

MINUTES OF THE COMMITTEE OF INSPECTION (**COI**) MEETING OF
VIRGIN AUSTRALIA HOLDINGS LIMITED ACN 100 686 226 AND SUBSIDIARIES
(ALL SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(THE **COMPANIES** OR **VIRGIN GROUP**)

HELD AT THE OFFICES OF DELOITTE, LEVEL 23, RIVERSIDE CENTRE, 123 EAGLE STREET, BRISBANE QLD 4000
ON 11 NOVEMBER 2020 AT 11:10AM (AEST)

PRESENT	Vaughan Strawbridge John Greig Matthew Carr Harry Bayard Max Fifield	Joint and Several Deed Administrator Joint and Several Deed Administrator Deloitte Financial Advisory Pty Ltd (Deloitte) Deloitte Deloitte
OPENING OF THE MEETING	Vaughan Strawbridge, one of the Joint and Several Administrators (Administrators) of the Virgin Group, opened the COI meeting at 11:10AM (AEST). He noted this was the tenth meeting of the COI of Virgin Australia Holdings Limited and subsidiaries (all Subject to Deed of Company Arrangement) which he would refer to as the Companies or the Virgin Group during the meeting.	
IN ATTENDANCE	Mr Strawbridge advised John Greig, one of his joint appointees, was present at the meeting with him. Further to this, he noted that the committee members are attending via the Microsoft Teams videoconference platform and the listing of those accessing the online meeting platform will be used as a basis for the attendance register. The attendance register is attached at Annexure A . The observers register is attached at Annexure B .	
CHAIRPERSON	Mr Strawbridge advised that pursuant to rule 75-50 of the <i>Insolvency Practice Rules (Corporations) 2016 (IPR)</i> , he would occupy the Chair as the Joint and Several Deed Administrator of the Companies.	
QUORUM	The Chairperson declared a quorum present at the meeting as a majority of the committee members were seen viewing the online meeting platform at this time.	
RECORDING OF THE MEETING	The Chairperson advised that he intended to record the meeting for the purpose of minute taking.	
TIME AND PLACE OF MEETING	The Chairperson stated that he had not received any objections to the time and place of the meeting. Therefore, pursuant to rule 75-30 of the IPR, he declared that the meeting was held at a time and place most convenient for the majority of persons entitled to receive notice of the meeting.	
AGENDA	The Chairperson outlined the agenda for the meeting as follows; a) update on the timetable to completion of the Deeds of Company Arrangement (DOCAs): i) Section 444GA application – Federal Court of Australia, ii) Chapter 15 recognition – USA; b) update on estimated outcome for creditors; c) dividend timetable; and d) any other business.	

TIMETABLE TO COMPLETION OF DOCA

The Chairperson took the COI through the timetable to completion of the DOCAs as shown on page 3 of the meeting presentation (Annexure C).

Section 444GA application

The Chairperson noted that the DOCAs had been signed on 25 September 2020 and the first Court hearing in respect to the 444GA application occurred on the 10 November 2020. During that period, an independent expert report was prepared and provided to the Australian Securities and Investments Commission (**ASIC**) in addition to the explanatory statements provided to creditors. He noted ASIC had no issues or objections to the application made by the Administrators.

The Chairperson advised the Court made orders in the 444GA application yesterday for the shares to be transferred from existing shareholders to the new owner, Bain Capital (**Bain**).

The Chairperson noted there were four shareholders who had objected to the 444GA application (refer to page 4 of the meeting presentation for summary of objections), whilst noting none of the major shareholders had objected.

The Chairperson advised that in response to the objections, counsel outlined the extent at which the Administrators had clearly communicated with shareholders. He explained that the main channel for shareholder communication was through the ASX portal and the Administrators remained diligent throughout the whole process ensuring shareholders were kept up to date.

The Chairperson was pleased Middleton J noted he had no issues with the conduct of the Administrators.

US Chapter 15 proceedings

The Chairperson advised the hearing in the United States on 13 November 2020 was to recognise the Administration under Chapter 15 of the US bankruptcy laws. He noted that there have been no objections to the orders being sought and that there has been positive feedback from the US courts regarding the conduct of the Administration.

Completion

The Chairperson advised completion of the DOCAs was scheduled for Tuesday, 17 November 2020. That date was chosen to allow time for the funds to be transferred to Australia.

The Chairperson noted that on Monday 16 November, the Administrators will undergo various applications to the ASX to:

- delist Virgin Australia Holdings Limited;
- recognise the transfer of the shares;
- reconstitute the board; and
- transfer the initial consideration to their control.

He noted there is still some deferred consideration consisting of \$62.5 million per year for the next two years. The deferred consideration is conditional on the financial performance of the airline over the next two years.

UPDATE ON ESTIMATED OUTCOME FOR CREDITORS

The Chairperson provided an update on the estimated outcome for creditors, as shown on page 7 of the meeting presentation.

He advised the estimated return for priority employee creditors remains at 100%, noting:

- All continuing employees will remain employees of the Companies and any future redundancies will be a future obligation for the Companies to pay.

- In respect of the redundancies that have already been made, the Administrators have received \$101 million from Bain in addition to the \$125 million interim funding.
- There are further redundancies scheduled to take place in March and the Administrators are putting in place a further payment undertaking from Bain at completion which is backed by a cash guarantee of \$51 million in the event those funds are not paid out to employees in March.

In respect to the estimated outcome for other unsecured creditors, the Chairperson noted:

- The Administrators had updated their estimate to include surplus cash from the Administration period. This surplus could be attributed to Bain going on financial risk and taking responsibility for costs and certain Administrators' liabilities from 1 July 2020.
- The topline figure of \$623 million includes the deferred consideration in the event it is paid.
- The estimated return is now 9.5-13 cents in the dollar.
- There remains a number of caveats on the estimated return including the extent of the liabilities proving for a dividend which will not be known until the Administrators' run the formal dividend process.

The Chairperson also advised the Willis proceedings were before the Court yesterday which considered who was to bear the costs of returning the aircraft engines to Florida. He advised the Court found those costs were Willis' costs, however, Willis was seeking special leave to appeal the matter to the High Court and in the event Willis was successful in this appeal, there may be some costs incurred in respect to this matter which may have an impact on the return to creditors.

DIVIDEND TIMETABLE

The Chairperson went through the current timetable for distributions to creditors as shown on page 8 of the meeting presentation.

He advised the formal dividend payout process is likely to commence in mid-January, allowing time for creditors to finalise their formal proofs of debt. He noted the Administrators will then begin the adjudication process on creditor claims, with the view of paying the dividend in early to mid-April.

QUESTIONS

The Chairperson asked if there were any Questions.

Edward Gomes of Boeing Training and Flight Services Australia Pty Ltd asked whether the PowerPoint slides could be circulated to the COI.

The Chairperson confirmed that the slide deck will be circulated after the meeting.

CLOSURE OF MEETING

The Chairperson thanked the committee members for their attendance and declared the meeting closed at **11:30AM** (AEST).

Signed as a correct record.



.....
 John Greig
 Joint and Several Deed Administrator
 For and on behalf of the Chairperson

LIST OF PERSONS PRESENT AT MEETING OF COMMITTEE OF INSPECTION

Insolvency Practice Rules (Corporations) 2016

Virgin Australia Holdings Limited and Subsidiaries (all Administrators Appointed)

Meeting Details: Committee of Inspection (tenth meeting)

Meeting date, time and place: 11 November 2020, 11:10am AEST

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

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
FIIG Securities Limited	Thomas Jacquot	General	Attended via audio-visual conference
Association of Virgin Australia Group Pilots (VIPA)	John Lyons	General	Attended via audio-visual conference
Australian Council of Trade Unions (ACTU)	Scott Connolly	General	Attended via audio-visual conference
Deputy Commissioner of Taxation	Gary Busby	General	Attended via audio-visual conference
Australian Federation of Air Pilots (AFAP)	Simon Lutton	General	Attended via audio-visual conference
Australian Licensed Aircraft Engineers (ALAEA)	Steve Purvinas	General	Attended via audio-visual conference
Australian Manufacturing Workers Union (AMWU)	Glenn Thompson	General	Attended via audio-visual conference
Australian Services Union (ASU)	Emeline Gaske	General	Attended via audio-visual conference
Flight Attendants Association of Australia (FAAA)	Teri O'Toole	General	Attended via audio-visual conference
Skywest Airlines Pilot Association (SALPA)	Paolo Casali	General	Attended via audio-visual conference
Transport Workers Union of Australia (TWU)	Emily McMillan	General	Attended via audio-visual conference
The Bank of New York Mellon	Jeremy Hollingsworth	General	Attended via audio-visual conference
Electrical Trades Union (ETU)	Matt Murphy	General	Attended via audio-visual conference
Australia Pacific Airports (Melbourne) Pty Ltd	Shane O'Hare	General	Attended via audio-visual conference

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Committee Member	Name of Proxy/Representative	Proxy Type	Signature
Brisbane Airport Corporation Pty Ltd	Melissa Hill	General	Attended via audio-visual conference
Canberra Airport Pty Ltd	Stephen Carson	General	Attended via audio-visual conference
Velocity Rewards Pty Limited	Christopher Hill	General	Attended via audio-visual conference
Airframe Leasing (S) Pte. Ltd	Richard Wolanski	General	Attended via audio-visual conference
Dell Financial Services Pty Ltd	Cassie Douglas	General	Attended via audio-visual conference
JPA No. 123 Co., Ltd	Jason Opperman	General	Attended via audio-visual conference
Wilmington Trust Company (AerCap)	Alexander Wilson	General	Attended via audio-visual conference
Airline Cleaning Services Pty Ltd	David Baker	General	Attended via audio-visual conference
Alliance Airlines Pty Limited	Marc Devine	General	Attended via audio-visual conference
Boeing Training & Flight Services Australia Pty Limited	Edward Gomes	General	Attended via audio-visual conference
Perth Aircraft Leasing (UK) Limited	Noel McCoy	General	Attended via audio-visual conference
Spotless Facility Services Pty Ltd	Jacob Gunzburg	General	Attended via audio-visual conference
Sabre GBLB Inc	Tony Troiani	General	Attended via audio-visual conference
Sargon CT Pty Ltd	Yvonne Kelaher	General	Attended via audio-visual conference

LIST OF PERSONS PRESENT AT MEETING OF COMMITTEE OF INSPECTION

**Observer's Register for: Virgin Australia Holdings Limited and Subsidiaries
(all Administrators Appointed)**

Meeting Details: Committee of Inspection (tenth meeting)

Meeting date, time and place: 11 November 2020, 11:10am AEST

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

Observer's name	Organisation	Signature
Henry Carr	Commonwealth of Australia represented by the Attorney-General's Department (FEG)	Attended via audio-visual conference
David Orr	Deloitte	Attended via audio-visual conference
Matthew Carr	Deloitte	Attended via audio-visual conference
Harry Bayard	Deloitte	Attended via audio-visual conference
Max Fifield	Deloitte	Attended via audio-visual conference
Jillian Robertson	Clayton Utz	Attended via audio-visual conference
Timothy Sacker	Clayton Utz	Attended via audio-visual conference

Deloitte.



Virgin Australia Holdings Limited, ACN 100 686 226
and certain subsidiaries
(all subject to Deed of Company Arrangement)
(the Companies or Virgin Group)

Tenth meeting of the Committee of Inspection
11:10am (AEST), Wednesday 11 November 2020

Opening & welcome

- Attendance register

Timetable to completion of the DOCA

- Timetable to completion of DOCAs
- 444GA application – Federal Court of Australia
- Chapter 15 recognition – USA

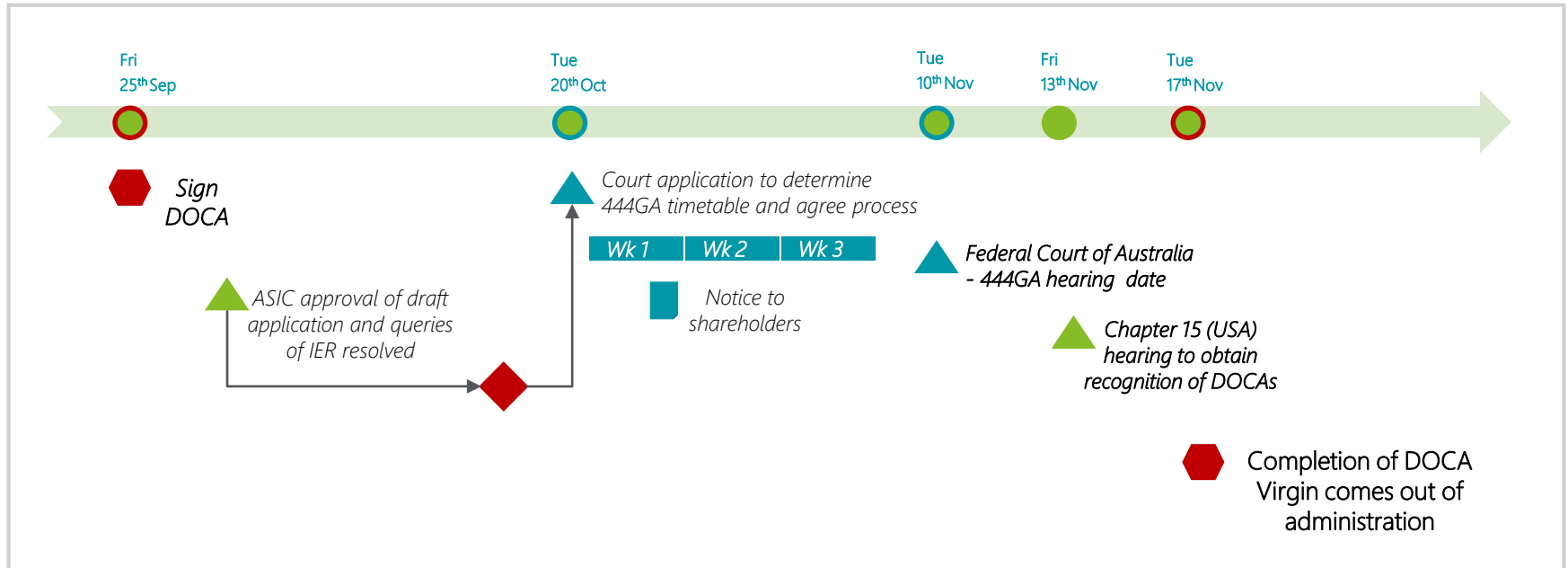
Update on estimated outcome for creditors

Dividend timetable

Any other business



Timetable to completion of the DOCA



Section 444GA application - objections received from shareholders:

1. Lydia Wlodarczyk

- Grounds for objection - As a shareholder who invested all my hard-earned money now facing total loss it is unacceptable since this would create intense financial hardship

2. Colonial Airways ATF the McNeil Family SMSF

- Grounds for objection - As a shareholder who invested all my hard-earned money now facing total loss it is unacceptable since this would create intense financial hardship

3. Shelleycom Pty Ltd & 4. Tymar Pty Ltd

- Grounds for objection:
 - That the (best) interests of all shareholders has not been taken into consideration
 - That there is some value in the shares and not \$0 in that Velocity Rewards is not in administration and valuation was obtained during Covid-19 shutdown
 - That there has been no direct consultation with smaller shareholders and that Tymar Pty Ltd has been excluded from participation in the restructure or sale process
 - Lack of communication and transparency, as first notice and advice of any kind and of this or any process was first received via post 2/11/2020



Timetable to completion of the DOCA

Shareholder communications:

Date	Price sens.	Headline
27/10/2020 8:42 AM		Initial and Final Directors' Interest Notices 27 pages 887.9KB
23/10/2020 1:07 PM	\$	VAH - Explanatory Statement and Independent Expert Report 703 pages 10.5MB
23/10/2020 1:01 PM	\$	VAH - Circular to Creditors and Shareholders 2 pages 493.5KB
23/10/2020 12:43 PM		Director Appointment/Resignation 1 page 125.0KB
20/10/2020 3:44 PM		VAH - ASIC Reporting and AGM Relief 1 page 90.2KB
15/10/2020 11:55 AM	\$	VAH-Virgin Australia Group CEO Paul Scurrah to step down 2 pages 101.6KB
25/09/2020 7:13 PM	\$	VAH - Deeds of Company Arrangement executed 1 page 91.4KB
14/09/2020 11:05 AM		VAH - Change of registered office address 1 page 87.8KB
04/09/2020 1:49 PM	\$	VAH - Outcome of Second Creditor Meeting 2 pages 80.8KB
31/08/2020 1:53 PM		VAH - Resignation and Appointment of Secretary 1 page 140.4KB

Date	Price sens.	Headline
25/08/2020 10:01 AM	\$	VAH(Administrator appointed)- Release of Report to Creditors 2 pages 75.2KB
05/08/2020 8:58 AM	\$	VAH Plan post administration - focus on core strengths 4 pages 104.1KB
30/07/2020 9:20 AM		ACCC proposes to continue to allow airlines to cooperate 2 pages 164.8KB
10/07/2020 6:22 PM	\$	T/Overs Panel: VAH - Panel Application Withdrawn 1 page 75.2KB
06/07/2020 11:29 AM		TOV: VAH - Panel Receives Application 2 pages 93.8KB
30/06/2020 8:39 AM		VAH-Declaration by Voluntary Administrators about shares 2 pages 201.7KB
26/06/2020 1:50 PM		Bain Capital moves forward in sale of Virgin Australia 1 page 68.6KB
26/06/2020 10:57 AM	\$	VAH (Administrators appointed)- Sale and Implementation Deed 1 page 67.4KB



Timetable to completion of the DOCA

Shareholder communications cont.

Date	Price sens.	Headline
30/04/2020 1:59 PM		VAH Administrator statement post first creditors meeting 2 pages 73.7KB
22/04/2020 3:22 PM	\$	VAH Fitch Rating Update 8 pages 131.9KB
22/04/2020 9:35 AM	\$	VAH Moody's Rating Update 7 pages 1.4MB
22/04/2020 9:34 AM	\$	VAH S&P Rating Update 5 pages 194.4KB
21/04/2020 8:51 AM	\$	Virgin Australia enters Voluntary Administration 2 pages 74.2KB
09/06/2020 9:19 AM		Becoming a substantial holder 6 pages 271.5KB
02/06/2020 4:08 PM	\$	VAH Sale Process Update 1 page 68.7KB
22/05/2020 9:51 AM		VAH - Chapter 15 (USA) Recognition 1 page 88.4KB
19/05/2020 9:35 AM		VAH - Moody's Rating Update 6 pages 205.5KB
18/05/2020 10:33 AM	\$	VAH - Administration process moves to Bidder Shortlist 2 pages 96.0KB



Bain DOCAs – report to creditors

Return for priority creditors (employees)

100%

Funds available for unsecured creditors



Average return for unsecured creditors

Estimate	Value
High estimate	13%
Low estimate	9%

Return to creditors – current estimate

Return for priority creditors (employees)

100%

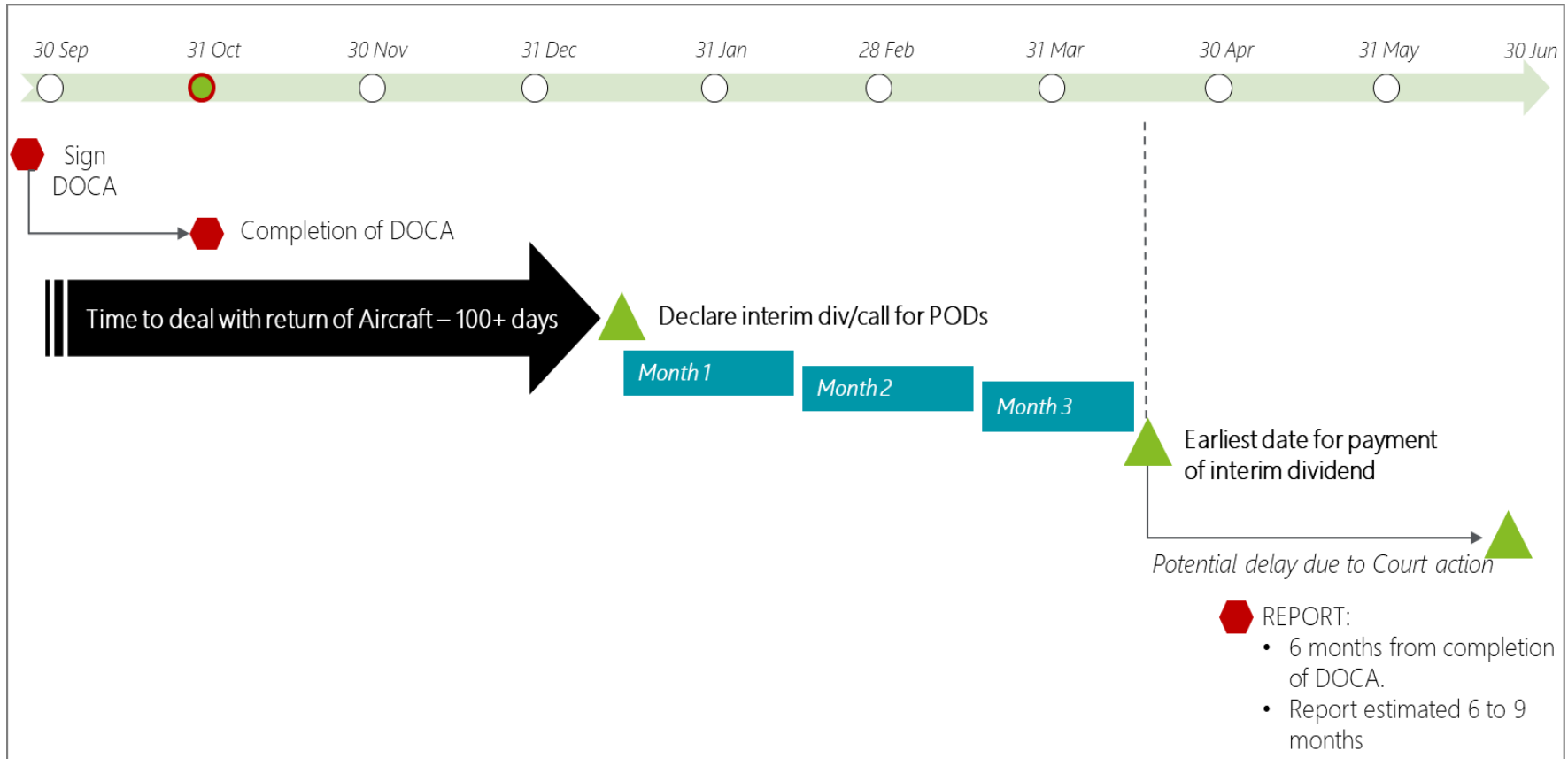
Funds available for unsecured creditors



Average return for unsecured creditors

Estimate	Value
High estimate	13%
Low estimate	9.5%









Thank you for your attendance and participation.

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