

Form 5011

Corporations Act 2001

s436E, 439A

Insolvency Practice Rules (Corporations) 2016

s75-145(1)(c)

Copy of minutes of meeting

Liquidator details

Registered liquidator number

326810

Registered liquidator name

RICHARD JOHN HUGHES

Company details

Company name

**VIRGIN AUSTRALIA HOLDINGS
LIMITED**

100 686 226

Section under which minutes are lodged

Date of meeting

10-08-2020

Are the minutes being lodged for a meeting convened under s436E, or
s439A of the Corporations Act 2001?

No

Certification

I certify that the attached minutes of meeting are a true copy of the original
minutes of meeting signed by the chair of the meeting as identified in the
minutes.

Yes

Authentication

This form has been authenticated by
Name RICHARD JOHN HUGHES
This form has been submitted by
Name Richard John HUGHES
Date 31-08-2020

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MINUTES OF THE COMMITTEE OF INSPECTION (COI)

VIRGIN AUSTRALIA HOLDINGS LIMITED ACN 100 686 226 AND SUBSIDIARIES (ADMINISTRATORS APPOINTED)
(THE **COMPANIES** OR **VIRGIN GROUP**)

HELD AT THE OFFICES OF DELOITTE, LEVEL 23, 123 EAGLE STREET, BRISBANE QLD 4000
ON 10 AUGUST 2020 AT 11:03AM (AEST)

PRESENT	Vaughan Strawbridge John Greig David Orr Matthew Carr Harry Bayard Logan Grillo	Joint and Several Administrator, Deloitte Financial Advisory Pty Ltd (Deloitte) Joint and Several Administrator, Deloitte Deloitte Deloitte Deloitte Deloitte
OPENING OF THE MEETING	Mr Strawbridge declared the meeting open at 11:03 AM (AEST). He advised this was the sixth meeting of the COI of Virgin Australia Holdings Limited and subsidiaries (Administrators Appointed) which will be referred to as the Companies or the Virgin Group during the meeting. He introduced John Greig, Joint and Several Administrator of the Companies, who was present at the meeting along with Matthew Carr and various members of Deloitte staff assisting with the voluntary administration.	
IN ATTENDANCE	Mr Strawbridge noted that all committee members in attendance were attending via the Microsoft Teams videoconference platform and the listing of those accessing the online meeting platform would 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 Joint and Several Administrator of the Companies.	
RECORDING OF MEETING	The Chairperson advised he intention to record the meeting for the purpose of minute taking. He asked if any committee members objected to the meeting being recorded. No objections to the recording of the meeting were made.	
QUORUM	The Chairperson declared a quorum present at the meeting as a majority of the committee members were seen as viewing the online meeting platform at that time.	
TABLING OF DOCUMENTS	The Chairperson tabled the following documents: <ul style="list-style-type: none">▪ Notice of the Meeting of the Committee of Inspection dated 3 August 2020▪ Remuneration Approval Report dated 3 August 2020 (Remuneration Report). The Chairperson advised the notice of the meeting and Remuneration Report were circulated to all members by email on 3 August 2020 and he would consider the tabled documents as being read by committee members.	
TIME AND PLACE OF MEETING	The Chairperson stated he had not received any objections to the time and place of the meeting. Therefore, pursuant to 75-30 of the IPR, he declared that the meeting to be held at a time and place convenient for the majority of persons entitled to receive notice of the meeting.	

VOTING ON RESOLUTIONS

The Chairperson noted that ordinarily, motions put to the COI would be resolved on the voices. As the meeting was being conducted virtually and given the fee resolutions being put to the committee, voting on these resolutions would be conducted by online poll to ensure there was a clear record of votes. He advised the link to access the online voting form would be circulated to all committee members in attendance by email during the meeting.

AGENDA

The Chairperson advised the purpose of the meeting was to:

- a) fix or determine the remuneration of the Administrators;
- b) Consider a resolution approving the Administrators to engage Deloitte New Zealand for specialist tax advice and services in relation to the Companies' New Zealand tax obligations;
- c) to provide an update on trading and operations;
- d) discuss the committee of inspection potentially continuing in the event of either a Deed of company arrangement being approved by the creditors at the second meeting of creditors or the winding up of the Companies in Liquidation; and
- e) any other business.

REMUNERATION OF THE ADMINISTRATORS

The Chairperson moved to the first agenda item, being the remuneration of the Administrators.

The Chairperson noted he had received correspondence prior to the meeting from Gary Busby of the Australian Taxation Office. He advised these questions would be read to the committee and answered before opening the meeting to questions from other committee members.

The Chairperson stated Mr Busby asked what adjustments have been made to ensure that the required standard had been applied.

The Chairperson advised that a review of remuneration was conducted to ensure it was reasonable. Work was also undertaken to ensure the correct time was posted to the correct entity, whilst noting the number of entities within the Virgin Group. The Chairperson advised that the Remuneration Report has gone through a detailed review by both a Partner of Deloitte as well as an independent quality assurance reviewer. In addition, the work in progress entries and the commentary with respect to the task(s) that have been undertaken was reviewed regularly over the course of the administration to date.

The Chairperson noted Mr Busby had questioned the fees attributable to Deloitte Tax staff which were about \$1.1m, noting at the first meeting of the COI, their fees were estimated at \$400,000 in respect to work for tax due diligence report.

The Chairperson advised that the work undertaken by Deloitte Tax relates to more than the due diligence report that was provided as part of the sale process. He noted that a significant amount of work has been conducted in respect to other tax matters, including work respect of Job Keeper, stamp duty, GST, other tax compliance, superannuation, PAYG and the deferral sought regarding PAYG. He further noted Deloitte Tax has been doing follow up work in relation to the sale process, including due diligence questions submitted by bidders and advice on the tax implications around the sale agreement. The Chairperson noted it is common practice to utilise the internal tax teams on insolvency engagements to assist with ensuring compliance in respect of tax obligations.

The Chairperson noted Mr Busby had also asked about the work conducted by Deloitte Risk Advisory and the cost of the Deloitte Halo platform that has been built.

The Chairperson advised the Deloitte Risk Advisory team has undertaken work in the administration beyond the build of the Halo platform. He noted they have assisted the administration with resourcing around dealing with creditors' claims, reviewing and matching creditors' claims against the books and records of the Companies, ensuring the security, privacy and integrity of the database.

The Chairperson advised Mr Busby questioned whether there was an assessment done to consider using an off the shelf platform. He advised the Administrators did consider alternatives to Halo. The Chairperson noted the Administrators use the IPS software package from Core for recording receipts and payments and that IPS does have the functionality to manage creditor claims, however, it did not have the functionality to run a live poll which will be required at the second meeting of creditors. He further advised the Administrators also looked into a number of other existing services and platforms including those provided by Computershare and Link Market Services, noting whilst they can facilitate meetings, those platforms did not have the ability to conduct live polls at those meeting where the number and value of votes is tallied. The Chairperson advised the Halo platform will also be used beyond the second meeting of creditors, including adjudications on claims for dividend purposes. He noted the speed and cost saved from utilising the Halo platform will be significant. The estimated cost savings in respect to using the Halo platform for the managing and adjudicating on proofs of debt and managing the proxy process for the second meeting of creditors has been estimated at approximately \$3m.

The Chairperson stated the final question raised by Mr Busby prior to the meeting was in relation to the Administrators' receipts and payments.

The Chairperson provided a summary of the receipts and payments as at 30 June 2020, just prior to Bain Capital assuming economic risk on 1 July 2020. He noted revenue from bookings was below 10% of normal bookings for the same period the prior year due to the impact of COVID-19. He further noted that the majority of the cash at bank held is actually committed for expenses incurred in trading the business.

The Chairperson then opened the floor to questions from committee members in relation to the Remuneration Report or the Administrators' trading position.

Thomas Jacquot of FIIG Securities Limited stated it was his understanding that the Halo platform was built specifically for this administration he assumed it would again be used by Deloitte in the future. He asked whether unsecured creditors are paying for Deloitte's future use of the Halo platform.

The Chairperson advised the Halo platform wasn't built from scratch, rather it was an existing whistle-blower platform that was already built, and the work undertaken during the administration was to add further capabilities to the platform. He noted the cost of administering proofs of debt, corresponding with creditors and dealing with the poll would have been significantly higher had the Administrators not undertaken the action to implement the Halo platform.

The Chairperson reiterated the Administrators have utilised technology and capabilities already available in the firm to save costs that would have been incurred if the processes were conducted on a manual basis. He advised the Administrators had not considered the use of the platform going forward. Their considerations were more focused on undertaking the administration in a cost-effective way.

Scott Connolly of the Australian Council of Trade Unions (**ACTU**) asked for further detail on:

- how many unions have access to the Halo platform?

- the time costs attributable to employee related tasks in VAAH, noting he believed this to be a holding entity without employees?
- the disbursement claims on pages 15 and 16 of the Remuneration Report?
- the significance of the work undertaken by the Administrators' in relation to business as usual operations and workers compensation claims, and how much of that work was undertaken by the existing team within the Virgin Group?

The Chairperson noted the administrators have tried to utilise the existing team at the Virgin Group where they could. He advised the workers compensation program is a self-administered program and not a third-party insurer, so there has been a lot of work in order to maintain and continue that program. There has also been a lot of work through the due diligence process ensuring Bain Capital are comfortable with the program structure.

The Chairperson advised the Administrators are seeking approval of disbursements of \$600 per entity. These amounts are for costs incurred around ASIC notices and levies.

The Chairperson noted he was seeking further details on the fees sought in VAAH associated with employee tasks and advised he would return this question later in the meeting.

Thomas Jacquot of FIIG Securities Limited sought further details of the restricted cash still being held by some institutions against their own claim.

The Chairperson, whilst noting he did not have the exact figures on hand advised the majority of the restricted cash was set off against currency and fuel hedges. There is also restricted cash held with financial institutions held as a guarantee for merchant facilities exposures for flight bookings. He advised the fuel and oil hedges have utilised around \$350m of restricted cash. In relation to the cash held as a guarantee for the merchant facilities, he advised the Administrators worked with the merchant facility providers throughout the administration to understand their exposure and secure the release of cash held in excess of their exposure. He noted that as some flights have been taken on conditional credits, this has resulted in freeing up some of the cash as well.

Richard Wolanski of Airframe Leasing (S) Pte. Ltd queried whether the minutes of the prior committee of inspection meeting had been circulated.

The Chairperson advised that the minutes have been prepared and should be circulated later in the week.

Dayna Field, representing employees, noted that in the resolutions is stated the remuneration if authorised can be paid at a time of the Administrators' choosing. She asked if the fees are paid out of cash at bank and won't impact the ongoing trading of the Companies.

The Chairperson advised this was correct. He noted a reason the Administrators' hadn't sought fee approval prior to now was to preserve cash throughout the trading period. He stated any fees the Administrators' draw will not impact the ability to continue trading the Companies.

Returning to Mr Connolly's question around employee-related work in VAAH, the Chairperson advised this was in respect of Velocity and New Zealand based employees and the calculation of their entitlements.

Prior to moving to the resolutions, the Chairperson noted the Administrators cannot take fees in advance. In the event fees are approved for a future period, only when they have been incurred can they be drawn. In the event additional work is completed above the approved amount, he advised the Administrators would need to seek additional approval from the committee.

RESOLUTIONS

The Chairperson confirmed the link to access the online voting platform had now been circulated to committee members by email. He asked if any committee members present had not received the email. No committee members advised they had not received the email.

The Chairperson advised he would put the resolutions to the committee, allow them to select their vote and submit the online voting form. He would then move on with the next agenda item while votes were being recorded and declare the outcome of the resolutions at the end of the meeting.

Resolution 1 – Administrators' current remuneration

The Chairperson put the first resolution to the meeting as follows:

"That the remuneration of the Administrators, for the period of the administration from 20 April 2020 to 30 June 2020, calculated at the hourly rates as detailed in the Initial Remuneration Report of 21 April 2020, is approved for payment in the sum of \$13,399,000.00 plus GST as detailed in schedules 1.1 to 1.50 in the Remuneration Approval Report dated 3 August 2020, and that the Administrators can draw the remuneration immediately or as required."

The Chairperson asked committee members to cast their vote using the online voting form.

Resolution 2 – Administrators' future remuneration

The Chairperson put the second resolution to the meeting:

"That the future remuneration of the Administrators for the period 1 July 2020 to the completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice of 21 April 2020, up to a capped amount of \$13,383,765.00 exclusive of GST as detailed in schedules 2.1 to 2.50 in the Remuneration Approval Report dated 3 August 2020, and that the Administrators can draw the remuneration on a monthly basis or as required."

Resolution 3 – Administrators' disbursements

The Chairperson put the third resolution to the meeting as follows:

"That the disbursements of the Administration from 20 April 2020 to 30 June 2020, calculated at the rates as detailed in the Remuneration Approval Report dated at 3 August 2020 is approved for payment in the sum of \$15,000.00 as detailed in Remuneration Approval Report dated 3 August 2020, and that the Administrators' may draw the disbursements immediately or as required."

Resolution 4 – Engagement of Deloitte New Zealand

The Chairperson advised the next resolution related to the engagement of Deloitte New Zealand for assistance with tax returns in New Zealand and dealing with the Department of Inland Revenue in New Zealand. He advised the estimated fees for these services were \$6,000 to \$7,000.

The Chairperson put the fourth resolution to the meeting as follows:

"That the Administrators enter into an agreement with Deloitte Limited (as trustee for the Deloitte Trading Trust) to provide specialist tax advice and assistance relating to New Zealand tax for Virgin Australia Airlines Pty Ltd and Virgin Australia International Airlines Pty Ltd."

COMMITTEE OF INSPECTION UNDER A DOCA/LIQUIDATION

While the votes were being counted, the Chairperson moved on to the next agenda item, being a discussion around a COI should the administration transition to a Deed of Company Arrangement (**DOCA**) or Liquidation. The Chairperson noted that the role and powers of the committee in a DOCA or

Liquidation scenario are similar to those in a voluntary administration. He further noted one of the key difference in a Liquidation scenario is that a Liquidator would need to obtain the approval of a committee or creditors to compromise a debt over a certain value.

The Chairperson noted that the Administrators are wanting to indicate to the current committee of inspection that they believe it would assist them if the current COI continued as the COI either in a DOCA or Liquidation scenario. The Chairperson also noted the difficulty in conducting the resolutions to construct a COI at the second creditor meeting with the live voting.

The Chairperson then requested that if anyone present did not believe that having the COI remain the same would be in the best interest of creditors and that the Administrators should seek the guidance from all creditors surrounding the construct of the COI moving forward, that they raise their concerns with the Administrators. There were no concerns raised by members present at the meeting.

The Chairperson then advised that if there is no objection the Administrators would send a letter for each committee member to sign consenting to be put forward for the future COI at the upcoming second meeting of creditors.

OUTCOME OF RESOLUTIONS

The Chairperson advised the votes on the resolutions had now been counted and noted a majority of committee members in attendance at the meeting had voted for the resolutions.

The Chairperson declared each of the resolutions as carried.

ANY OTHER BUSINESS

The Chairperson opened the meeting to any further questions from members.

Mr Jacquot noted that, in relation to some bondholders, the proofs of debt will be lodged by DTC participant or primary custodian. He asked how the ultimate bondholder know for sure that this process has occurred.

The Chairperson advised that there will be a notification sent through the Halo platform for the primary custodians. For the DTC, the Administrators will be taking their records and will be communicating with them around when those proofs of debt and votes are uploaded to the Halo platform. The Chairperson noted the Administrators will be communicating as openly as possible with these parties when this process occurs as well as providing notifications on when the proofs of debt have been adjudicated on.

Mr Jacquot noted that it will be unknown whether these parties will action the notification received whilst using an example that the Administrators might notify a DTC participant who may elect to do nothing, and that has an implication on the underlying note holders that are tied to the DTC participant.

The Chairperson advised that there is a lot of work that has been done around communications and access to information with those participants, whilst noting the Administrators do need to use the DTC in respect to the US bonds and there was not an option around this. He noted this was being done as openly and collaboratively as possible.

Mr Jacquot then sought to clarify whether the only way those bondholders can have the comfort that their claim has been lodged is liaising with those DTC participants of the AUD dollar notes and the primary custodian to seek confirmation that their claim has been lodged as the Administrators will not provide that confirmation.

The Chairperson advised that was the way the proofs of debt need to be provided to the Administrators, whilst noting this is not the Administrators making, rather it is the process required to comply with the obligations under the notes issued. He reiterated that a lot of time had been spent to

ensure all the participants are counted and able to participate in the second meeting of creditors.

CLOSURE OF MEETING

As there were no further questions, the Chairperson thanked committee members for their attendance and declared the meeting closed at 11:52 AM (AEST).

Signed as a correct record.

A handwritten signature in black ink, consisting of a stylized 'V' followed by a horizontal line and a vertical stroke.

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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 (sixth meeting)

Meeting date, time and place: 10 August 2020, 11:00am 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
Dayna Field	Dayna Field	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)	Nick McInstosh	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

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 (sixth meeting)

Meeting date, time and place: 10 August 2020, 11:00am 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
Brisbane Airport Corporation Pty Ltd	Jim Parashos	General	Attended via audio-visual conference
Canberra Airport Pty Ltd	Stephen Carson	General	Attended via audio-visual conference
Gold Coast Airport Pty Ltd	Adam Rowe	General	Attended via audio-visual conference
Perth Airport Pty Ltd	Brian Pereira	General	Attended via audio-visual conference
Sydney Airport Corporation Limited	Rob Wood	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
AS Air Lease Holdings (Castlelake)	June Raj	General	Attended via audio-visual conference
Dell Financial Services Pty Ltd	Helen Winterbotham	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
Spotless Facility Services Pty Ltd	Jacob Gunzburg	General	Attended via audio-visual conference

LIST OF PERSONS PRESENT AT MEETING OF COMMITTEE OF INSPECTION**Virgin Australia Holdings Limited and Subsidiaries
(all Administrators Appointed)**

Insolvency Practice Rules (Corporations) 2016

Meeting Details: Committee of Inspection (sixth meeting)**Meeting date, time and place:** 10 August 2020, 11:00am 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
CWT Australia Pty Ltd	Wai Mun Wong	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 (sixth meeting)

Meeting date, time and place: 10 August 2020, 11:00am 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
Michelle Dean	Corrs Chambers Westgarth (acting for The Bank of New York Mellon)	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
Logan Grillo	Deloitte	Attended via audio-visual conference
Jillian Robertson	Clayton Utz	Attended via audio-visual conference
Tim Sacker	Clayton Utz	Attended via audio-visual conference