

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

10-06-2020

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 09-07-2020

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MINUTES OF THE COMMITTEE OF INSPECTION (**COI**) MEETING OF

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

HELD AT THE OFFICES OF DELOITTE, LEVEL 9, 225 GEORGE STREET, SYDNEY NSW 2000
ON 10 JUNE 2020 AT 11:00AM (AEST)

PRESENT

Vaughan Strawbridge	Joint and Several Administrator, Deloitte Financial Advisory Pty Ltd (Deloitte)
David Orr	Deloitte
Timothy Sackar	Clayton Utz
Committee members	Refer to the attendance register at Annexure A
Observers	Refer to the attendance register at Annexure B

OPENING OF THE MEETING

Vaughan Strawbridge, one of the Joint and Several Administrators (**Administrators**) of the Virgin Group opened the meeting at 11:05am AEST.

INTRODUCTIONS

Mr Strawbridge advised Mr David Orr of Deloitte was present at the meeting along with several Deloitte staff assisting with the Voluntary Administration.

CHAIRPERSON

Mr Strawbridge advised that as convenor of the meeting he would act as Chairperson of the meeting in accordance with rule 75-50 of the *Insolvency Practice Rules (Corporations)* (**IPR**).

RECORDING OF MEETING

The Chairperson noted that there will be an audio recording of the meeting to allow for accurate minute taking for report to the Australian Securities and Investments Commission (**ASIC**). The Chairperson enquired if there were any objections from those in attendance to record the meeting. There were no objections.

IN ATTENDANCE

The Chairperson noted that all COI members had received the virtual meeting link and that their attendance at the meeting will be noted in the Attendance Register (**Annexure A**).

The Chairperson read the list of COI members and their representatives who advised they would be in attendance, as follows:

<u>Member</u>	<u>Representative</u>
FIIG Securities Limited	Thomas Jacquot
Northern Trust Asset Management	Leah Savageau
Sargon CT Pty Ltd	Yvonne Kelaheer
The Bank of New York Mellon	Jeremy Hollingsworth
Association of Virgin Australia Group Pilots (VIPA)	John Lyons
Australian Council of Trade Unions (ACTU)	Scott Connolly
Australian Federation of Air Pilots (AFAP)	Simon Lutton
Australian Licensed Aircraft Engineers (ALAEA)	Chris Tamblyn (as proxy for Stephen Purvinas)
Australian Manufacturing Workers Union (AMWU)	Anne Donnellan
Australian Services Union (ASU)	Emeline Gaske
Virgin Australia (representing employees)	Dayna Field
Flight Attendants Association of Australia (FAAA)	Teri O'Toole
Skywest Airlines Pilot Association (SALPA)	Paolo Casali
Transport Workers Union of Australia (TWU)	Nicholas McIntosh (as proxy for Michael Kaine)
Electrical Trades Union (ETU)	Matt Murphy
Australia Pacific Airports (Melbourne) Pty Ltd	Shane O'Hare
Brisbane Airport Corporation Pty Ltd	Jim Parashos
Canberra Airport Pty Ltd	Stephen Carson

Gold Coast Airport Pty Ltd
Perth Airport Pty Ltd
Sydney Airport Corporation Limited
PwC on behalf of Velocity Rewards Pty Limited
Airframe Leasing (S) Pte. Ltd
AS Air Lease Holdings (Castllake)
Dell Financial Services Pty Ltd
JPA No. 123 Co., Ltd
Perth Aircraft Leasing (UK) Limited
Wilmington Trust Company (AerCap)
Deputy Commissioner of Taxation
Sabre GBLB Inc
Airline Cleaning Services Pty Ltd
Alliance Airlines Pty Limited
Boeing Training & Flight Services Australia Pty Limited
CWT Australia Pty Ltd
Spotless Facility Services Pty Ltd

Adam Rowe
Brian Pereira
Dhruv Gupta
David McGrath
Richard Wolanski
June Raj
Cassie Douglas
Jason Opperman
Noel McCoy
Alexander Wilson
Gary Busby
Tony Troiani
David Baker
Marc Devine
Edward Gomes
Wai Mun Wong
Jacob Gunzburg

The Chairperson advised Mr Henry Carr of the Attorney-General's Department was in attendance as an observer on behalf of the Commonwealth Government.

AGENDA

The Chairperson outlined the agenda for the meeting as follows:

1. Opening:
 - Attendance register
2. Update on the Administration:
 - Recapitalisation and sale of business
 - Aircraft financiers - protocols
 - Operations – ramp up
 - Cashflow
 - Creditor position and Halo
 - Bondholders

The Chairperson confirmed COI members would be provided with a copy of the non-confidential slides from the meeting presentation after the meeting. A copy of the non-confidential slides are attached at **Annexure C**.

UPDATE ON THE ADMINISTRATION

The Chairperson provided an update on the Administration of the Virgin regarding:

Recapitalisation and sale of business

The Chairperson provided an update on the sale process, noting:

- o The Administrators had short-listed two parties to the final stage of the sale process after receiving five (5) non-binding proposals from interested parties on 29 May 2020.
- o The Administrators assessed the non-binding proposals which included discussions with all five (5) interested parties to seek clarification on their non-binding offers. During the assessment process, the Administrators considered the conditionality of the proposed offers and whether they were confident the interested parties could transact on a sale and place binding offers by 22 June 2020.
- o The due date for the final binding offers was extended to 22 June 2020 to allow more time for the short-listed bidders to hold discussions with key stakeholder groups. The ultimate date to enter a binding agreement with the successful bidder has not changed and remained by 30 June 2020.
- o The two final parties were selected as the Administrators considered those parties to be best placed to transact on a sale and place binding offers by 22 June 2020. Both bidders have little to no conditionality on the sale transaction. This was a key factor for the administrators in deciding on the final two parties.
- o The two short-listed bidders have had extensive discussions with the various stakeholder groups, and these discussions will continue up until final binding offers are due. These discussions serve to help them frame their final offers which the Administrators intend to be binding and with as little conditionality as possible.

- The level of engagement and engagement provided by stakeholders has been exceptional.
- The Administrators do not expect there to be conclusive agreements between the short-listed bidders and respective stakeholders by 22 June 2020, however, it is expected that the bidders will have formed a view around the cost base of the business, the construct of the airline and their intentions with the direction of the business going forward.

The Chairperson paused to ask COI members if they had any questions on the sale process. No questions were raised by COI members. The Chairperson noted there would be further opportunity to ask questions at the end of the meeting.

Aircraft financiers – protocols

The Chairperson advised:

- The Administrators were granted Court Orders extending the time they have to make decisions with respect to going on financial risk for aircraft leases until 16 June 2020.
- The Administrators have been working to enter agreements with aircraft financiers in respect to aircraft protocols, which are effectively power by the hour agreements during the Voluntary Administration period. The protocols also stipulate requirements for the Administrators to maintain aircraft and also protocols for handing back aircraft, if necessary. The Administrators would only meet the power by the hour charges once the aircraft protocols were agreed to and signed.
- To date, the Administrators have executed 28 protocols covering 90 aircraft or engines. There are a further nine (9) protocols covering 34 aircraft or engines which are in the final phase of being finalised. The Administrators are still negotiating terms in respect to a final 16 aircraft or engines.
- The Administrators' intentions are to be in a position where they are not required to hand back aircraft on the 16 June 2020 because protocols had not been entered.

Operations – ramp up

The Chairperson advised:

- The Government had announced over the prior weekend an extension of the guaranteed flights. This extension for Virgin is subject to the Administrators receiving contracts which honour this announcement and those contracts being signed.
- The initiative would result in an increase in flights from July through to September from 170 to 250 flights per week.

Cashflow & funding

The Chairperson advised:

- The Administrators have sufficient funding to get through to the end of the sale process.
- Following this, potential interim funding options from external parties are being considered, and the Administrators are discussing funding arrangements with short-listed bidders noting a key component of their final offers will be funding the business through to the second meeting of creditors.
- There is also a group of bond holders who have shown interest in providing interim funding.
- The Chairperson indicated there were no current concerns with cashflow and liquidity. He further noted the cash position had not diminished since the last COI meeting, which in part was due to the ability to reduce costs in relation to the ongoing trading of the business.

Creditor position and Halo creditor portal

The Chairperson advised:

- The Halo creditor portal has been launched and will assist the Administrators to compile a complete listing of creditors and also help manage proofs of debt and proxy forms leading up to the second meeting of creditors.
- ROCAPs have been received from some of the Companies' directors. The Administrators have been liaising with the directors and the Companies' finance team to ensure the ROCAPs included a complete listing of creditors.

The Companies' creditors position summarised by creditor type was shown to COI members (refer page 8 of the meeting presentation at Annexure C). The Chairperson noted:

- o the amount shown for operating lessors of \$2.2bn represents the full value of unpaid lease payments. If aircraft are handed back, lessors have a duty to mitigate their loss and reduce the claim amount.
- o The amount shown for employee entitlements of \$129m is in respect of annual leave and long service leave entitlements. If potential payment in lieu of notice and redundancy entitlements are added, the total value of employee entitlements would rise to around \$450m.

The Chairperson further advised that since the Halo platform was launched there has been 11,849 user accounts created and 15,080 claims registered.

Bondholders

The Chairperson advised:

- o The Noteholder Consultative Committee (NCC) had been formed. The NCC does not have the same function as the COI, its purpose is to provide a forum for the Administrators to communicate with bondholders.
- o The first meeting of the NCC meeting was held on the 28 May 2020, and the second meeting of the NCC is scheduled to be held tomorrow.

AGREEMENTS ENTERED BY THE ADMINISTRATORS

The Chairperson provided the COI with a listing of the agreements the Administrators had entered since their appointment under which there was no limitation of liability clause.

Since the last COI meeting the Administrators have entered one additional revenue agreement being an agreement with the Commonwealth Government in relation to the operation of guaranteed flight schedules.

QUESTIONS

The Chairperson opened the meeting to questions from the COI.

Paolo Casali of SALPA asked if the Chairperson could confirm media reports that Deloitte has achieved a funding extension?

In response, the Chairperson advised:

- o There are no arrangements for interim funding at this time, but the administrators are considering options as advised earlier in the meeting. The most likely option will be funding from one of the short-listed parties as part of their final binding offer.
- o Several requests have also been made to the Federal Government around support. Some of those support options requested relate to:
 - the extension of the pause on 'use it or lose it' rule with airport slots
 - an extension of Job Keeper
 - a reset of the stand down provisions pertaining to Job Keeper
 - an extension to the underwriting of the guaranteed flights through to the end of the year
 - additional powers to the ACCC in respect to oversight of the industry to make sure anti-competitive behaviour does not occur and that there is a watch around capacity dumping on the market as well.

Scott Connolly of the ACTU asked what the significance of the cashflow position is in relation to the bids and its impact on what the Companies may look like post-administration? He further commented that from conversations with both short-listed bidders, they are clearly basing their plans for the airline on the 'Virgin 2.0' document which the COI haven't had access to or provided detailed information on. He requested the COI be provided with either a copy of the 'Virgin 2.0' document or some clarity around when stakeholders would get access to this information for discussions they are having with short-listed bidders.

In relation to the question on the significance of cashflow, the Chairperson responded:

- o The airline is currently operating at around 6% of scheduled flights. Even in this hibernated state there is an overhead component to the holding costs of the business including costs around leases, head office and maintaining a minimal level of staff to keep the business operating. The Administrators have been doing everything possible to reduce holding costs and have been able to achieve a reduction to date.
- o The business is currently not operating at an efficient size and a ramp-up in operations is required to increase efficiencies. The Administrators are confident they have sufficient cash resources to get through to the end

of the sale process and enter a binding proposal by the end of June 2020. However, unless there is significant ramp-up, the Administrators would have a funding requirement to continue trading through to the second meeting of creditors. Both short-listed parties have been made aware of the funding requirement and that their final proposal will need to include funding for this.

- o It is unlikely the business will be profitable between now and 30 June 2021, and the short-listed bidders are aware that they will need to inject sufficient funds into the business until there is a transition back to a steady schedule of flights and the business returns to a profitable state.

In relation to the question on the 'Virgin 2.0' business plan, the Chairperson responded:

- o The interested parties have their own views around the business plan and the Administrators have been seeking for them to divulge those details to stakeholders during their discussions.
- o The 'Virgin 2.0' business plan is the Companies' management's business plan and it may not transpire to be the final bidder's plan. The Administrators will not know the ultimate construct of the bidders' business plan until they submit their final proposals.
- o The Administrators are trying to manage the risk associated with disclosure of commercially sensitive information while still providing stakeholders with enough information to interact with the short-listed bidders.
- o The Administrators are trying to implore on the bidders to give stakeholders the level of detail they are seeking.

Adam Rowe of Gold Coast Airport Pty Ltd asked how the administrators are working with the bidders and management to stay competitive through the ramp-up phase?

The Chairperson responded:

- o The Administrators and Virgin management have considered various scenarios around the level of ramp-up.
- o Planned action for the ramp-up phase will be shown in the revised flight schedules to come.
- o The Administrators and the Virgin management have taken a proactive view around scheduling and any funding requirement for the planned ramp-up will be incorporated into the funding requirement for the short-listed parties.
- o The Administrators remain mindful of the scheduling other airlines are putting to the market and we will be scheduling flights at a level to remain competitive in an open market.

Glenn Thompson of the AMWU asked what Virgin's position was in relation to having aircraft available for ramp-up, and what impact the Administrators believed Government support would have on the valuation of the airline going forward?

The Chairperson responded:

- o Virgin has more than sufficient aircraft to meet ramp-up demands based on available modelling.
- o The Government's procurement policy is subject to interpretation around availability of flights. Virgin has not received its fair share of the Government spend. The administrators have been pulling together additional statistics and data to share with Government. From a valuation perspective, it will increase confidence for the bidder around Virgin and the ability to compete. The bidders know they need to be agile and have good, compelling marketing campaigns and part of that is to use every lever possible. They will be ensuring that Federal and State Governments seriously consider their proposals for funds.

Paolo Casali of SALPA asked if the Administrators could confirm that the bidders have funds put aside and can meet all of the employee entitlements?

The Chairperson responded:

- o Both bidders have confirmed that the Administrators can advise stakeholder groups their proposals will allow for employee entitlements to be met in full.

Mr Connolly of the ACTU asked:

- **if the Chairperson could provide an update on discussions with State Governments, particularly the Queensland Government?**
- **if the Administrators have engaged anyone to proactively pursue conversations with Government? and**

- **if the Chairperson could provide an update on the Administrators' fees and costs of the administration to date?**

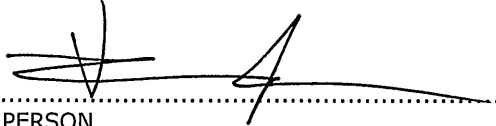
The Chairperson responded:

- The Administrators are in constant contact with Government, in particular the Federal Government, not only through their advisor, Mr Nicholas Moore, but also correspondence that goes direct to Prime Minister's Office, Deputy Prime Minister's Office, Treasury, Finance and the Department of Infrastructure.
- The Administrators do have a Government liaison who provides guidance on interactions with Government. The Administrators as a group, with the sale advisors, speak to that advisor every day.
- All State Governments are in active conversations with the short-listed bidders. There is also other direct correspondence with State Governments as well. There are ongoing meetings between the Federal Government and the Administrator's office, the Administrator's advisors, some senior management and others.
- The Administrators are working with State Governments and seeking support around regional flights within States, particularly Queensland and Western Australia.
- On the Administrators' fees and costs, the current fee run rate is still around \$1.3m per week on average. An update on fees will be provided at the next COI meeting.

OTHER BUSINESS

There being no further business, the Chairperson thanked those present for attending and declared the meeting closed at 11:50 AM (AEST).

Signed as a correct record.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal line that tapers to the right.

CHAIRPERSON

**Virgin Australia Holdings Limited and Subsidiaries
(all Administrators Appointed)**

Meeting Details: Committee of Inspection

Meeting date, time and place: 10 June 2020, 11:00am AEST

Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George Street Sydney NSW 2000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
FIIG Securities Limited	Thomas Jacquot	General	Attended via audio-visual conference
Northern Trust Asset Management	Leah Savageau	General	Attended via audio-visual conference
Sargon CT Pty Ltd	Yvonne Kelaher	General	Attended via audio-visual conference
The Bank of New York Mellon	Jeremy Hollingsworth	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
Australian Federation of Air Pilots (AFAP)	Simon Lutton	General	Attended via audio-visual conference
Australian Licensed Aircraft Engineers (ALAEA)	Chris Tamblyn	General	Attended via audio-visual conference
Australian Manufacturing Workers Union (AMWU)	Anne Donnellan	General	Attended via audio-visual conference
Australian Services Union (ASU)	Emeline Gaske	General	Attended via audio-visual conference
Dayna Field			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)	Nicholas McIntosh	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
Brisbane Airport Corporation Pty Ltd	Jim Parashos	General	Attended via audio-visual conference

**Virgin Australia Holdings Limited and Subsidiaries
(all Administrators Appointed)**

Meeting Details: Committee of Inspection

Meeting date, time and place: 10 June 2020, 11:00am AEST

Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George Street Sydney NSW 2000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
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	Dhruv Gupta	General	Attended via audio-visual conference
Velocity Rewards Pty Limited	David McGrath	General	Attended via audio-visual conference
Airframe Leasing (S) Pte. Ltd	Richard Wolanski	General	Attended via audio-visual conference
AS Air Lease Holdings (Castllake)	June Raj	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
Perth Aircraft Leasing (UK) Limited	Noel McCoy	General	Attended via audio-visual conference
Wilmington Trust Company (AerCap)	Alexander Wilson	General	Attended via audio-visual conference
Deputy Commissioner of Taxation	Gary Busby	General	Attended via audio-visual conference
Sabre GLOB Inc	Tony Troiani	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	Special	Attended via audio-visual conference
CWT Australia Pty Ltd	Wai Mun Wong	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)**

Meeting Details: Committee of Inspection

Meeting date, time and place: 10 June 2020, 11:00am AEST

Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George Street Sydney NSW 2000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
Spotless Facility Services Pty Ltd	Jacob Gunzburg	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 (First)

Meeting date, time and place: 10 June 2020, 11:00am AEST

Deloitte Financial Advisory Pty Ltd, Level 9, Grosvenor Place, 225 George Street Sydney NSW 2000

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
Jillian Robertson	Clayton Utz	Attended via audio-visual conference
Tim Sacker	Clayton Utz	Attended via audio-visual conference

Deloitte.



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

Second meeting of Committee of Inspection
11:00am (AEST), Wednesday 10 June 2020

Opening & welcome

- Attendance register

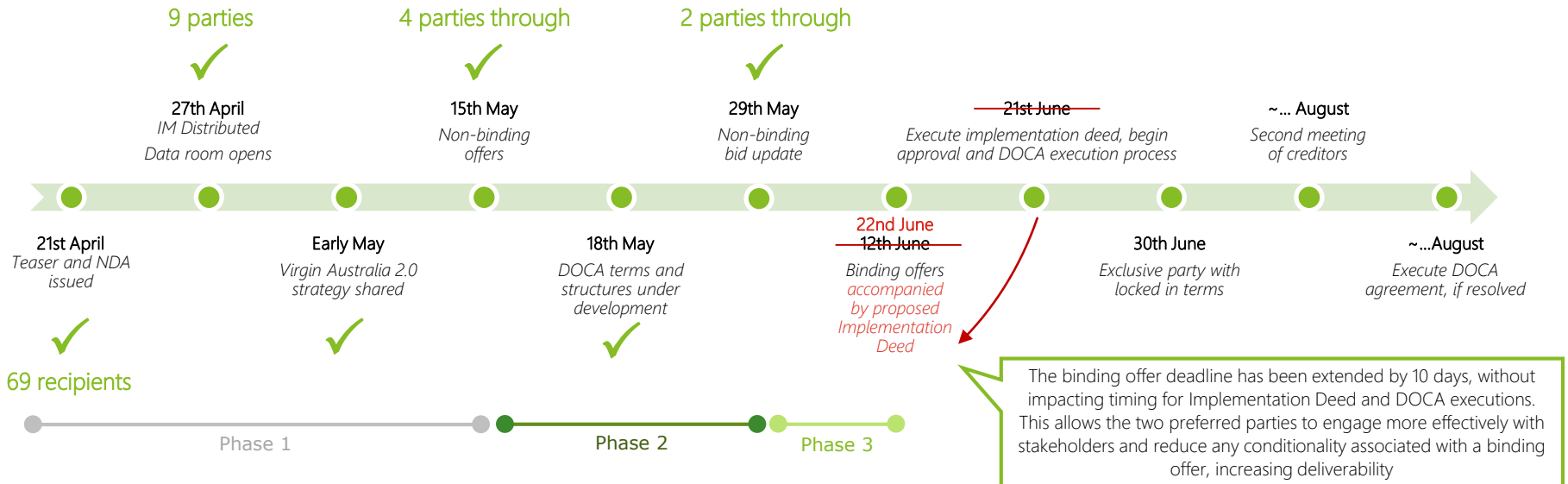
Update on Administration

- Recapitalisation & sale of business
- Aircraft financiers – protocols
- Operations – ramp up
- Cashflow
- Creditor position and Halo
- Bondholders



Recapitalisation & sale of business

Following an intensive due-diligence exercise and initial engagement with select stakeholder groups, Phase 2 culminated in the submission of refined Non-binding Indicative Offers (NBIOS) on 29 May, whereon the several interested parties were refined to a set of two preferred bidders. The Phase 3 period for submission of binding offers has been extended to 22 June but a locked-in deal is still targeted for 30 June



Deloitte.

- Pursuing a rapid sale/recapitalisation process, while the fleet is grounded will maximise the return to creditors and restrict cash burn in our view
- An important component of realising maximum value is ensuring a level playing field for all credible interested parties

Houlihan Lokey **Morgan Stanley**

- Following appointment the Administrators have engaged Houlihan Lokey and Morgan Stanley as lead sale advisors with respective strengths in restructuring, global sponsor networks and managing high-profile, sensitive and complex transactions

Interested Parties

- This is a three stage process with NBIOS due mid May, refined offers by end of May and terms agreed with an exclusive party by end of June
- Part 1 of the IM brings interested parties not previously in the process "up to speed".
- The Virgin Australia IM part 2 - management plan is a key output to support interested party considerations

Government

- The Administrators are working closely with the Federal Government and it's advisors
- State Governments have expressed their intent and interest to support the Airline in their states and we will work with them and shortlisted bidders ahead of binding bids being submitted.



Recapitalisation & sale of business

The two preferred bidders are highly credible and motivated to transact, giving the Administrators a high level of confidence in securing a sale & recapitalisation of Virgin Australia. The focus for the preferred parties in Phase 3 will be external stakeholder engagement and alignment, finalisation of due-diligence workstreams, and delivering an acceptable and executable Implementation Deed

Two preferred parties selected...

- During Phase 2, in preparation for submission of refined NBIOs, the several shortlisted interested parties undertook further rigorous financial, commercial, tax and legal due diligence
- Additionally the parties were provided with further access to management and the company and a first wave of key external stakeholder meetings were facilitated
- Refined NBIOs were received on 29 May whereon the Administrators and their advisors undertook a robust assessment of the offers. Key factors considered in down-selecting to two parties were the offer quantum and any associated execution risk. The key risks assessed were the credibility of the party, their aviation expertise, the unconditional availability of funds and the level of due-diligence undertaken to date
- Two parties have been selected to maintain competitive tension and to maximise the outcome for creditors. These parties are highly credible, sophisticated and motivated to complete the transaction, as evidenced by their significant investment in the due-diligence process and the quantum of their offers to the creditors

...to enter the final phase pre-binding offers

Finalisation of due-diligence process on all financial, tax and legal matters, both through further access to management and also via the Q&A in Virtual Data Room

Engagement with key stakeholder parties (including State Government, Financiers, Employee Unions, Airports and other suppliers) to secure alignment on the go-forward position for Virgin Australia

Review, mark-up and submission of Implementation Deed to form a key component of the binding offer submission, thereby ensuring a rapid path to execution

Submission of binding offer by 22 June





The Administrators are unable to adopt existing financier agreements after the **443B extension period** lapses on 16 June for the remainder of the Administration period.



The Administrators sought to negotiate separate arrangements with each aircraft financier to set out clearly the terms for each asset in possession of the Administrators. These arrangements are captured in the form of a ‘**Protocol terms**’ executed by the lessor/financiers which outlines maintenance and usage charges for the period of the Administration. Lessors that have executed Protocols have been put forward for discussions with the 2 x shortlisted bidders.

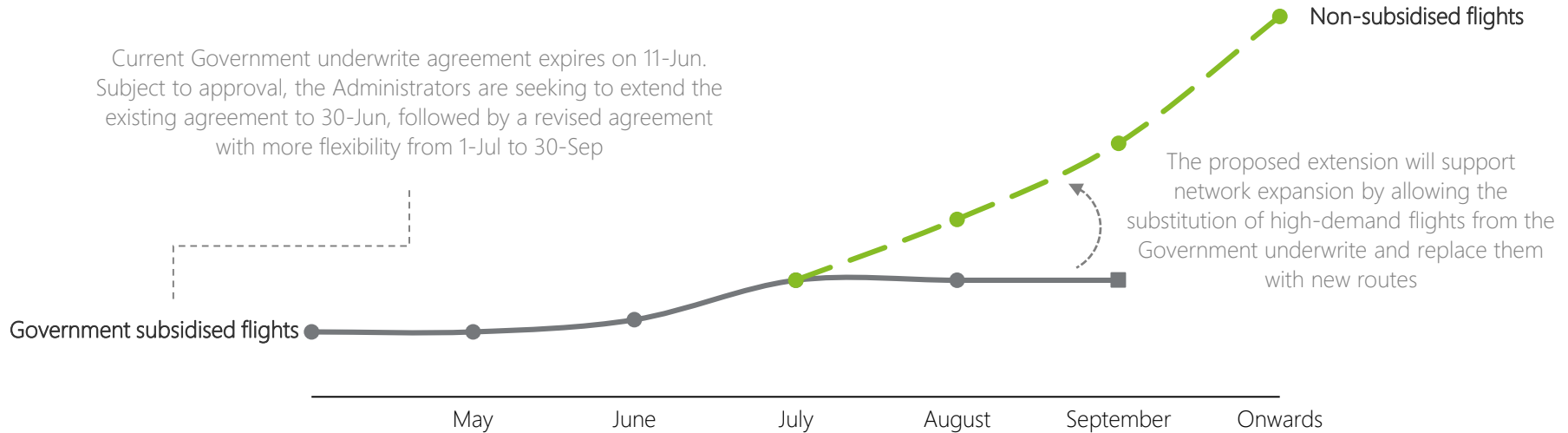


All aircraft are insured, appropriately stored, subject to appropriate maintenance schedules, and remain airworthy

Aircraft/engine protocols status update:

Stage	No. protocols	No. aircraft/engines covered
Fully Executed	38	90
Terms finalised (not executed by both parties)	9	34
Negotiations ongoing	5	16
	52	140

Forecast no. of flights in ramp up scenario



Forecast ramp up

- With restrictions easing and demand building, we expect to progressively build the forward flight schedule from mid-June 2020
- Flying with the middle seat occupied re-commences from Friday, 12-Jun



We have sufficient liquidity through to the end of the sale process. However, interim funding may be required depending on the time to completion and the ramp up of the business schedule.

We are continuing to progress interim funding solutions.



Creditor Position (provided by the Virgin Group Directors in their ROCAP)

Creditor type	\$m
Finance Lessor (secured)	1,528
Operating Lessor (secured)	2,214
Employee Entitlements (going concern)	129
Landlords	162
Hedge Facilities (secured)	198
Bondholders	1,992
Intercompany Loans	144
Trade Creditors	227
Statutory	21
Other	61
Total	6,675
Landlords (contingent)	197
Total (incl. contingent)	6,873

This excl. prepaid flights and unearned revenue (customers)

Halo creditor platform

- 11,849 user accounts created
- 15,080 claims registered
- All communications from creditors have been responded to within 10 business days (pursuant to 24 April Orders)



Noteholder Consultative Committee

- 1st meeting was held on 28 May.
- The next NCC meeting is scheduled for 11 June.

Schedule of agreements pursuant to paragraph 4 & 9 of Orders made by Federal Court on 15 May 2020

Counterparty	COI Member	Estimated debts incurred/to be incurred	Agreement / Proposed
Aon Australia	N	7,500 per month	Agreement
Rio Tinto	N	Revenue agreement	Agreement
Isentia	N	\$12,500 per month	Agreement
Commonwealth of Australia represented by the Department of Infrastructure, Transport, Regional Development and Communications	N	Revenue agreement	Agreement
Commonwealth of Australia represented by the Department of Infrastructure, Transport, Regional Development and Communications	N	Revenue agreement	Agreement
Commonwealth of Australia represented by the Australian Trade and Investment Commission	N	Revenue agreement	Agreement







Thank you for your attendance and participation.

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