

Update to Creditors

Project Volar Creditors' Trust (the Trust)

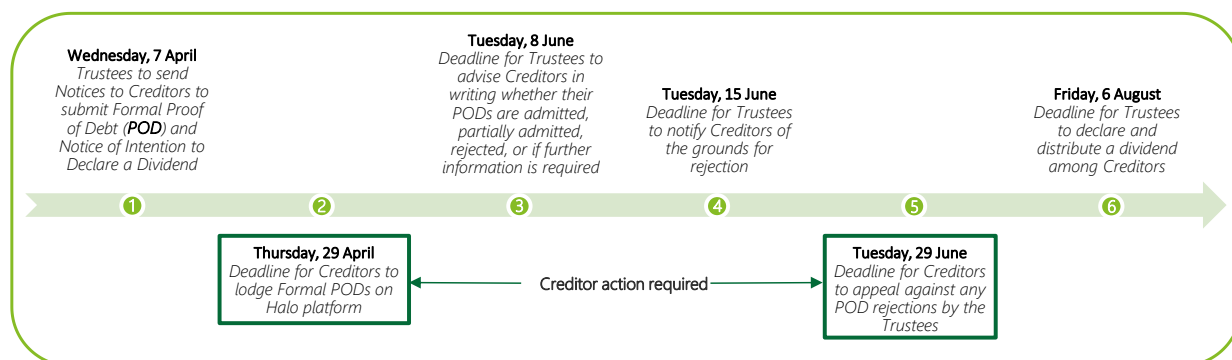
7 April 2021

We would like to provide you with an update in respect of certain important matters relating to the administration of the Trust established in the administration of Virgin Australia Holdings Ltd and others listed in Schedule 1 (**Virgin Group**) and governed by the Project Volar Creditors' Trust Deed dated 17 November 2020 (**Trust Deed**).

The Project Volar Creditors' Trust is the trust that was established upon the effectuation of the Virgin Group Deeds of Company Arrangement on 17 November 2020. The purpose of the Trust is to accelerate Virgin Group's exit from external administration, whilst the dividend process is completed. The Trust retains the proceeds of the sale and administration, with claims against the Virgin Group as at 20 April 2020 becoming claims in the Trust. This circular sets out how those Virgin Group creditors as at 20 April 2020 can participate in the dividend process. The administrators of the Virgin Group, Sal Algeri, John Greig, Richard Hughes and Vaughan Strawbridge are the trustees of the Trust.

1 Dividend timeline

We will commence the dividend process from today, 7 April 2021. Set out below is a timeline of the proposed dividend process and what actions are required by you as a creditor of the Trust. Please note that different requirements apply to those creditors who invested in bonds or notes issued by Virgin Australia Holdings Limited (**Noteholders**). For guidance on these requirements, Noteholders should refer to **Section 5** of this circular.



As outlined above, the dividend process will be undertaken as follows:

Step 1 – Calling for Formal Proofs of Debt (**Formal PODs**) and Declaration of Interim Dividend (Wednesday, 7 April)

The Trustees have attached at **Annexure A** the notices required to be issued pursuant to the *Corporations Regulations 2001* that have been adopted under clause 7.3(b) of the Trust Deed to call for Formal PODs and to provide notice of our intention to declare an interim dividend to creditors.

Step 2 – Deadline for Creditors to lodge Formal PODs on the Halo platform (Thursday, 29 April)

Creditors must lodge their Formal PODs on the Halo platform (<https://virgin.deloitte-halo.com/>), along with all their supporting documentation, no later than **5:00PM (AEST) Thursday, 29 April 2021**.

A detailed guide on how to register as a user and lodge a Formal POD in the Halo platform [can be found here](https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/insolvency/virgin/au-fa-virgin-voting-halo-250820.pdf) (<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/insolvency/virgin/au-fa-virgin-voting-halo-250820.pdf>).

If you have already lodged an Informal POD in the Halo platform, please follow the instructions at **Annexure B** to edit and convert your claim into a Formal POD.

Step 3 – Deadline for Trustees to adjudicate on Formal PODs (Tuesday, 8 June)

The Trustees will review and adjudicate on all Formal PODs submitted in the Halo platform prior to 5:00PM (AEST) Tuesday, 8 June 2021, for dividend purposes.

The outcome of the adjudication of your Formal POD will be communicated as follows:

1. All users who have access to the creditor's Formal POD will receive an email notifying them that the Formal POD (by reference to the Halo Claim ID) has been adjudicated on by the Trustees. A hyperlink in the email will direct the user to login to their "My Claims Dashboard" in the Halo platform.
2. Once the user has logged into their "My Claims Dashboard" they will see a "View Outcome" hyperlink next to their claim(s) which have been adjudicated on by the Trustees. Clicking on this hyperlink will open a pop-up screen advising the user the adjudication outcome for the respective Formal POD and whether the Formal POD was admitted, partially admitted, or rejected.

Step 4 – Deadline for Trustees to notify Creditors of grounds for rejection of their claim (Tuesday, 15 June)

When rejecting a Formal POD (either partially or in full), the Trustees must communicate their grounds for doing so. As mentioned in Step 3 above, this will be communicated to creditors via the Halo platform in the form of a Form 537, as prescribed by *Corporations Regulations 5.6.54(1)*.

Step 5 – Deadline for Creditors to appeal against Trustees' Formal POD rejection (the earlier of 14 days after receiving notice of the Form 537 being issued)

If you are dissatisfied with the Trustees' grounds for rejection of your Formal POD, you may make an application to the Supreme Court or Federal Court to appeal the decision and make any queries in relation to the adjudication process of your Formal POD. Any appeal must be lodged no later than fourteen (14) days after notification of the Form 537 via the Halo platform has been issued (unless the Court permits otherwise). If you do not make the application within 14 days, your claim (to the extent that it was rejected) will be taken for all purposes to have been abandoned in accordance with clause 7.7(b) of the Trust Deed.

Step 6 – Deadline for Trustees to declare and distribute interim dividend (Friday, 6 August)

Subject to no objections raised by creditors to our adjudication of their claim(s), we expect to pay an interim dividend to creditors on or before Friday, 6 August 2021.

We thank you for your ongoing patience and support throughout this process.

2 Orders granted by the Supreme Court of New South Wales (NSW)

On 6 April 2021, Justice Black of the Supreme Court of NSW made Orders in respect to the conduct of the administration of the Trust and the dividend process. A copy of the Orders can be found on the Deloitte Virgin webpage here:

<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/insolvency/virgin/deloitte-au-fa-virgin-sealed-orders-060421.pdf>.

Copies of the materials filed in this matter by the Trustees and their solicitors can also be found on the Deloitte Virgin webpage here: <https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australia-holdings-limited-subsiidiaries-affidavits.html>.

3 Notice to call for Formal Proofs of Debt (PODs)

Please find the following notices attached as **Annexure A**:

1. Notice Inviting Formal Proof of Debt or Claim pursuant to *Corporations Regulations 5.6.48(3)*, and

2. Notice to Creditor or Person Claiming to be a Creditor of Intention to Declare a Dividend pursuant to *Corporations Regulations 5.6.65(1)*.

Copies of these notices will also be published in the Australian newspaper in accordance with the Orders made by the Supreme Court of NSW on 6 April 2021.

4 Lodgment of Formal PODs in the Deloitte Halo platform (excluding Noteholders)

All Formal PODs must be submitted through the Deloitte Halo platform (<https://virgin.deloitte-halo.com/>). The Trustees will review and communicate with you regarding the outcome of the adjudication of your claim in the Halo platform.

Please refer to the '[Halo - How to Guide](#)' for guidance on how to lodge a Formal POD in the Halo platform. Guidance on how to convert your Informal POD to a Formal POD is at **Annexure B**.

5 Lodgement of Formal PODs in the Deloitte Halo platform (Noteholders only)

For various reasons, including differing structures, note documentation, governing law and clearing systems, the claim lodgement procedures to be followed by Noteholders will vary as compared to other unsecured creditors of the Trust.

The table below sets out key information in relation to the specific claim lodgement procedures applicable to the separate Notes series and the action required from the relevant parties in connection with lodging a claim on behalf of their beneficial holders for dividend purposes. The distinct processes are determined by the relevant documents and applicable law.

Notes	Who will lodge a claim for dividend purposes?	Payment of dividend
AU\$325,000,000 8% notes due 26 November 2024 (ASX: VAHHA) (ISIN: AU0000063455) (Listed AUD Notes)	Certane CT Pty Ltd, formerly known as Sargon CT Pty Ltd (Certane) (the Trustee for the Listed AUD Notes)	<ol style="list-style-type: none"> 1. Certane has lodged a claim on behalf of its beneficial holders. 2. Beneficial owners of Listed AUD Notes (Listed AUD Noteholders) are not required to register on the Halo platform or submit Formal PODs to the Trustees. Any Formal PODs lodged by beneficial holders of the Listed AUD Notes will be rejected for dividend purposes by the Trustees. 3. The dividend will be paid to Certane in accordance with the note documentation, governing law and clearing systems for the Listed AUD Notes. Also pursuant to the note documentation, Certane will then pay the beneficial holders of these notes through Computershare (as Registrar for these Notes), in accordance with the beneficial holders' holdings at the time the dividend has been declared (i.e. 6 August 2021). <p>Beneficial holders of these Notes should ensure their current banking and contact details are lodged with Computershare. If you believe your details are outdated, please contact Computershare directly on (03) 9415 5000 or submit a query to Computershare here.</p>

Notes	Who will lodge a claim for dividend purposes?	Payment of dividend
<p>AU\$150,000,000 8.25% Senior Notes due 30 May 2023 (ISIN: AU3CB0253367) and AU\$250,000,000 8.075% Senior Notes due 5 March 2024 (ISIN AU3CB0261410) (together the Unlisted AUD Notes)</p>	<p>Noteholders registered on the Noteholder Register maintained by BTA Institutional Services Australia Ltd (the AUD Unlisted Noteholders)</p>	<ol style="list-style-type: none"> 1. If you are a registered AUD Unlisted Noteholder you will need to lodge a Formal POD (if it has not already done so), on the Halo platform no later than 5:00PM AEST, Thursday, 29 April 2021. 2. If you are not the direct registered AUD Unlisted Noteholder as listed on the Register maintained by BTA Institutional Services Australia Ltd (e.g. you are a beneficiary of a trust) you are not required to lodge a Formal POD. You should contact your respective representative (i.e. trustee, custodian) to ensure they have lodged on your behalf. 3. The dividend will be paid to the AUD Unlisted Noteholders in accordance with the note documentation, governing law and clearing systems for Unlisted AUD Notes. AUD Unlisted Noteholders that hold Unlisted AUD notes beneficially on behalf of another party, will then be responsible for paying the dividend to the beneficiary, in accordance with the arrangements they have with the beneficiaries at the time the dividend has been declared (i.e. 6 August 2021).
<p>US\$350,000,000 7.875% Senior Notes due 15 October 2021 (Reg S CUSIP: Q94606AG7 & 144A CUSIP: 92765YAG2) and the US\$425,000,000 8.125% Senior Notes due 15 November 2024 (Reg S CUSIP: Q94606AH5 & 144A CUSIP: 92765YAH0) (together the USD Notes)</p>	<p>Bank of New York Mellon (BNY) (the Trustee for the USD Senior Notes)</p>	<ol style="list-style-type: none"> 1. BNY has lodged a claim on behalf of beneficial USD Notes owners. 2. Beneficial owners of USD Notes are not required to register on the Halo platform or submit Formal PODs to the Trustees. Any Formal PODs lodged by beneficial owners of the USD Notes will be rejected for dividend purposes by the Trustees. 3. BNY will communicate the outcome of the adjudication of their Formal POD to the beneficial owners of the USD Notes. 4. The dividend will be paid to BNY in accordance with the note documentation, governing law and clearing systems for the USD Notes. The dividend will then be paid to the beneficial holders of these notes by BNY directly, in accordance with the beneficial holders' holdings at the time the dividend has been declared (i.e. 6 August 2021).

6 Update on Wells Fargo Trust Company operating as Willis Leasing (“Willis”) v VB Leaseco Pty Ltd matter

As noted in the Circular to Creditors dated 7 October 2020, the Full Court of the Federal Court of Australia unanimously allowed the Administrators' appeal. This was in relation to an earlier decision of a single judge of the Federal Court which had found in favour of Willis Lease Finance Corporation (**Willis**). Under the Australian court system, there is a right of final appeal to the High Court of Australia. In November 2020, Willis Lease Finance Corporation lodged "an application for special leave to appeal" from the Full Court's judgment in favour of the Administrators. We are defending this application for special leave to appeal before the High Court in our capacities as the Trustees of the Project Volar Creditors' Trust.

The next step will be for the High Court to decide whether the application will be listed for a short 'special leave' hearing or determined on the papers. If the application for special leave is granted, the High Court will then hear the substance of the appeal (which will be scheduled at a later date). If 'special leave' is refused, the appeal cannot proceed any further. At this time, the High Court has not yet either listed the special leave application for hearing or determined the application on the papers. The application for special leave is to be heard on 12 April 2021.

We will update all creditors in due course if there are any developments in respect of the High Court appeal. In the meantime, while we understand that there is significant creditor interest in the appeal, we are not in a position to respond to queries from individual creditors in relation to the status of the appeal, to provide any non-public information to creditors in relation to the appeal or to speculate on the potential implications of any outcome of the High Court proceedings.

7 Foreign currency exchange rates used for calculating dividend

Pursuant to section 554C of the *Corporations Act 2001 (Cth)*, for converting foreign currency creditor claims into Australian Dollars, we must use the opening carded on demand airmail buying rate in relation to the foreign currency available at the Commonwealth Bank of Australia (**CBA**) on the date of our appointment (being 20 April 2020 (the **Relevant Date**) (the **FX rates**)).

The CBA does not record the FX rates for all foreign currencies, accordingly, in the absence of these rates from CBA we will rely upon the foreign currency exchange rates provided by the Reserve Bank of Australia at the Relevant Date, failing which the exchange rate listed on www.xe.com. This method has been approved by Orders granted in the Supreme Court of NSW on 6 April 2021.

8 Further queries

In the event you have any queries regarding the contents of this circular, or the administration in general, please do not hesitate to contact us at virginadmin@deloitte.com.au.

Yours faithfully



Richard Hughes
Trustee

Frequently Asked Questions (FAQs)

Question	Response
1. I have already lodged a Formal POD in the Halo platform, what do I do?	No further action is required by you, unless you wish to amend your claim prior to 5:00PM AEST Thursday, 29 April 2021. After 29 April 2021, the Trustees will adjudicate on your claim(s) and communicate the outcome with you by Tuesday, 8 June 2021.
2. I have already lodged an Informal POD in the Halo platform, what do I do?	<p><u>If you have already lodged an Informal POD, you do not need lodge an additional claim in the Halo platform.</u></p> <p>You can edit either convert your claim from an Informal POD to a Formal POD by following the steps outlined in Annexure B. If no steps are taken, pursuant to orders made in the Supreme Court of New South Wales on 6 April 2021, any Informal PODs that have not been converted by a Trust Creditor, will automatically be converted after 5:00PM AEST Thursday, 29 April 2021 to be adjudicated on by the Trustees.</p>
3. I have not lodged an Informal POD or a Formal POD in the Halo platform, what do I do?	Except as set out in Section 5 with respect to Noteholders, Instructions on how to register as a creditor and lodge a Formal POD in the Halo platform can be found here (Halo – How to Guide).
4. What supporting documentation should I be attaching to my claim in Halo?	<p>Creditors must provide particulars for their debt(s) claimed in their Formal POD, including (but not limited to):</p> <ul style="list-style-type: none"> • Date – when the debt(s) arose • Consideration – state how the debt arose and attach supporting documentation • Amount – debt amount you are owed • Remarks – include details of invoice, contract or agreement substantiating debt amount
5. I have a credit for a cancelled flight. What does this mean for me?	<p>At the completion of the sale of the Virgin Group to Bain Capital on 17 November 2020, Virgin Group provided you with a new credit for an amount equal to any remaining value on your Conditional Credit (Future Flight Credit). Future Flight Credits will be available for booking flights up to 31 July 2022 with travel valid until 30 June 2023. Bookings using your credit will be subject to seat availability within the fare class reserved for Future Flight Credits on your selected flight and will be subject to its own terms and conditions.</p> <p>If you chose to use the total value of your Conditional Credit prior to completion of the sale to Bain, you will not receive a Future Flight Credit.</p> <p>Pursuant to the various Deeds of Company Arrangement executed on 25 September 2020 and effectuated on 17 November 2020, any claim for a refund or other monetary compensation for, or in respect of a flight or holiday package operated or sold by or on behalf of the Virgin Group that was booked and paid for prior to the Appointment Date (20 April 2020) is entitled to a Conditional Credit (FFC Claim).</p> <p>A FFC Claim is classified as a ‘non-participating claim’ under the Project Volar Creditors’ Trust Deed.</p> <p>Accordingly, creditors who hold a Conditional Credit, will not be entitled to receive a distribution from the Trust.</p>

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6. What rate of return will I receive on my Formal POD? Until such time that all Formal PODs are submitted and adjudicated on by the Trustees, we are not in a position to provide an update on the rate of return for the interim dividend. When we do finalise this position, it will be reported to all Trust Creditors.

At this stage, there has been no material change to the estimated returns to creditors reported in our Report to Creditors dated 25 August 2020.

Schedule 1 - Virgin Group

1. Virgin Australia Holdings Ltd ACN 100 686 226
2. Virgin Australia International Operations Pty Ltd ACN 155 859 608
3. Virgin Australia International Holdings Pty Ltd ACN 155 860 021
4. Virgin Australia International Airlines Pty Ltd ACN 125 580 823
5. Virgin Australia Airlines (SE Asia) Pty Ltd ACN 097 892 389
6. Virgin Australia Airlines Holdings Pty Ltd ACN 093 924 675
7. VAH Newco No.1 Pty Ltd ACN 160 881 345
8. Tiger Airways Australia Pty Limited ACN 124 369 008
9. Virgin Australia Airlines Pty Ltd ACN 090 670 965
10. VA Borrower 2019 No. 1 Pty Ltd ACN 633 241 059
11. VA Borrower 2019 No. 2 Pty Ltd ACN 637 371 343
12. Virgin Tech Pty Ltd ACN 101 808 879
13. Short Haul 2018 No. 1 Pty Ltd ACN 622 014 831
14. Short Haul 2017 No. 1 Pty Ltd ACN 617 644 390
15. Short Haul 2017 No. 2 Pty Ltd ACN 617 644 443
16. Short Haul 2017 No. 3 Pty Ltd ACN 622 014 813
17. VBNC5 Pty Ltd ACN 119 691 502
18. A.C.N. 098 904 262 Pty Ltd ACN 098 904 262
19. Virgin Australia Regional Airlines Pty Ltd ACN 008 997 662
20. Virgin Australia Holidays Pty Ltd ACN 118 552 159
21. VB Ventures Pty Ltd ACN 125 139 004
22. Virgin Australia Cargo Pty Ltd ACN 600 667 838
23. VB Leaseco Pty Ltd ACN 134 268 741
24. VA Hold Co Pty Ltd ACN 165 507 157
25. VA Lease Co Pty Ltd ACN 165 507 291
26. Virgin Australia 2013-1 Issuer Co Pty Ltd ACN 165 507 326
27. 737 2012 No.1 Pty. Ltd ACN 154 201 859
28. 737 2012 No. 2 Pty Ltd ACN 154 225 064
29. Short Haul 2016 No. 1 Pty Ltd ACN 612 766 328
30. Short Haul 2016 No. 2 Pty Ltd ACN 612 796 077
31. Short Haul 2014 No. 1 Pty Ltd ACN 600 809 612
32. Short Haul 2014 No. 2 Pty Ltd ACN 600 878 199
33. VA Regional Leaseco Pty Ltd ACN 127 491 605
34. VB 800 2009 Pty Ltd ACN 135 488 934
35. VB Leaseco No 2 Pty Ltd ACN 142 533 319
36. VB LH 2008 No. 1 Pty Ltd ACN 134 280 354
37. VB LH 2008 No. 2 Pty Ltd ACN 134 288 805
38. VB PDP 2010-11 Pty Ltd ACN 140 818 266
39. Tiger International Number 1 Pty Ltd ACN 606 131 944
40. VAH Newco No. 2 Pty Ltd ACN 160 881 354
41. VB Investco Pty Ltd ACN 101 961 095

Annexure A

Form 534

CORPORATIONS ACT 2001

Subregulation 5.6.48(3)

NOTICE INVITING FORMAL PROOF OF DEBT OR CLAIM

**PROJECT VOLAR CREDITORS' TRUST
(THE TRUST)**

Take notice that creditors of the Trust, whose debts or claims have not already been admitted, are required on or before 5:00PM AEST Thursday, 29 April 2021 to prove their debts or claims and to establish any title they may have to priority by lodging a formal proof of debt or claim in the Halo creditor platform. If they do not they will be excluded from:

- (a) the benefit of any distribution made before their debts or claims are proved or their priority is established, and
- (b) objecting to the distribution.

DATED this 7th day of April 2021.



Richard Hughes
Trustee

Deloitte Financial Advisory Pty Ltd
Level 23 Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

FORM 547

CORPORATIONS ACT 2001

Subregulation 5.6.65(1)

**NOTICE TO CREDITOR OR PERSON CLAIMING TO BE A CREDITOR OF
INTENTION TO DECLARE A DIVIDEND**

**PROJECT VOLAR CREDITORS' TRUST
(THE TRUST)**

A first interim dividend is to be declared on 6 August 2021 for the Trust.

You are listed as a creditor in the report in the Report on Company Activities and Property and in the Deloitte Halo platform.

You are known to be a creditor, but your debt or claim has not yet been admitted.

You are required to formally prove your debt or claim on or before 5:00PM AEST Thursday, 29 April 2021. If you do not, you will be excluded from the benefit of the dividend.

A guide on how to lodge a formal POD in the Halo platform [can be found here:](https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/insolvency/virgin/au-fa-virgin-voting-halo-250820.pdf)
(<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/finance/insolvency/virgin/au-fa-virgin-voting-halo-250820.pdf>).

DATED this 7th day of April 2021.



Richard Hughes
Trustee

Deloitte Financial Advisory Pty Ltd
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Annexure B

How to edit your claim from an Informal POD to a Formal POD

Step 1: Login to the Halo platform using your login credentials

Please click [here](#) if you need further guidance or help in registering, signing in or submitting your claims.

Registration Sign In

Sign In

E-mail *

user@email.com

Password *

.....

Sign In Forgot Password

Step 2: Click on the Claim ID you want to convert in your 'My Claims Dashboard' from an Informal POD to a Formal POD

Please click [here](#) if you need further guidance or help in registering, signing in or submitting your claims.

You are currently logged in as Matthew. [Click here to log out](#)

User Profile

My Claims Dashboard

Search Claim, Creditor

Grant Access Add Claim

76 records

<input type="checkbox"/>	CLAIM ID	CREDITOR	DEBTOR ENTITY	CATEGORY TYPE	AMOUNT (EXCL GST)	STATUS
<input type="checkbox"/>	V1114254C	USD 2019 Notes "FOR"	Virgin Australia International Holdings Pty Ltd	Unsecured Bondholder	USD 1.00	Under Review

Step 3: Click on the 'Claim' tab on the pop-up screen and click the button next to 'Formal POD (attachment is required)'

Claim ID: VI114254C ✕

Creditor	Claim	Communications	Access
Debtor Entity * Virgin Australia International Holdings Pty Ltd		Currency * USD	Claim Amount (excluding GST) 1
ACN 155 860 021		Claim Amount (including GST) * 1	
Claim Category * Unsecured		Will this same claim be made against multiple debtor entities? <input type="radio"/> Yes <input checked="" type="radio"/> No	
Claim Type * Bondholder		Proof of Debt (POD) <input style="border: 2px solid red;" type="radio"/> Formal POD (attachment is required) <input checked="" type="radio"/> Informal POD	
Bond Tranche * USD Senior Notes - maturing Nov 2024		Attachments <input type="button" value="Choose File"/>	
Consideration for debt *		Other Information	

Step 4: Attach supporting documents and click 'Save'

Claim ID: VI114254C



Creditor	Claim	Communications	Access
Debtor Entity * Virgin Australia International Holdings Pty Ltd		Currency * USD	Claim Amount (excluding GST) 1
ACN 155 860 021		Claim Amount (including GST) * 1	
Claim Category * Unsecured		Will this same claim be made against multiple debtor entities? <input type="radio"/> Yes <input checked="" type="radio"/> No	
Claim Type * Bondholder		Proof of Debt (POD) <input checked="" type="radio"/> Formal POD (attachment is required) <input type="radio"/> Informal POD	
Bond Tranche * USD Senior Notes - maturing Nov 2024		Attachments <input type="button" value="Choose File"/>	
Consideration for debt * N/A		USD notes_Halo account upload.xlsx	
		Other Information	
		<input type="button" value="Save"/>	

You have now converted your Informal POD to a Formal POD.