 4.30 pm local time at that Registry) or otherwise the next working day for that Registry.



Affidavit

No. NSD of 2020

Federal Court of Australia
District Registry: New South Wales
Division: General

IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED)
ACN 100 686 226 & ORS

TRANSPORT WORKERS' UNION OF AUSTRALIA AND OTHERS (AS SET OUT IN THE SCHEDULE)

Plaintiffs

VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND RICHARD HUGHES, IN THEIR CAPACITY AS JOINT AND SEVERAL ADMINISTRATORS OF EACH OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED) AND THE THIRD TO FORTY SECOND (AS SET OUT IN THE SCHEDULE)

Defendants

Affidavit of: **James Higgins**
Address: Level 22, 181 William Street, Melbourne, Victoria 3000
Occupation: Solicitor
Date: 20 August 2020

Contents

Doc no.	Details	Paragraph	Page
1	Affidavit of James Higgins in support of application for orders under section 447A of the <i>Corporations Act 2001</i> (Cth) affirmed on 20 August 2020	1- 25	
2	Annexure "JH-1", copy of ASX release from VAH (Administrators Appointed): Statement following first creditor's meetings, dated 30 April 2020.	10-11	7
3	Annexure "JH-2", copy of letter from the Administrators to the creditors dated 17 July 2020.	13-14	10
4	Annexure "JH-3", copy of proposed correspondence from the Administrators to employee-creditors, dated 27 July 2020.	15	17

Filed on behalf of (name & role of party) Transport Workers Union of Australia and others (Plaintiffs)
Prepared by (name of person/lawyer) James Higgins
Law firm (if applicable) Gordon Legal
Tel (03) 9603 3035 Fax (03) 9603 3050
Email jhiggins@gordonlegal.com.au
Address for service Level 22, 181 William Street
(include state and postcode) Melbourne VIC 3000

I, James Higgins, of Level 22, 181 William Street, Melbourne, SOLICITOR, affirm:

1. I am a partner at the law firm Gordon Legal.
2. I have the care and conduct of this application on behalf of the Transport Workers Union (**TWU**) and other industrial associations listed in Schedule 1 (the **Plaintiffs**).
3. The Plaintiffs have members who are employed by various of the second to forty-second respondents (**Virgin Companies**). By this application, they seek orders allowing them to represent their members at the concurrent meetings of creditors of the Virgin Companies held pursuant to section 439A of the Act (**Second Meetings**) (including at the recommencement of the Second Meetings, if adjourned).
4. I make this affidavit in support of the application. I am authorised to make this affidavit on behalf of the Plaintiffs. Except where I say otherwise, I make this affidavit from my own knowledge. Where I refer to information that has been provided to me, I believe that information is true.

The application

5. Each of the Plaintiffs is an organisation registered under the *Fair Work (Registered Organisations) Act 2009* (Cth). Each is represented on the committee of inspection that has been established in relation to the Virgin Companies.
6. Further, each of the Plaintiffs is affiliated with the Australian Council of Trade Unions (**ACTU**), with whom they have been liaising about the administrations of the Virgin Companies.

Orders previously obtained by the Administrators to address COVID-19

7. On 20 April 2020, the first plaintiffs, Messrs Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes were appointed as joint and several administrators (**the Administrators**) of the Virgin Companies.
8. On 23 April 2020, the Administrators sought orders as a result of what they explained were “challenges” in conducting the first meeting of creditors, arising from restrictions relating to the COVID-19 pandemic and the significant number of creditors.
9. On 24 April 2020, the Court (Middleton J) made orders that provided *inter alia* for:
 - (a) the steps to be taken to give notices of meetings and other matters to creditors;
 - (b) meetings of creditors to be held by telephone or audio-visual conference;
 - (c) the lodgement of specific proxy forms in respect of creditors meetings to be held by telephone or audio-visual conference;




- (d) the formation of a single committee of inspection;
- (e) meetings of the committee of inspection to be convened by electronic notice;
- (f) meetings of the committee of inspection to be held by telephone or audio-visual conference; and
- (g) the provision of information to creditors by reference to a website.

First meeting of creditors

10. The first meeting of creditors was held on 30 April 2020. It was held as a virtual meeting. At the meeting, the Administrators' appointment was confirmed and it was resolved that a committee of inspection be appointed. An ASX release confirming this was published by the Virgin Australia Group.

Now shown to me and marked "JH-1" is a copy of that release.

11. A representative of each of the Plaintiffs was appointed to the committee of inspection.

Second creditors meeting

12. As I explain below, I understand that the second creditor's meeting is scheduled to be held on **4 September 2020**.

Communications from Administrators

13. On 17 July 2020, the Administrators sent a letter to creditors, providing an update on the administration of the Virgin Companies and timetable for the second meeting of creditors.

A copy of this letter is now shown to me and marked "JH-2".

14. The letter states that the Virgin Companies have approximately 10,247 known creditors (including approximately 9,020 employees), which number does not include customers entitled to credits for flights which were cancelled due to the pandemic. It states that in the event of liquidation, the employee creditors would be owed approximately **\$451 million**.

15. I am informed by Scott Connolly, who is an Assistant Secretary of the ACTU that, on 27 July 2020, the Administrators provided him with a copy of proposed correspondence, to be sent to employee creditors of the Virgin Companies before the second meeting of creditors, dealing with their employee entitlements and eligibility to vote at the meeting.

A copy of the proposed correspondence is shown to me marked "JH-3".

16. The proposed correspondence explained that:

To assist in determining your eligibility to vote at such meetings (including the upcoming second creditors meeting), the Administrators provided you information on the estimated value of your employee entitlements (your creditor claim) by uploading these estimates in our Deloitte Halo Platform in May 2020.

These estimates have now been updated and this is the amount (subject to any manual adjustments) you will be admitted to vote for at the upcoming second creditors meeting, and any adjournment thereof.

17. It invited employees to login to their accounts on Halo to review their “estimated creditor claim and voting amount”.

18. The proposed correspondence foreshadows a further circular that would advise employee creditors the process for the meeting on 4 September 2020.

Telephone conference on 14 August 2020

19. On Friday 14 August 2020, I participated in a telephone conference with Vaughan Strawbridge (who is one of the Administrators), Timothy Sackar of Clayton Utz (the Administrators’ solicitors), Michelle O’Neil (the President of the ACTU) and Tom Roberts (the Director of Legal, Research & Policy at the ACTU) to discuss the process for convening and holding the second meetings of creditors.

20. During the telephone conference, Mr Strawbridge and Mr Sackar explained the preparations for the second creditors meetings. They explained that:

- (a) Like the first meetings of creditors, the second meetings would be held remotely, using video technology.
- (b) The Administrators would use an electronic platform called “Halo” for the purposes of the meetings, including to manage proofs of debt or claim and to allow creditors to vote on resolutions.
- (c) All creditors would be required to register on the Halo platform by **20 August 2020**.
- (d) All proofs of debt and claims would need to be submitted on platform by **25 August 2020**, although the Administrators had already caused the employee claims to be entered on the platform, using details contained in the books and records of the Virgin Companies.
- (e) The Administrators envisage sending their report to creditors on or around **25 August 2020**, and Halo would be opened to allow creditors to appoint proxies.
- (f) After **1 September 2020**, Halo would no longer accept appointments of proxies.




- (g) Employee creditors who are members of unions but who do not register on Halo and appoint a proxy by the deadlines described would not be able to participate in the second meetings of creditors.
- (h) The Administrators would not currently be able to identify which employees were union members from records available to them.

Reasons for application

21. I am informed by Tom Roberts, who is the Director of Legal, Research & Policy at the ACTU, and believe that:
- (a) a substantial number of the employees of the Virgin Companies are members of the Plaintiffs (**affected union members**);
 - (b) there are a number of enterprise agreements made under the *Fair Work Act 2009* (Cth) which cover and apply to the relevant Virgin Companies, their employees (including the affected union members) and the Plaintiffs;
 - (c) the affected union members will be creditors of those companies with respect to unpaid employee entitlements as at 20 April 2020;
 - (d) the affected union members are dispersed throughout the country, including in remote locations and in Victoria where significant “Stage 4” restrictions have been imposed in relation to the COVID-19 pandemic;
 - (e) the Plaintiffs are concerned that the relatively short timeframe before the second meetings of creditors of the Virgin Companies (scheduled to be held on **4 September 2020**), will impede affected union members’ ability to participate in the meetings, in particular, to receive and understand the report and recommendations to be provided by the administrators and decide what action to take in relation to them;
 - (f) the Plaintiffs are concerned that those difficulties will be accentuated by the processes that, as a result of the COVID-19 pandemic, the administrators have had to adopt to convene and hold the second meetings, in particular that:
 - (i) the use of electronic communications to send material and conduct the meetings (in circumstances where it is not clear that all affected union members have reliable access to the electronic resources, including stable or reliable internet);
 - (ii) the effect of the “cut off dates” as envisaged by the process; and
 - (iii) the fact that the Plaintiffs will not have the opportunity (as they would normally have) to consult with members, especially by on-site meetings,




will mean that a substantial number of employees, including affected union members, and their interests may not be properly represented at the meeting;

- (g) the Plaintiffs want to ensure that the interests of affected union members as employee creditors of the Virgin companies are properly represented at the meeting, particularly in light of the significant total value of their entitlements.

22. The Plaintiffs therefore seek to represent the interests of affected union members at the meetings.

Relief sought

23. The effective representation of the interests of employee creditors' at the second meetings of creditors is critical, particularly given their sheer number, the amount of money they are owed by way of entitlements, and the implications of the decisions made at the second creditors' for their ongoing employment. But many of those employees are isolated and more vulnerable than usual because of the restrictions relating to the COVID-19 pandemic. Those restrictions also exacerbate the difficulties for them in participating in the second meetings.

24. Given the scale of the administrations and the significant number of creditors (in particular, employee creditors) I believe that the orders sought by the Plaintiffs will enhance the efficient dispatch of the business of the meetings meeting.

25. Consequently, the Plaintiffs request the Court make the orders sought in the Plaintiffs' originating process in this proceeding.

Affirmed by the deponent)
 at Melbourne)
 in Victoria)
 on 20 August 2020)
 Before me:)

Signature of deponent

Signature of witness

DANIEL STEPHEN WALDRON F.Inst.L.Ex.
 of Level 22, 181 William Street Melbourne Victoria
 A fellow of the Institute of Legal Executives (Victoria)
 ACN 004 670 928

Federal Court of Australia
District Registry: New South Wales
Division: General

IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED) ACN 100 686 226 & ORS

TRANSPORT WORKERS' UNION OF AUSTRALIA AND OTHERS (AS SET OUT IN THE SCHEDULE)

Plaintiffs

VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND RICHARD HUGHES, IN THEIR CAPACITY AS JOINT AND SEVERAL ADMINISTRATORS OF EACH OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED) AND THE THIRD TO FORTY SECOND (AS SET OUT IN THE SCHEDULE)

Defendants

ANNEXURE "JH-1"

This is the annexure marked **JH-1**, now produced and shown to James Higgins at the time of affirming his Affidavit before me this 20th day of August 2020.



Before me:.....

DANIEL STEPHEN WALDRON F.Inst.L.Ex.
of Level 22, 181 William Street Melbourne Victoria
A fellow of the Institute of Legal Executives (Victoria)
ACN 004 670 928

Filed on behalf of (name & role of party)	Plaintiffs
Prepared by (name of person/lawyer)	James Higgins
Law firm (if applicable)	Gordon Legal
Tel (03) 9603 3000	Fax (03) 9603 3050
Email	jhiggins@gordonlegal.com.au
Address for service (include state and postcode)	Level 22, 181 William Street Melbourne, Victoria 3000



ASX RELEASE

VAH (ADMINISTRATORS APPOINTED): STATEMENT FOLLOWING FIRST CREDITORS' MEETING

30 April 2020: Deloitte Restructuring Services, the Administrators of the Virgin Australia Group, today held the first virtual meeting of creditors. Approximately 1,300 creditors and their representatives joined the call, including financiers, employees, unions and bond holders.

One outcome was the appointment of a Committee of Inspection. The Committee will represent the various creditor groups, and Deloitte will consult with members on matters as needed.

Given the number of creditors, Deloitte believes the Committee will be useful to assist with the conduct of its work across the main operating and employing entities.

Deloitte was appointed as administrator on 20 April 2020 and, since then, has moved quickly in its plan to restructure and refinance the business and seek interested parties for a sale.

A large number of parties have expressed an interest, 8 have signed non-disclosure agreements and negotiations are continuing with a further 12. An Information Memorandum was issued to those parties who have signed non-disclosure agreements on Tuesday. Each of them now has access to the data room.

Morgan Stanley has been appointed, alongside Houlihan Lokey, to run the sale process.

Virgin Australia continues to operate during the voluntary administration process, with 64 return domestic services each week, contracted domestic charter flights and federal government-supported international flights to Hong Kong and Los Angeles.

The Administrators also advised their intention to seek an extension of the convening period of three months based on the scale and scope of their work to position the business for a successful sale. This would take the period before which a second meeting of creditors was required to approximately 22 August, and is not unusual in a complex voluntary administration such as this.

Attributable to lead Voluntary Administrator and Deloitte Restructuring Services partner, Vaughan Strawbridge:

"Our objective is to restructure and refinance the business so it emerges stronger on the other side of the COVID-19 crisis. It's still early days, yet I've been encouraged by the level of sophisticated party interest in the sale of Virgin Australia.

"We are now moving quickly to finalise a business plan to help guide interested parties and, in terms of next steps, mid-May is currently the timeframe for the receipt of indicative offers. Binding offers will then be required in June. We remain confident that our target of achieving a sale by the end of June is achievable.

"We remain strongly focused on restructuring and refinancing the business, creating a viable operation that will appeal to prospective new owners, and bringing Virgin out of external administration as soon as possible in an outcome that will retain jobs and the airline's contribution to Australia and its economy.



ASX RELEASE

“Management had already put in place a transformation plan to enhance profitability. Voluntary administration provides a process where that can be accelerated in a way that it couldn’t before.

“I would like to acknowledge everyone at Virgin for the support they have been providing at a time marked by so many challenges. We remain acutely aware of the impact this process has on the 16,000 direct and indirect employees and it’s important that they’re flying again as soon as possible.”

ENDS

Approved for release by Vaughan Strawbridge, Administrator, Deloitte.

For more on Committees of Inspection: [https://www.arita.com.au/documents/Technical/Information-sheets/INFO-COI-Information-Sheet-\(Corp\)-v1_1.pdf](https://www.arita.com.au/documents/Technical/Information-sheets/INFO-COI-Information-Sheet-(Corp)-v1_1.pdf)

For further information please contact:

Simon Rushton
Senior Manager, Corporate Affairs & Communications
Deloitte Australia
M: +61 450 530 748
E: srushton@deloitte.com.au

Jace Armstrong
Senior Manager, Public Affairs
Virgin Australia
M: +61 481 420 765
E: jace.armstrong@virginaustralia.com

No. NSD of 2020

Federal Court of Australia
 District Registry: New South Wales
 Division: General

IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS
 APPOINTED) ACN 100 686 226 & ORS

**TRANSPORT WORKERS' UNION OF AUSTRALIA
 AND OTHERS (AS SET OUT IN THE SCHEDULE)**

Plaintiffs

**VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND
 RICHARD HUGHES, IN THEIR CAPACITY AS JOINT AND SEVERAL
 ADMINISTRATORS OF EACH OF VIRGIN AUSTRALIA HOLDINGS LTD
 (ADMINISTRATORS APPOINTED) AND THE THIRD TO FORTY SECOND (AS
 SET OUT IN THE SCHEDULE)**

Defendants

ANNEXURE "JH-2"

This is the annexure marked **JH-2**, now produced and shown to James Higgins at the time of affirming his Affidavit before me this 20th day of August 2020.



Before me:.....

DANIEL STEPHEN WALDRON F.Inst.L.Ex.
of Level 22, 181 William Street Melbourne Victoria
A fellow of the Institute of Legal Executives (Victoria)
 ACN 004 670 928

Filed on behalf of (name & role of party)	Plaintiffs
Prepared by (name of person/lawyer)	James Higgins
Law firm (if applicable)	Gordon Legal
Tel (03) 9603 3000	Fax (03) 9603 3050
Email	jhiggins@gordonlegal.com.au
Address for service	Level 22, 181 William Street
(include state and postcode)	Melbourne, Victoria 3000



Deloitte Financial Advisory Pty Ltd
 ACN 611 749 841
 Grosvenor Place
 225 George Street
 Sydney NSW 2000
 PO Box N250 Grosvenor Place
 Sydney NSW 1219 Australia

Tel: +61 2 9322 7000
 Fax: +61 2 9322 7001
www.deloitte.com.au

17 July 2020

TO THE CREDITORS

Dear Sir/Madam

**Virgin Australia Holdings Limited (ACN 100 686 226)
 and the subsidiaries listed in Annexure A
 (All Administrators Appointed)
 (the Companies or Virgin Australia)**

Update on the Voluntary Administration of the companies and timetable to second meeting of creditors

Further to the first meeting of creditors held on 30 April 2020 and various other communications sent to creditors, we provide you with this update on the progress of the voluntary administration and the sale of the business.

1. Communication with the committee of inspection (COI)

Regular meetings have been held with the COI to provide them with an update on the status of the voluntary administration and sale process. Meetings with the COI have been held on:

- 1st meeting on 21st May 2020;
- 2nd meeting on 10th June 2020;
- 3rd meeting on 1st July 2020; and
- 4th meeting on 9 July 2020.

In addition to the COI we have also held meetings with a group of bondholders as representatives of that class of creditors referred to as the Noteholder Consultative Committee (NCC) as follows:

- 1st meeting on 28th May 2020;
- 2nd meeting on 11th June 2020; and
- 3rd meeting on 2nd July 2020.

2. Creditor position

From our review of the books and records of the Virgin Companies, we have identified the Companies have approximately 10,247 known creditors (including approximately 9,020 employees), not including customers entitled to credits for flights which were cancelled due to the pandemic.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



The creditor groups can be broadly summarised as follows:

- secured lenders and aircraft financiers, who are owed approximately \$2,284 million;
- unsecured bondholders, who are owed approximately \$1,988 million;
- trade creditors, who are owed approximately \$167 million;
- aircraft lessors, who are owed approximately \$1,884 million (full value of future claims if their losses are not mitigated);
- landlords, who are owed approximately \$71 million;
- employees, who are owed approximately \$451 million (in the event of liquidation); and
- customers entitled to credits for flights which were cancelled due to the pandemic - contingently owed approximately (\$604 million).

3. Sale of the business

On our appointment we commenced an immediate campaign for the sale and/or recapitalisation of the Virgin Group. Notwithstanding the scale and complexity of the business, we had formed the view that an expedited sale process needed to be conducted given the following factors:

- The significant cash constraints facing the Virgin Companies and the initial projection there would be insufficient cash to continue trading post 30 June 2020 without additional funding;
- The impact of the COVID-19 pandemic on the viability of the business and the ability to generate revenue to cover costs;
- The need to retain key contracts, assets, employees and regulatory approvals to preserve the value of the business; and
- The impact of the uncertainty of the future of the business on customers, financiers, business partners and the general market.

Working with our advisers we undertook the following steps in the sale process:

1. on 21 April 2020, we commenced contacting and interacting with interested parties;
2. on 27 April 2020 we opened a data room to enable parties to commence due diligence and issued an information memorandum for the sale process;
3. on 15 May 2020, we received several non-binding indicative offers/proposals (NBIOs) and, based on those offers, formed a shortlist of interested parties which, in our opinion, were the parties most likely to be able to make a credible offer for the business (**Shortlisted Bidders**);
4. we commenced a second phase of due diligence in the sale process and on 29 May 2020, we received five final NBIOs for from the Shortlisted Bidders. We did receive other NBIOs from other parties not in the sale process;
5. on 2 June 2020 we selected two final preferred bidders, comprising Bain Capital and Cyrus Capital Partners, L.P (**Cyrus Capital**), to proceed to a third phase of the sale process;
6. on and from 2 June 2020, we and our advisers were engaged in extensive negotiations with Bain Capital and Cyrus Capital in relation to all aspects of a proposed transaction, including the form of the documents to give effect to a transaction;
7. on 22 June 2020, we received final binding offers from Bain Capital and Cyrus Capital;
8. on 24 June 2020, we received a back-up recapitalisation proposal (in the form of a deed of company arrangement proposal) as well as an offer of interim funding (which was conditional on acceptance of the back-up recapitalisation proposal) from Broad Peak and Tor (BP&T, two holders of bonds);



9. on 26 June 2020, following our consideration and assessment of the competing proposals (with the assistance of our advisers), we accepted the offer submitted by Bain Capital.

The objective of the sale process was to maximise the value of the business by:

- Running a competitive sale process to enhance competitive tension;
- Continuing to trade the business and maintain operational readiness to maximise revenue opportunities as the COVID-19 lessened, and to allow a seamless transition to a new owner;
- Maintaining the business structure to provide optionality to interested parties; and
- Providing certainty and confidence to stakeholders, including suppliers, financiers, customers and interested parties, by establishing an expedited, well-defined process and timetable.

An additional proposal to that from Bain Capital and Cyrus Capital was received, which we considered. However, it was highly conditional and contained no evidence of committed funding to enable a transaction to be completed. In these circumstances, we were unable to take this proposal forward given the lack of certainty and the level of conditionality.

Based on all of the information available to us, we concluded that the Bain Capital offer was the best offer received, including, because it:

1. provided certainty of a transaction being completed;
2. provided immediate funding required to continue to trade the business; and
3. resulted in the best outcome for the Companies' creditors (including its employees) as a whole.

On 26 June 2020, we signed binding transaction documents for the sale of the business to Bain Capital and as such we are not able to accept any alternate offer for sale, and they are committed to buying the business.

On 9 July the COI was taken through the sale process and provided with detail as to the steps the Administrators had taken in the sale process. At the conclusion of the COI meeting a resolution in respect to the sale was passed:

"...approving the Administrators actions of entering into binding agreements for the sale of the Virgin Australia business and to obtain interim funding enabling the business to continue to trade".

The current position is as follows:

- the Administrators continue to trade the business as usual until completion of the sale transaction; and
- economic risk for the business passed to Bain Capital from 1 July 2020, underpinned by interim funding of \$125m which has been provided by Bain Capital, which is to be used to trade the business from 1 July 2020 to completion of the sale transaction.

Under the sale transaction with Bain Capital the following will occur:

- employee entitlements to be covered in full. Continuing employees' entitlements are assumed by Bain Capital and any employees not continuing will receive a payout of their entitlements including redundancy entitlements in full. In the event of a liquidation these costs have been estimated at \$450 million;
- all travel credits/unearned travel revenue to be assumed in full;
- assumption of the Virgin Australia Airlines Holdings Pty Limited loan from the Velocity business of \$150 million;



- will take on / assume certain existing contractual and financial arrangements of Virgin Australia;
- will provide a significant amount of cash funding to enable a dividend to be paid to unsecured creditors; and
- will provide sufficient capital for the airline to strengthen the balance sheet of Virgin Australia, which will facilitate the ramp up of operations as the COVID restrictions ease.

We are currently in the process of working with the Virgin Australia management team and Bain Capital to restructure the business for future operations, which are expected to be significantly progressed but not finalised prior to the second meeting of creditors (anticipated to be held on 26 August 2020).

The actual return to creditors will be advised to creditors in our report to creditors expected to be issued on 19 August 2020, ahead of the second creditors meeting.

4. Trading of the business

On our appointment, while there was significant cash in the business, this cash was withheld by the financial institutions (**Restricted Cash**), who were seeking to off-set the cash against debts owed to them or exposures they had to the Companies. This meant we did not have any unrestricted available cash on day one of our appointment, requiring us to seek funding from the group's lending institutions to enable the payment of wages in the first week of our appointment.

We subsequently negotiated the release of some of the Restricted Cash that had been withheld by financial institutions, which has enabled us to trade the business while we urgently sought a sale and/or recapitalisation of the business through to 30 June 2020.

Prior to our appointment, given the COVID-19 restrictions on travel, the business was operating at a significant loss. Management had reduced the costs of trading the business significantly, however in the circumstances the business had a monthly funding requirement of circa \$200 million. We, together with the Virgin Australia management team have been able to significantly further reduce the holding and trading costs of the business, mainly due to the support of stakeholders who have been critical to the continued operation of the airline, including:

- Employee support:
 - flexibility provided under the enterprise agreements and with the support of the unions representing employees;
 - flexibility from staff and continued support for the business; and
 - access to the Federal Government JobKeeper scheme.
- Financiers to the business:
 - Court Orders have been obtained to extend the period until we become personally liable to pay certain costs associated with property occupied by, or in the possession of, the companies;
 - aircraft protocols entered into with aircraft and engine financiers, which have significantly reduced the operating costs of the business in line with the current level of operations;
 - financiers' agreement with respect to the continued operation of merchant facilities; and
 - financiers' agreement to release restricted cash to provide liquidity to the business.
- Landlords and trade suppliers:
 - agreement with landlords for rental support; and
 - continued services from service providers and operating partners despite significant arrears of payments for services.



- Federal Government support:
 - aviation industry support package; and
 - underwritten flights schedule and international supported repatriation and cargo flights.

Without the support of the above stakeholders all working collaboratively with us, we would not have been able to reduce the funding requirement to a level enabling the completion of the sale process by 30 June 2020 (without significant interim funding being secured).

5. Next steps

We anticipate the following timetable in the next phase of the voluntary administration:

- **12 August 2020:** we expect to receive a Deed of Company Arrangement (**DOCA**) proposal from Bain Capital;
- **19 August 2020:** we expect to provide our Report to Creditors together with the notice of the second creditors meeting (convened pursuant to section 439A of the Corporations Act); and
- **26 August 2020:** expected date of the second creditors meeting.

While we have agreed a sale of the business to Bain Capital, they are obliged to submit to us a proposal on 12 August 2020, which if approved by creditors at the second meeting, will provide a better return to unsecured creditors than if the sale is completed through the asset sale transaction. Details of the transaction, DOCA, return to creditors and our recommendation to creditors will be included in our report to creditors.

Yours faithfully

A handwritten signature in black ink, appearing to read "V. Strawbridge", written over a horizontal line.

Vaughan Strawbridge
Joint and Several Administrator



Annexure A

No.	Name	Date of appointment	ACN
1	Virgin Australia Holdings Ltd	20-Apr-20	ACN 100 686 226
2	Virgin Australia Airlines Pty Ltd	20-Apr-20	ACN 090 670 965
3	Virgin Australia International Airlines Pty Ltd	20-Apr-20	ACN 125 580 823
4	Virgin Australia Regional Airlines Pty Ltd	20-Apr-20	ACN 008 997 662
5	Tiger Airways Australia Pty Limited	20-Apr-20	ACN 124 369 008
6	737 2012 No. 2 Pty Ltd	20-Apr-20	ACN 154 225 064
7	737 2012 No.1 Pty. Ltd.	20-Apr-20	ACN 154 201 859
8	A.C.N. 098 904 262 Pty Ltd	20-Apr-20	ACN 098 904 262
9	Short Haul 2014 No. 1 Pty Ltd	20-Apr-20	ACN 600 809 612
10	Short Haul 2014 No. 2 Pty Ltd	20-Apr-20	ACN 600 878 199
11	Short Haul 2016 No. 1 Pty Ltd	20-Apr-20	ACN 612 766 328
12	Short Haul 2016 No. 2 Pty Ltd	20-Apr-20	ACN 612 796 077
13	Short Haul 2017 No. 1 Pty Ltd	20-Apr-20	ACN 617 644 390
14	Short Haul 2017 No. 2 Pty Ltd	20-Apr-20	ACN 617 644 443
15	Short Haul 2017 No. 3 Pty. Ltd.	20-Apr-20	ACN 622 014 813
16	Short Haul 2018 No. 1 Pty. Ltd.	20-Apr-20	ACN 622 014 831
17	Tiger International Number 1 Pty Ltd	28-Apr-20	ACN 606 131 944
18	VA Borrower 2019 No. 1 Pty Ltd	20-Apr-20	ACN 633 241 059
19	VA Borrower 2019 No. 2 Pty Ltd	20-Apr-20	ACN 637 371 343
20	VA Hold Co Pty Ltd	20-Apr-20	ACN 165 507 157
21	VA Lease Co Pty Ltd	20-Apr-20	ACN 165 507 291
22	VA Regional Leaseco Pty Ltd	20-Apr-20	ACN 127 491 605
23	VAH Newco No.1 Pty Ltd	20-Apr-20	ACN 160 881 345
24	VB 800 2009 Pty Ltd	20-Apr-20	ACN 135 488 934
25	VB Leaseco No 2 Pty Ltd	20-Apr-20	ACN 142 533 319
26	VB Leaseco Pty Ltd	20-Apr-20	ACN 134 268 741
27	VB LH 2008 No. 1 Pty Ltd	20-Apr-20	ACN 134 280 354
28	VB LH 2008 No. 2 Pty Ltd	20-Apr-20	ACN 134 288 805
29	VB PDP 2010-11 Pty Ltd	20-Apr-20	ACN 140 818 266
30	VB Ventures Pty Ltd	20-Apr-20	ACN 125 139 004
31	VBNC5 Pty Ltd	20-Apr-20	ACN 119 691 502
32	Virgin Australia 2013-1 Issuer Co Pty Ltd	20-Apr-20	ACN 165 507 326
33	Virgin Australia Airlines (SE Asia) Pty Ltd	20-Apr-20	ACN 097 892 389
34	Virgin Australia Airlines Holdings Pty Ltd	20-Apr-20	ACN 093 924 675
35	Virgin Australia Cargo Pty Ltd	20-Apr-20	ACN 600 667 838
36	Virgin Australia Holidays Pty Ltd	20-Apr-20	ACN 118 552 159
37	Virgin Australia International Holdings Pty Ltd	20-Apr-20	ACN 155 860 021
38	Virgin Australia International Operations Pty Ltd	20-Apr-20	ACN 155 859 608
39	Virgin Tech Pty Ltd	20-Apr-20	ACN 101 808 879

No. NSD of 2020

Federal Court of Australia
 District Registry: New South Wales
 Division: General

IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS
 APPOINTED) ACN 100 686 226 & ORS

**TRANSPORT WORKERS' UNION OF AUSTRALIA
 AND OTHERS (AS SET OUT IN THE SCHEDULE)**

Plaintiffs

**VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND
 RICHARD HUGHES, IN THEIR CAPACITY AS JOINT AND SEVERAL
 ADMINISTRATORS OF EACH OF VIRGIN AUSTRALIA HOLDINGS LTD
 (ADMINISTRATORS APPOINTED) AND THE THIRD TO FORTY SECOND (AS
 SET OUT IN THE SCHEDULE)**

Defendants

ANNEXURE "JH-3"

This is the annexure marked **JH-3**, now produced and shown to James Higgins at the time of affirming his Affidavit before me this 20th day of August 2020.



Before me:.....

DANIEL STEPHEN WALDRON F.Inst.L.Ex.
of Level 22, 181 William Street Melbourne Victoria
A fellow of the Institute of Legal Executives (Victoria)
 ACN 004 670 928

Filed on behalf of (name & role of party)	Plaintiffs
Prepared by (name of person/lawyer)	James Higgins
Law firm (if applicable)	Gordon Legal
Tel (03) 9603 3000	Fax (03) 9603 3050
Email	jhiggins@gordonlegal.com.au
Address for service (include state and postcode)	Level 22, 181 William Street Melbourne, Victoria 3000



Deloitte Australia | 27 July 2020

Virgin Australia Group (Administrators Appointed)

Accessing Deloitte Halo for Virgin Australia Group to view updated estimated employee entitlements

Dear Sir / Madam,

As previously advised, the Administrators have numerous statutory obligations to comply with, including convening meetings and preparing a detailed report to all creditors of the Companies. To assist in determining your eligibility to vote at such meetings (including the upcoming second creditors meeting), the Administrators provided you information on the estimated value of your employee entitlements (your creditor claim) by uploading these estimates in our Deloitte Halo Platform in May 2020.

These estimates have now been updated and this is the amount (subject to any manual adjustments) you will be admitted to vote for at the upcoming second creditors meeting, and any adjournment thereof.

Viewing your estimated entitlements

To view your estimated creditor claim and voting amount, please login to your account on Halo and open your My Claims Dashboard.

The entitlements have been updated to reflect the date of the Administrators appointment, being 20 April 2020. Previously entitlements had been calculated at 30 April 2020.

Each employee entitlement (e.g. annual leave, long service leave) has been presented separately and assigned with a unique claim identification number so you can quote this number in communications

with Administrators. Unpaid wages, overtime and expense reimbursement entitlements paid in the normal cycle have not been included on the basis they have been subsequently paid.

You can click on each individual claim number to see further detail of the claim.

At this stage, the entitlement details provided in Halo are for your information only and to advise the estimated value of your claim that you will be admitted to vote for at the upcoming second creditors meeting. **This is not a final determination of your employee entitlement balance, and this should be compared to your current leave entitlement balances in the Oracle Employee Self Service System.** Your estimated entitlements in Halo will differ to what is recorded in Oracle, due to Oracle being live, and the estimates in Halo being recorded as at 20 April 2020.

Before you can login to your account, you will need to have verified your account.

How do I access and verify my account?

To confirm your Virgin Australia email (or personal email, if applicable) and create a password in the platform, access the “My Account” page of Halo [here](#).

As a part of this registration process, a confirmation email or one time password (OTP) will be sent to the email used in your registration to validate the account.

Granting access to my claim to others

You can add access for others to view and manage your employee entitlements including adding a personal email as a second user to your account. To grant access to others login and navigate to the My Claims Dashboard section. Select the entitlements that you would like to grant access to and select “Grant Access” button.

Troubles or questions with the Halo platform?

If you are having trouble registering, logging into your account or viewing your employee entitlements, please refer to our guidance on the Halo platform FAQs [here](#). Or submit a query [here](#) and our team will get back to you and provide assistance.

Questions about your entitlements?

Please find attached a copy of the notice posted on Workplace today. This may answer some of your queries. If you have any additional queries regarding your entitlements, these can be submitted either by:

- Communications function on Halo:
Please sign in to [My Account](#), select the Claim ID of the entitlement that you would like to discuss with the Administrators and navigate to the “Communications” tab. Prepare your message or query and then click “Submit” to send it to the Virgin Australia Group Administrators. Our team will respond to your query via the Halo platform.
- Employee queries inboxes:
You can register your enquiry by emailing either payroll.queries@virginaustralia.com or payroll@tigerair.com.au. Please enter 'Voting Claim Entitlement Query' in the subject heading of your email so your payroll team can allocate it to a dedicated resource.
- Union representative:
In addition, for all staff who are a member of a union, your union may be able to assist with your enquiry. Please contact your usual union representative. A list of union contacts is available in Appendix C of the attached notice.

Regards,

Vaughan Strawbridge, John Greig, Sal Algeri & Richard Hughes
Joint & Several Administrators of the Virgin Australia Group

Private and confidential

This e-mail and any attachments to it are confidential. You must not use, disclose or act on the e-mail if you are not the intended recipient. If you have received this e-mail in error, please let us know by contacting the sender and deleting the original e-mail.

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.