

Explanatory Statement

Virgin Australia Holdings Limited ACN 100 686 226 (Subject to Deed of Company Arrangement) (**VAH** or **Company**)

21 October 2020

Explanatory Statement to shareholders and Independent Expert's Report

This Explanatory Statement provides information to the Company's shareholders (**Shareholders**) in respect of the deeds of company arrangement (**DOCAs**) entered into by Virgin Australia Holdings Limited ACN 100 686 226 (Subject to Deed of Company Arrangement) (**VAH**) and certain of its subsidiaries listed in Schedule 1 (together, the **Virgin Group**), BC Hart Aggregator, L.P. (**Bain Capital**) and the Deed Administrators on 25 September 2020.

It is a condition to completion and effectuation of the Primary DOCA that the Deed Administrators obtain a Court order pursuant to section 444GA(1)(b) of the *Corporations Act 2001* (Cth) (**Act**) granting leave to the Deed Administrators to transfer all of the Shares to Bain Capital for nil consideration. The Deed Administrators have applied for this order in the Federal Court of Australia (**Section 444GA Application**).

On 20 October 2020, Justice Middleton in the Federal Court of Australia made procedural orders in relation to the Section 444GA Application, which included timetabling directions for the filing of notices of appearance by any interested parties and confirmation of the final hearing date (**Procedural Orders**).

The Section 444GA Application has been listed for a final hearing on 10 November 2020 at 10.15am in the Federal Court of Australia.

If you wish to appear at the Court hearing and/or oppose the Section 444GA Application, you may do so by filing with the Court, and serving on the Deed Administrators and ASIC, a notice of appearance in the prescribed Court form indicating the grounds of opposition by no later than 4pm on 5 November 2020.

Shareholders should consider the Independent Expert's Report in full before deciding whether to take any action in relation to the Section 444GA Application. If you are in any doubt as to the action you should take, you are recommended to obtain your own personal financial advice from your legal or other professional adviser(s).

A copy of the Explanatory Statement (including the Independent Expert's Report) has been provided to ASIC at the same time as the issuance of this Explanatory Statement. Neither ASIC nor any of its officers take any responsibility for its contents.

Key information for Shareholders

Capitalised terms used in this Explanatory Statement have the meanings defined in the Glossary in Schedule 2, unless the context requires otherwise or unless a term has been defined in the text of the Explanatory Statement.

1. Purpose of the Explanatory Statement

This document is an Explanatory Statement issued by VAH in connection with the Primary DOCA. If the Section 444GA Order is made and the Primary DOCA is implemented, all of your shares in VAH will be transferred to Bain Capital for no consideration and you will cease to own your shares.

Section 4 of this report contains further information regarding the Primary DOCA.

This Explanatory Statement contains information about:

- (a) the Section 444GA Application to the Court for approval to transfer all of the Shares to Bain Capital as part of the Primary DOCA;
- (b) the steps that you need to take if you wish to appear at the Court hearing in respect of the Section 444GA Application, which has been listed for hearing on 10 November 2020 at 10.15am; and
- (c) the effect of the Primary DOCA on you as a Shareholder, in order to assist you in deciding whether to take action in respect of the Section 444GA Application.

An Independent Expert's Report prepared by the Expert, which contains an objective valuation of the Shares is attached to this document as **Attachment 1**.

2. Administration of the Virgin Group

On 20 April 2020, Vaughan Strawbridge, John Greig, Salvatore Algeri and Richard Hughes, were appointed as joint and several administrators (**Administrators**) of the Virgin Group, with the exception of Tiger International Number 1 Pty Ltd (Subject to Deed of Company Arrangement) (**Tiger 1**), VAH Newco No. 2 Pty Ltd (Subject to Deed of Company Arrangement) (**VAH Newco 2**) and VB Investco Pty Ltd (Subject to Deed of Company Arrangement) (**VB Investco**) in respect of which the Administrators were appointed on 28 April 2020 (Tiger 1) and 3 August 2020 (VAH Newco 2 and VB Investco).

A copy of the group structure chart for VAH and its subsidiaries is contained in Appendix D of the Administrators' Section 75-225 Report (a copy of which is provided as **Attachment 3**).

In the Administrators' Section 75-225 Report, the Administrators stated that the earliest date of insolvency in respect of the Virgin Group was 18 March 2020 and that the insolvency of the Virgin Group was due to an immediate and catastrophic reduction in capacity, in response to the announcements that were made by respective state and federal governments on restrictions on domestic travel in Australia in response to the coronavirus pandemic.

As you would be aware, the Shares have been suspended from trading on the ASX since 16 April 2020.

When the Virgin Group entered into voluntary administration, it owed approximately \$7,146,400,000 to unrelated third party creditors, including but not limited to secured and unsecured aircraft financiers and unsecured bondholders.

We refer to section 3.4 of the Administrators' Section 75-225 Report, which provides a detailed overview of the Virgin Group's creditors including financial creditors, employees and others.

3. Sale Process and formulation of the DOCAs

Immediately after their appointment, the Administrators commenced a competitive and comprehensive global sale process (**Sale Process**). The Sale Process occurred over a two-month period and in three phases:

- (a) **Phase One (April 2020 to mid-May 2020)** - In Phase One, 19 parties who had entered into non-disclosure agreements with the Administrators were given access to a virtual data room containing documents about the business and financial position of the Virgin Group. The Administrators subsequently received several non-binding indicative offers (**NBIO**) and, based on those offers, formed a shortlist of interested parties (**Shortlisted Bidders**);
- (b) **Phase Two (mid-May to June)** - In Phase Two, the Shortlisted Bidders conducted further due diligence, and were provided with additional financial and operational information about the Virgin Group, including a vendor due diligence report prepared by the Administrators' legal advisers, Clayton Utz. The Administrators subsequently received six final NBIOs, of which, they selected two to proceed to 'Phase 3' of the Sale Process (**Final Bidders**); and
- (c) **Phase Three (June 2020)** - In Phase Three, the Final Bidders conducted further due diligence, culminating in both parties making final binding offers on 22 June 2020. Following the Administrators' consideration and assessment of the two competing proposals, on 26 June 2020, the Administrators exercised their power of sale as administrators of the Virgin Group and signed binding transaction documents in the form of a sale and implementation deed and other ancillary documents (**Sale and Implementation Deed**) for the sale of the business to Bain Capital.

The completion of the Sale and Implementation Deed (**Completion**) was structured to occur in one of two ways:

- (a) pursuant to the DOCAs proposed by Bain Capital; or
- (b) by way of an asset sale agreement (**ASA**) involving the transfer of the business to Bain Capital.

The group is comprised of a parent company, VAH, which is listed on the ASX, and forty-nine controlled entities. This includes four main trading entities and 9 special purpose companies used for holding and financing aircraft assets. Voluntary administrators were appointed to 41 entities in the Virgin Group and all of those entities are now subject to deeds of company arrangement.

In addition to the Primary DOCA (which is the subject of this Explanatory Statement), Bain Capital proposed 9 other deeds of company arrangement covering all other entities in the Virgin Group in administration that were not proposed to be a party to the Primary DOCA. At the Second Meeting, creditors of the relevant Virgin Group companies resolved that these other 9 deeds of company arrangement also be executed. Further details in relation to the other 9 deeds of company arrangement are contained in section 9 of the Administrators' Section 75-225 Report.

In the Administrators' Section 75-225 Report, the Administrators recommended each of the deeds of company arrangement proposed by Bain Capital.

4. Key information in relation to the Primary DOCA

4.1 Overview

At the Second Meeting held pursuant to section 439A of the Act, the creditors of the Primary DOCA Companies resolved that those companies enter into the Primary DOCA and that the Administrators be appointed as joint and several deed administrators (**Deed Administrators**).

The Primary DOCA was executed by all parties on 25 September 2020 and it is intended to compromise certain claims of creditors of the Primary DOCA Companies that arose prior to 20 April 2020.

The Primary DOCA contemplates the following steps being taken in relation to the Shares, on the condition that the orders sought by the Deed Administrators pursuant to the Section 444GA Application are made by the Court:

(a) **Step 1: Transfer of Shares**

The Deed Administrators will transfer all of the Shares to Bain Capital or its nominee.

(b) **Step 2: New subscription**

Bain Capital or its nominee will subscribe for an aggregate amount equal to the sum of the amount of funding provided by Bain Capital for the purposes of the Creditors' Trust and the drawn amount under the Interim Funding Facility, for additional shares in VAH.

4.2 Conditions

The implementation of the Primary DOCA is conditional upon the satisfaction of certain Conditions, including:

- (a) the Deed Administrators, the Trustees and the Primary DOCA Companies executing the Creditors' Trust Deed;
- (b) ASIC granting an exemption pursuant to section 655A(1)(a) of the Act from the application of section 606 of the Act to permit the transfer of all of the Shares to Bain Capital or its nominee (**ASIC Relief**); and
- (c) the Deed Administrators obtaining the orders sought pursuant to the Section 444GA Application. The date by which the Conditions must be satisfied is 30 November 2020 pursuant to clause 4.4(a)(1) of the Primary DOCA. If the Conditions are not satisfied or waived by 30 November 2020, the transfer of the business and assets of the Virgin Group will occur via the ASA.

4.3 Key Terms

The key terms of the Primary DOCA include¹:

- (a) the establishment of a Creditors' Trust, whereby upon the effectuation of the Primary DOCA, all eligible creditors' claims against the Primary DOCA Companies will transfer to the Creditors' Trust and a dividend will be paid in respect of those eligible creditor claims to satisfy those claims;

¹ The other 9 deeds of company arrangement entered into by the remaining Virgin Group companies (being all other Virgin Group companies that are not party to the Primary DOCA), Bain Capital and the Deed Administrators contain provisions that are substantially on the same terms as the Primary DOCA - save to note that the ASIC Relief and Section 444GA Order are not conditions to completion of those deeds of company arrangement.

- (b) all employees who are employed by one of the Primary DOCA Companies at the date of the Primary DOCA and who remain employees upon completion of the Primary DOCA will be paid in the normal course. All employee entitlements will be unaffected, and Bain Capital will assume continuing employee entitlements for continuing employees and pay out in full entitlements to employees that are made redundant;
- (c) Bain Capital will provide customers who are currently holding credits, because they paid for a flight prior to 20 April 2020 that was cancelled by the Virgin Group or for which they were otherwise entitled to a refund, with a new credit (**Future Flight Credit**) for an amount equal to any remaining value on their existing credit. Future Flight Credits will be available for booking flights up to 31 July 2022 with travel valid until 30 June 2023; and
- (d) any Shareholder claims which are subordinated to the claims of other unsecured creditors under the Act will be extinguished and Shareholders are not eligible to receive a dividend from the Creditors' Trust in respect of those claims.

If the Primary DOCA is implemented, VAH will be delisted from the ASX and Bain Capital will continue to operate the business as a going concern.

5. Independent Expert's Report

As noted above, the Section 444GA Application has been commenced by the Deed Administrators in the Federal Court of Australia seeking the leave of the Court pursuant to section 444GA(1)(b) of the Act for the transfer of the Shares to Bain Capital.

Under subsection 444GA(3) of the Act, the Court may only grant leave to transfer the Shares to Bain Capital if it is satisfied that the transfer would not unfairly prejudice the interests of the Shareholders. The Deed Administrators intend to rely on the Independent Expert's Report when addressing the issue of unfair prejudice before the Court.

The Deed Administrators engaged the Expert to provide an independent opinion on whether the Share Transfer would unfairly prejudice the Shareholders. This involved the Expert valuing the Shares on both a going concern and non-going concern (liquidation) basis. In respect of the liquidation analysis, the Expert considered two liquidation scenarios: (i) a distressed sale - selling the business in distress as a whole or as an assembly of assets, which can be revitalised as a business; and (ii) selling the assets on an asset by asset basis. The valuation date used by the Expert in the assessment was 30 June 2020 (**Valuation Date**), being the date of the most recently available financial information of VAH. However, to the extent possible, the Expert considered material events up to the date of the 31 August 2020 in assessing value.

The Independent Expert's Report will be relied upon by the Deed Administrators for the purpose of the Section 444GA Application and also for the purpose of applying for ASIC Relief. See **Attachment 1** for a full copy of the Independent Expert's Report. Shareholders (and their advisers and any other interested parties) should read the Independent Expert's Report carefully and in its entirety. By way of summary, the key findings of the Expert, as set out in Independent Expert's Report, are as follows:

- (d) On a going concern basis, the equity of VAH has nil value as at the Valuation Date. However, in light of the current operating environment caused by COVID-19, the Expert notes that the more relevant assessment of value of the purpose of assisting the Court in relation to the Section 444GA Application is the liquidation basis; and
- (e) On a liquidation basis, the equity of VAH has nil value as at the Valuation Date.

6. Section 444GA Application

6.1 Overview

The Section 444GA Application has been filed in the Federal Court of Australia. A copy of the Interlocutory Process filed by the Deed Administrators on 20 October 2020 is provided as **Attachment 4** of this Explanatory Statement. On 20 October 2020, the Court made the Procedural Orders pursuant to which:

- (a) a timetable was set for the preparation of the matter for final hearing, which includes the dates by which any interested person (including any Shareholder who wishes to oppose the Section 444GA Application) must file with the Court and serve on the Deed Administrators and ASIC a notice of appearance in the prescribed form and indicating the ground of opposition, being no later than 4pm on 5 November 2020; and
- (b) the final hearing date and time was set for 10 November 2020 at 10.15am.

A copy of the Procedural Orders is provided as **Attachment 5** of this Explanatory Statement. If you wish to appear at and/or oppose the Section 444GA Application at the final hearing, you will need to file with the Court and serve on the Deed Administrators and ASIC a notice of appearance in the prescribed Court form and indicate your grounds of opposition. Pursuant to orders 3 and 4 of the Procedural Orders, any appearance and grounds of opposition must be filed and served by an interested party who wishes to oppose the Section 444GA Application at the final hearing by no later than 4pm on 5 November 2020.

The Deed Administrators will accept service of any appearance at Clayton Utz, Level 15, 1 Bligh Street, Sydney NSW 2000 (Attention: Timothy Sackar/ Jillian Robertson) or tsackar@claytonutz.com/ jrobertson@claytonutz.com.

6.2 Important Dates

We draw your attention to the following key dates in relation to the Section 444GA Application:

Event	Date
Notice of appearance and grounds of opposition to be served by any Shareholder (or other interested person) seeking to appear at the hearing of the Section 444GA Application	No later than 4pm on 5 November 2020
Hearing date for the Section 444GA Application	10 November 2020 at 10.15am
Proposed date for the Share Transfer	On or before 30 November 2020

The dates, including the proposed hearing date, will be subject to any further directions made by the Court.

6.3 What will happen if the Section 444GA Order is not made?

As the Section 444GA Order is a Condition (see section 4.2 above) to completion of the Primary DOCA, the deed will not be effectuated if the Section 444GA Order is not made. In those circumstances, Completion will occur via the ASA, subject to any conditions contained in the ASA. Following completion under the ASA, the Deed Administrators will then convene a meeting to consider the future of the Virgin Group.

It is the Deed Administrators' opinion that the time, cost and complexity of completing the ASA would be greater than effectuation of the Share Transfer. The sale price is also lower under the ASA than the Primary DOCA due to the additional transaction costs that would be incurred by Bain Capital in completing the ASA. This would necessarily mean a lower return to creditors and would not result in any return to Shareholders (for further details, we refer you to section 11 of the Section 75-225 Report).

6.4 Effect of the Section 444GA Order on Shareholders

If the Section 444GA Order is made and the Primary DOCA is fully implemented, all of your shares in VAH will be transferred by the Deed Administrators to Bain Capital and you will not receive any money or form of consideration.

6.5 Australian income tax consequences

This section of the Explanatory Statement is provided as general information for Shareholders who are Australian resident taxpayers holding their Shares on capital account, not as trading stock, and who are not subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) for the purposes of calculating any gains or losses arising from financial arrangements. It does not take account of the circumstances of any individual Shareholder. Each Shareholder should seek its own tax advice on the consequences for it of the Primary DOCA being effectuated.

Upon the effectuation of the Primary DOCA, the Share Transfer will give rise to a capital gains event (**CGT Event**) for Shareholders because it will trigger a CGT Event and may crystallise a capital loss. Depending upon each individual taxpayer's financial position and tax profile, this capital loss may be available to offset against the taxpayer's capital gains thereby potentially reducing the amount of tax otherwise payable by the taxpayer.

The Australian resident Shareholders who hold their Shares on capital account will incur a capital loss to the extent the reduced cost base of the Shares transferred exceeds the market value of the Shares.

The reduced cost base in the Shares includes:

- (a) the acquisition cost of the Shares;
- (b) incidental acquisition costs incurred to acquire and hold the Shares;
- (c) expenditure incurred to increase or preserve the value of the Shares; and
- (d) capital expenditure incurred to establish, preserve or defend their title to the Shares.

Given the transfer will occur by way of Court order, the time of the CGT Event for Shareholders will be when the Share Transfer takes effect in accordance with the Primary DOCA.

7. ASIC Relief

As VAH is a publically listed company on the ASX, the ASIC Relief (referred to at 4.2(b) above) will be required to enable completion of the Share Transfer.

The Deed Administrators have engaged with ASIC by providing a copy of this Explanatory Statement along with additional information relevant to the relief being sought.

8. What do you need to do now?

Shareholders (and their advisers and any other interested parties) should read this Explanatory Statement (including the documents referred to in this Explanatory Statement) in

its entirety before making a decision regarding whether or not to take any action in relation to the Section 444GA Application.

Please note that this Explanatory Statement does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation, taxation position or particular needs of any and every Shareholder. Whether or not to take any action in relation to the Primary DOCA or in respect of the Section 444GA Application is a decision for each individual Shareholder and will depend, amongst other things, on an assessment of the relevant Shareholder's individual financial circumstances. Accordingly, as the professional, financial, legal and taxation consequences of such a decision may be different for each particular Shareholder, each Shareholder should seek professional financial, legal and taxation advice before making a decision.

9. What information is available to assist you?

To assist you in deciding whether to take any action in relation to the Section 444GA Application, this Explanatory Statement attaches copies of the following documents:

- (e) Independent Expert's Report as Attachment 1;
- (f) Primary DOCA and Creditors' Trust Deed as Attachment 2;
- (g) Administrators' Section 75-225 Report to Creditors as Attachment 3;
- (h) Interlocutory Process filed by the Deed Administrators in relation to the Section 444GA Application is as Attachment 4; and
- (i) Procedural Orders as Attachment 5.

Should you have any queries regarding this Explanatory Statement, the Independent Expert's Report, the Section 444GA Application or the Procedural Orders, please email virginadmin@deloitte.com.au.

Schedule 1 - Virgin Group

Virgin Australia Holdings Ltd ACN 100 686 226 (Subject to Deed of Company Arrangement)

Virgin Australia International Operations Pty Ltd ACN 155 859 608 (Subject to Deed of Company Arrangement)

Virgin Australia International Holdings Pty Ltd ACN 155 860 021 (Subject to Deed of Company Arrangement)

Virgin Australia International Airlines Pty Ltd ACN 125 580 823 (Subject to Deed of Company Arrangement)

Virgin Australia Airlines (SE Asia) Pty Ltd ACN 097 892 389 (Subject to Deed of Company Arrangement)

Virgin Australia Airlines Holdings Pty Ltd ACN 093 924 675 (Subject to Deed of Company Arrangement)

VAH Newco No.1 Pty Ltd ACN 160 881 345 (Subject to Deed of Company Arrangement)

Tiger Airways Australia Pty Limited ACN 124 369 008 (Subject to Deed of Company Arrangement)

Virgin Australia Airlines Pty Ltd ACN 090 670 965 (Subject to Deed of Company Arrangement)

VA Borrower 2019 No. 1 Pty Ltd ACN 633 241 059 (Subject to Deed of Company Arrangement)

VA Borrower 2019 No. 2 Pty Ltd ACN 637 371 343 (Subject to Deed of Company Arrangement)

Virgin Tech Pty Ltd ACN 101 808 879 (Subject to Deed of Company Arrangement)

Short Haul 2018 No. 1 Pty Ltd ACN 622 014 831 (Subject to Deed of Company Arrangement)

Short Haul 2017 No. 1 Pty Ltd ACN 617 644 390 (Subject to Deed of Company Arrangement)

Short Haul 2017 No. 2 Pty Ltd ACN 617 644 443 (Subject to Deed of Company Arrangement)

Short Haul 2017 No. 3 Pty Ltd ACN 622 014 813 (Subject to Deed of Company Arrangement)

VBNC5 Pty Ltd ACN 119 691 502 (Subject to Deed of Company Arrangement)

A.C.N. 098 904 262 Pty Ltd ACN 098 904 262 (Subject to Deed of Company Arrangement)

Virgin Australia Regional Airlines Pty Ltd ACN 008 997 662 (Subject to Deed of Company Arrangement)

Virgin Australia Holidays Pty Ltd ACN 118 552 159 (Subject to Deed of Company Arrangement)

VB Ventures Pty Ltd ACN 125 139 004 (Subject to Deed of Company Arrangement)

Virgin Australia Cargo Pty Ltd ACN 600 667 838 (Subject to Deed of Company Arrangement)

VB Leaseco Pty Ltd ACN 134 268 741 (Subject to Deed of Company Arrangement)

VA Hold Co Pty Ltd ACN 165 507 157 (Subject to Deed of Company Arrangement)

VA Lease Co Pty Ltd ACN 165 507 291 (Subject to Deed of Company Arrangement)

Virgin Australia 2013-1 Issuer Co Pty Ltd ACN 165 507 326 (Subject to Deed of Company Arrangement)

737 2012 No.1 Pty. Ltd ACN 154 201 859 (Subject to Deed of Company Arrangement)

737 2012 No. 2 Pty Ltd ACN 154 225 064 (Subject to Deed of Company Arrangement)

Short Haul 2016 No. 1 Pty Ltd ACN 612 766 328 (Subject to Deed of Company Arrangement)

Short Haul 2016 No. 2 Pty Ltd ACN 612 796 077 (Subject to Deed of Company Arrangement)

Short Haul 2014 No. 1 Pty Ltd ACN 600 809 612 (Subject to Deed of Company Arrangement)

Short Haul 2014 No. 2 Pty Ltd ACN 600 878 199 (Subject to Deed of Company Arrangement)

VA Regional Leaseco Pty Ltd ACN 127 491 605 (Subject to Deed of Company Arrangement)

VB 800 2009 Pty Ltd ACN 135 488 934 (Subject to Deed of Company Arrangement)

VB Leaseco No 2 Pty Ltd ACN 142 533 319 (Subject to Deed of Company Arrangement)

VB LH 2008 No. 1 Pty Ltd ACN 134 280 354 (Subject to Deed of Company Arrangement)

VB LH 2008 No. 2 Pty Ltd ACN 134 288 805 (Subject to Deed of Company Arrangement)

VB PDP 2010-11 Pty Ltd ACN 140 818 266 (Subject to Deed of Company Arrangement)

Tiger International Number 1 Pty Ltd ACN 606 131 944 (Subject to Deed of Company Arrangement)

VAH Newco No. 2 Pty Ltd ACN 160 881 354 (Subject to Deed of Company Arrangement)

VB Investco Pty Ltd ACN 101 961 095 (Subject to Deed of Company Arrangement)

Schedule 2 - Glossary of terms

In this Explanatory Statement, capitalised terms have the meanings set out in the following table:

Act	<i>Corporations Act 2001</i> (Cth)
Administrators	Vaughan Neil Strawbridge, Salvatore Algeri, Richard John Hughes and John Lethbridge Greig of Deloitte Touche Tohmatsu
ASA	Has the meaning as defined in the Primary DOCA
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bain Capital	BC Hart Aggregator, L.P.
Completion	The completion of the Sale and Implementation Deed
Conditions	The conditions set out in clause 4.1 of the Primary DOCA
Court	Federal Court of Australia
Creditors' Trust	Has the meaning as defined in the Primary DOCA
Creditors' Trust Deed	The document entitled 'Creditors' Trust Deed' between the Deed Administrators, VAH and Bain Capital that is annexed to the Primary DOCA
Deed Administrators	Vaughan Strawbridge, Salvatore Algeri, Richard Hughes and John Greig of Deloitte Touche Tohmatsu
Expert	FTI Consulting (Australia) Pty Limited
Explanatory Statement	This document as described in section 1
Future Flight Credit	Has the meaning as defined in the Primary DOCA
Independent Expert's Report	The report by the Expert as described in section 5 and as annexed to this Explanatory Statement as Attachment 1
Interim Funding Facility	Has the meaning as defined in the Primary DOCA
NBIO	Non-binding indicative offer
Primary DOCA	The deed of company arrangement entered into between VAH and 27 of its subsidiaries, Bain Capital and the Deed Administrators on 25 September 2020 annexed to this Explanatory Statement as Attachment 2

Primary DOCA Companies

A.C.N. 098 904 262 Pty Ltd, Tiger Airways Australia Pty Limited, Virgin Australia Holidays Pty Ltd, VAA, Virgin Australia Airlines Holdings Pty Ltd, Virgin Australia Cargo Pty Ltd, VAH, VAH Newco No.1 Pty Ltd, VAH Newco No.2 Pty Ltd, Virgin Australia Regional Airlines Pty Ltd, VB Investco Pty Ltd, VB Leaseco Pty Ltd, VB Ventures Pty Ltd, Virgin Tech Pty Ltd, Virgin Australia International Holdings Pty Ltd, 737 2012 No.1 Pty. Ltd., 737 2012 No. 2 Pty Ltd, Short Haul 2016 No. 1 Pty Ltd, Short Haul 2016 No. 2 Pty Ltd, Short Haul 2017 No. 1 Pty Ltd, VA Hold Co Pty Ltd, VA Lease Co Pty Ltd, Virgin Australia 2013-1 Issuer Co Pty Ltd, VA Regional Leaseco Pty Ltd, VB PDP 2010-11 Pty Ltd, VB LH 2008 No. 1 Pty Ltd, VB LH 2008 No. 2 Pty Ltd, VBNC5 Pty Ltd

Sale and Implementation Deed

Has the meaning as defined in the Primary DOCA

Sale Process

The competitive and comprehensive global sale process of the Virgin Group undertaken by the Administrators from April to June 2020

Second Meeting

The second meetings of creditors of the Virgin Group held concurrently on 4 September 2020 in accordance with section 439A of the Act

Section 75-225 Report

The report prepared by the Administrators in accordance with section 75-225 of the *Insolvency Practice Rules (Corporations) 2016* dated 25 August 2020 as annexed to this Explanatory Statement as Attachment 3

Section 444GA Application

The application by the Deed Administrators pursuant to section 444GA of the Act as described in section 6

Section 444GA Order

The orders sought by the Deed Administrators pursuant to the Section 444GA Application

Shares

All the issued share capital of VAH

Shareholders

Means the shareholders of VAH as at the date of the Explanatory Statement

Share Transfer

The transfer of shares in VAH to Bain Capital pursuant to the Primary DOCA

Shortlisted Bidders

The parties selected by the Administrators to participate in Phase 2 of the Sale Process

Tiger 1

Tiger International Number 1 Pty Ltd ACN 606 131 944 (subject to deed of company arrangement)

Trustees

Vaughan Strawbridge, Salvatore Algeri, Richard Hughes and John Greig of Deloitte Touche Tohmatsu in their capacity as trustees of the Creditors Trust

VAA

Virgin Australia Airlines Pty Ltd ACN 090 670 965 (subject to

deed of company arrangement)

VAH

Virgin Australia Holdings Limited ACN 100 686 226 (subject to deed of company arrangement)

VAH Newco 2

VAH Newco No. 2 Pty Ltd ACN 160 881 354 (subject to deed of company arrangement)

VB Investco

VB Investco Pty Ltd ACN 101 961 095 (subject to deed of company arrangement)

Virgin Group

VAH and each of the subsidiaries listed in Schedule 1 of this Explanatory Memorandum

Attachment 1 - Independent Expert's Report

Virgin Australia Holdings Limited (Administrators Appointed)

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE
19 OCTOBER 2020



19 October 2020

The Solicitors for the Administrators
Virgin Australia Holdings Limited (Administrators Appointed)
c/- Clayton Utz
Level 15, 1 Bligh Street
Sydney NSW 2000

Dear Solicitors for the Administrators

Independent Expert's Report and Financial Services Guide

1. Introduction

FTI Consulting (Australia) Pty Ltd (**FTI Consulting**) has been engaged to assist Clayton Utz (**Clayton Utz**), the solicitors acting for the administrators (**Solicitors for the Administrators**) appointed to Virgin Australia Holdings Limited (Administrators Appointed) (**VAH**) and a number of its subsidiaries, a part of the VAH Consolidated Group, (referred to as the **VAH Group**), with the preparation of an Independent Expert's Report (**IER or Report**) to form an independent opinion on the value of the shares of VAH, for:

- the prospective application to the Court by the Administrators pursuant to Section 444GA (**S444GA**) of the Corporations Act 2001 (the **Act**) (**S444GA Application**) seeking leave to transfer the shares in VAH¹ as contemplated under the proposed Deeds of Company Arrangements (the **DOCAs** or **DOCA Proposal**)
- Australian Securities and Investments Commission (**ASIC**) granting relief from the takeover provisions, pursuant to Section 606 of the Act (**S606**)
- inclusion in the Explanatory Statement to be sent to the shareholders of VAH (the **Shareholders**) as part of the proposed sale of the shares in VAH (the **Proposed Sale**), prior to the Court hearing of the S444GA Application.

On 26 June 2020, the Administrators executed a sale deed that provides for completion of the sale of the VAH Group by either the DOCAs or an asset sale (**ASA**). The completion of the sale under the DOCAs was subject to both resolutions being passed by creditors at the second meeting of creditors, which occurred on 4 September 2020 (**Second Creditors Meeting**), as well as the Court making orders for the transfer of shares in VAH. The DOCA Proposal is described below.

The companies in administration and included in the DOCAs as outlined in the group structure chart in Appendix B are referred to as the **VAH Companies**, in contrast to all of the entities forming the consolidated group, which is referred to as the **VAH Group**.

We note that only the Primary DOCA is conditional on the 444GA Application and the ASIC S606 relief. Of the 41 entities included in the DOCAs, only 28 entities form part of the Primary DOCA. Refer to Appendix B for details.

On 25 September 2020, the Administrators advised that the 10 separate DOCAs covering all 41 entities of the group in voluntary administration have been executed. Further details of the requirements and the basis of assessment in forming our opinion are set out in Section 6 of this Report.

2. The DOCA Proposal

On 20 April 2020, pursuant to the provisions of Section 436A of the Act, Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes of Deloitte were appointed Joint and Several Administrators of some of the VAH Companies (**Administrators**). Subsequently, they were also appointed as the Administrators of a number of other companies in the

¹ Only the Primary DOCA is conditional on the 444GA Application and the ASIC 606 relief. 28 entities form part of the Primary DOCA. Refer to the Administrators Report page 94

VAH Group. All of the 41 companies in administration were included under ten separate DOCAs at the Second Meeting of Creditors.

The frequent flyer business of VAH Group, including Velocity Frequent Flyer Pty Ltd (referred to as the **Velocity Group**), although owned by VAH, is not in administration.

Subject to the various COVID-19 restrictions, the Administrators were continuing to trade the VAH Companies (**Business**) whilst undertaking a process to sell the Business to bring it out of administration. The Administrators assumed responsibility for the Business and its operations until 1 July 2020, when economic responsibility passed to BC Hart Aggregator, LP (**Bain**).

Houlihan Lokey and Morgan Stanley were appointed by the directors of VAH prior to the appointment of the Administrators, to advise on the potential recapitalisation of VAH, and were retained by the Administrators to continue this work with the management of VAH (**Management**) and the Administrators. The Administrators were also responsible for dealing with the staff and suppliers of the Business in respect to the ongoing trading of VAH Companies from the date of their appointment.

The Administrators formed the view that an expedited sale process needed to be conducted given the following factors:

- the significant cash constraints facing the VAH Companies and the initial estimates indicated that there would be insufficient cash to continue trading post their appointment without additional funding
- the impact of the COVID-19 pandemic on the viability of the Business and its ability to generate revenues in the immediate term in order to cover costs, coupled with its already existing financial problems
- the need to retain and optimise key contracts, key assets, employees and obtain regulatory approvals to preserve the value of the Business and its ability to operate as a going concern
- the impact of the uncertainty of the future of the Business on its customers, financiers, business partners and the general market, in a troubled economic and industry environment.

On 26 June 2020, the Administrators signed binding transaction documents for the sale of the Business to Bain (**the Bain Transaction**).

Under the Bain Transaction, the sale of the VAH Companies to Bain is to complete pursuant to the DOCAs or, alternatively, by way of an ASA if the DOCAs are not approved. Bain submitted its DOCA Proposal on 23 August 2020 and as part of the Bain Transaction provided an initial \$125 million of funding from 1 July 2020 in order for the VAH Companies to continue to trade until the sale process has been completed.

Details of the DOCA Proposal, the return to creditors, and the Administrators' recommendation to creditors were included in the Administrators' report to creditors, dated 25 August 2020 (**Administrators' Report**).

The Second Creditors Meeting where the DOCA Proposal was approved was held on 4 September 2020.

Further information regarding the DOCA Structure is provided in Section 1 of our Report.

3. Requirements for the IER

The implementation of the DOCA Proposal is conditional, among other things, upon ASIC granting relief from S606 under S655A and the Court approving the S444GA Application. We note, however, that it is only the Primary DOCA that is conditional on the S444GA Application and the ASIC 606 relief. Of the 41 entities included in the DOCAs, 28 entities form part of the Primary DOCA.

The Court will only approve the S444GA Application if it is satisfied that the transfers of shares under the DOCA Proposal will not “*unfairly prejudice the interests of members of the company*”².

FTI Consulting has been engaged by Solicitors for the Administrators, on behalf of the Administrators, to prepare this IER with our opinion as to the value of the shares in VAH.

For the purpose of providing our opinion, we understand that the proposed share transfer per the DOCA Proposal will not unfairly prejudice Shareholders if the ordinary shares in VAH have no value, as to be considered by the Court.

Our IER has been prepared in accordance with ASIC's Regulatory Guide (RG) 111 *Content of expert's reports* (RG 111) and RG 112 *Independence of experts* (RG 112).

This IER should be considered in conjunction with, and not independently of, the information set out in the explanatory statement prepared by the Administrators and sent to Shareholders (**Explanatory Statement**) prior to the Court hearing expected to occur on or before 31 October 2020.

4. Basis of evaluation

This report sets out the opinion of FTI Consulting of the value of the shares of VAH to be transferred to Bain under the DOCAs. The valuation date is 30 June 2020 (**Valuation Date**), being the date of the most recent available financial information of VAH. However, we have included, to the extent possible and practical, any information that was made available and is considered important up to 31 August 2020, such as market-based data related to discount rates and implied multiples.

ASIC released *Consultation Paper 326 - Chapter 6 relief for share transfers using S444GA of the Corporations Act* (CP 326) in January 2020 and was initially seeking comments by 28 February 2020. An update to RG 111 was due to be released by ASIC in May 2020. In the absence of the updated RG 111, and based on ASIC's views expressed in CP 326, we have assumed that ASIC may require that the value of the shares of VAH are to be assessed on both a Going Concern basis (under the current guidance) and a Liquidation basis (under the proposed guidance) in determining the application for relief under S606.

Based on the above considerations, FTI Consulting has assessed the shares³ of VAH on a:

- Going Concern basis; and
- Liquidation basis.

In assessing the value of the shares of VAH on a Going Concern basis and a Liquidation basis, we have applied:

- The concept of Fair Value under our Going Concern valuation, reflecting the assumption that the entity will continue its operations for the foreseeable future⁴ and the vendor is not “anxious” to sell.
- The concept of Liquidation Value under our Liquidation valuation, reflecting the assumption that the vendor is under pressure due to financial distress. In forming our opinion of Liquidation Value, we applied two scenarios:
 - The first scenario assumes a distressed sale of the business as a whole. We used our Going Concern valuation as a starting point which was revised for various discounts and adjustments having regard to the relevant circumstances, funding requirements and risks of the VAH Companies, assuming the DOCA Proposal is not implemented (**Distressed Sale**).
 - The second scenario assumes a distressed sale of the assets on a break-up, asset by asset basis (**Asset Sale**).

Further details of the basis of evaluation are set out in Section 2.3. of our Report

² S444GA (3)

³ Referred to in this report as either the shares of VAH or the equity of the VAH Companies

⁴ para 2, “Auditing Standard ASA 570: Going Concern”, December 2015

5. Reliance on technical experts

To assist in the assessment of the value of the owned aircraft (the **Fleet Assets**) of VAH Companies, we have appointed DavAir Group (**DavAir**) to provide an opinion on technical matters including the value of the Fleet Assets of VAH Companies. DavAir provided a valuation opinion of the fair market value (**FMV**) and orderly liquidation value (**OLV**), including costs to dispose in a short term timeframe on a piecemeal basis and/or as a portfolio of assets, with a respective portfolio discount of the Fleet Assets as at the Valuation Date (**DavAir Report**).

The DavAir Report has been prepared in accordance with RG 111 and RG 112. We have reviewed the DavAir Report in detail and have discussed the conclusions with the valuer. We consider that the valuation is appropriate for the purposes of our IER.

DavAir provides international aviation inspection, appraisal and advisory services. David Crick is the managing director of DavAir and has over 20 years' experience in specialised valuations and consulting experience in the aviation sector. David has considerable knowledge of corporate valuation requirements for financial reporting, mortgage security assessments, insurance & liquidation disposals. He performs appraisals for finance and leasing, aviation sales, mergers and acquisitions, insurance disputes, and expert witness for the legal fraternity.

We have relied on the valuation analysis of the Fleet Assets undertaken by DavAir in forming our opinion on the value of the shares of VAH in our Liquidation valuation and also where required in our Going Concern valuation in connection to non-operating aircraft. A copy of the DavAir report dated 19 October 2020 is included in Appendix I.

6. Summary of opinion

FTI Consulting has valued the equity of VAH as at the Valuation Date on a Going Concern basis and Liquidation basis.

Under each approach, it is FTI Consulting's opinion that the equity of VAH has no value.

RG 111.15 states that the fair value should be determined on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid (e.g. an orderly realisation of the target's assets).

Under the Going Concern basis, per the definition, we are required to assume that the current financial difficulties of VAH Companies do not exist and there is sufficient funding available for the Company to pursue its normal business operations. While we have applied these assumptions for consistency with current ASIC guidance, we are of the opinion that they are not appropriate given the current financial difficulties facing the VAH Companies in the current operating environment under COVID-19 and therefore the Going Concern basis is likely to overstate the realisable value of the Business and its assets. The Going Concern valuation has been undertaken in accordance with ASIC's RGs as discussed in Section 2.3 of our Report.

The more relevant assessment of value for the purpose of assisting the Court to determine whether the S444GA Application will unfairly prejudice the Shareholders, is the Liquidation basis of value, in our opinion.

Our opinion should be read in conjunction with the remainder of this letter and our Report, attached.

7. Going Concern valuation

It is FTI Consulting's opinion that the equity of VAH has nil value on a Going Concern basis as at the Valuation Date.

We have assessed the value of the equity of VAH on a Going Concern basis, by:

- determining the value of the operational businesses of the VAH Companies using a Discounted Cash Flow (**DCF**) method, excluding the operations of Velocity, in order to determine the enterprise value of the VAH Companies in administration
- adding the value of the equity in Velocity, which was valued separately from the companies under the DOCA
- adding surplus cash, which is cash net of trapped cash and costs of the Administration

- deducting the secured and unsecured borrowings, lease obligations and other net liabilities related to decommissioned aircraft
- deducting the Administrators' assessment of the specified claims lodged by Bondholders of \$1,929 million

We have also considered the current challenging economic and industry conditions given the COVID-19 pandemic, which are further complicating the future prospects for VAH as a whole and the VAH Companies in particular.

In valuing 100% of the equity of VAH, we have considered whether there would be any synergies and benefits that would be available to potential purchasers for the Business. Our analysis does not include any 'special value' or the value of any synergies that would be specific to a particular purchaser.

In Section 7 of our Report, we set out our valuation of the VAH Companies on a Going Concern basis.

Our valuation of the equity of VAH, on a control basis, as a Going Concern, as at the Valuation Date is summarised in Table 1 below:

Table 1: Value of a 100% of the equity of VAH on a Going Concern basis - Valuation conclusion

	Reference	Low \$million	High \$million
Enterprise value of VAH Companies	Table 30	3,088.9	3,490.8
Plus: 100% interest in Velocity ⁵	Table 26	639.7	704.1
Plus: Surplus cash	Table 29	35.4	35.4
Less: Secured loans		(1,116.7)	(1,116.7)
Less: JOLCO and finance leases		(471.5)	(471.5)
Less: Employee entitlements		(141.4)	(141.4)
Less: Bonds		(1,929.1)	(1,929.1)
Less: Payable to Velocity		(152.8)	(152.8)
Less: Other net liabilities and contingent claims		(1,359.2)	(1,204.4)
Implied value of 100% equity of VAH		(1,406.7)⁶	(785.7)
Concluded value of 100% equity of VAH		Nil	Nil

Source: VAH Management, Administrators, FTI Consulting analysis

Our valuation analysis indicates that the equity of VAH has no value as at 30 June 2020.

After deducting the specified claims, trade and other creditors and trading costs from the enterprise value of VAH Companies, the implied value of equity ranges between negative \$786 million and negative \$1,407 million.

We have deducted the Administrators' assessment of the specified claims lodged by the Bondholders of \$1,929 million. To the extent that actual claims are either higher or lower than the claims, then the implied value of equity would either be lower or higher, respectively.

Based on the specified claims of circa \$5 billion at 30 June 2020 and Management's estimates at the Valuation Date, the value of the Business would need to be at least \$4,981 million for the equity value to be greater than nil.

We note that under the current economic, industry and business specific environment, there is a high level of uncertainty associated with determining a value of VAH, such as:

- the geographical position and the geopolitical situation of Australia, coupled with the crisis in the local and global economy caused by COVID-19 and the response measures by Governments, pose significant uncertainty as to the future recovery of travel patterns, both business and leisure, as well as cargo;

⁵ Includes the value of the \$152.8 million intercompany loan from Velocity to VAH.

⁶ While our analysis implies that the value of equity is negative, since equity investors have no responsibility to settle liabilities that are in excess of assets, from an economic perspective, the value of equity is nil.

- in addition to the airline industry generally being subject to considerable volatility, the COVID-19 impact has been very significant in the short term and the likely outcome for most players is to a great degree, very uncertain;
- as a high fixed cost business with high operating leverage, even small changes in assumptions such as pace of recovery to normal operations, aircraft utilisation, load factors and yield could have a substantial impact on forecast earnings;
- the airline industry being in a state of flux and known for intense competitive behaviour, poses a substantial level of uncertainty as to the profitability of airline carriers in the local and international markets, especially at times when terrorism, bushfires, global pandemic and other events impact industry profitability both globally and locally, the duration of which can be very unpredictable. As such, the forecasts we have used for the valuation, both the short-term anticipated ramp up and the long-term towards a profitable state, contain a significant degree of uncertainty, in consideration of the competitive airline industry and VAH Group's history of losses pre-COVID;
- jet fuel prices are currently low compared to the long-term historic averages. Fuel is a major cost and is difficult to forecast especially now, with the global economic uncertainties, and will be subject to even more fluctuation than usual;
- VAH Group's market share prior to FY20 was estimated at 37.0%. This included the operations of TigerAir Australia (**Tiger** or **Tigerair**), the low-cost carrier in the VAH Group. The continued operation of the Tiger brand is uncertain, with the Tiger brand being discontinued by VAH. Tiger was contributing to the losses of the operations of the VAH Companies; and
- the success or failure of the implementation of the restructuring plan which has been underway since before the global pandemic, will have a material impact on the future performance of VAH Companies.

8. Liquidation valuation

It is FTI Consulting's opinion that the equity of VAH has nil value on a Liquidation basis as at the Valuation Date.

As discussed above, we valued the Business and assets of VAH assuming liquidation under two scenarios:

- Distressed Sale; and
- Asset Sale.

Distressed Sale scenario

Under our Distressed Sale scenario, we have assumed that the VAH would be sold by a liquidator as a business or as an assemblage of assets. We also consider that the vendor would likely be an 'anxious' seller contrary to the definition of fair value (refer to Section 6 of our Report).

We have applied the following adjustments to our Going Concern valuation to reflect a Distressed Sale scenario:

- A premium to the discount rate of 5.0% to 10.0% in respect of the valuation of VAH to account for the current distressed circumstances, whereby a potential acquirer would seek a higher rate of return to reflect the increased risk associated with the circumstances, including an abbreviated sale process and the likelihood that a liquidator would not provide commercial representations or warranties that would typically be available to a purchaser in a non-distressed sale.
- A discount to the Going Concern valuation of Velocity, because it is highly dependent on the VAH Group, so would be negatively impacted in a liquidation of VAH Group.
- Subtraction of additional liabilities crystallising as a result of the business being in liquidation.

The impact of the above adjustments would decrease the value of the equity of VAH as summarised below:

Table 2: Value of a 100% of the equity of VAH on a Distress Sale Scenario basis - Valuation conclusion

	Reference	Low \$ million	High \$ million
Enterprise value of VAH Companies	Table 31	1,636.3	2,122.9
Plus: 100% interest in Velocity	Table 32	289.0	343.0
Plus: Surplus cash	Table 29	35.4	35.4
Less: Secured loans		(1,116.7)	(1,116.7)
Less: JOLCO and finance leases		(471.5)	(471.5)
Less: Employee entitlements		(141.4)	(141.4)
Less: Bonds		(1,929.1)	(1,929.1)
Less: Payable to Velocity		(152.8)	(152.8)
Less: Other net liabilities and contingent claims		(1,359.2)	(1,204.4)
Implied value of 100% equity of VAH		(3,210.1)	(2,514.7)
Concluded value of 100% equity of VAH		Nil	Nil

Source: FTI Consulting analysis

Asset Sale scenario

Under our Asset Sale scenario, we have assumed that the business is broken up and sold on an asset by asset basis by a liquidator. This accelerated forced sale would provide less favourable outcome compared to the Distressed Sale of the business as a whole as reflected in Table 2 above.

To assist with the valuation of the assets under the Asset Sale scenario, we appointed DavAir, an aeronautic asset valuation specialist, to provide an opinion of the FMV and OLV of the Fleet Assets, being the most significant of the VAH Companies' assets. DavAir also provided an opinion on the possible costs to dispose the Fleet Assets in a short timeframe.

Table 3: Value of a 100% of the equity of VAH on an Asset Sale Scenario basis - Valuation conclusion

	Reference	Low \$ million	High \$ million
Assets of VAH Companies	Table 36	2,128.2	2,415.7
Plus: Interest in Velocity	Table 32	289.0	343.0
Less: Liabilities of VAH Companies	Table 36	(8,311.4)	(8,162.3)
Less: Loan balance owing from VAH Companies to Velocity		(152.8)	(152.8)
Less: Administration and associated consulting and legal costs		(38.0)	(38.0)
Implied value of 100% equity of VAH		(6,085.0)	(5,594.4)
Concluded value of 100% equity of VAH		Nil	Nil

Source: FTI Consulting analysis, DavAir analysis, Management, Administrator

9. Forward looking statements and forecast financial information

Certain statements in this IER may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, financial performance and achievements of VAH Group to be materially different from the forecast results, financial performances or achievements expressed or implied by such forward-looking statements. Such factors include:

- General economic conditions
- Future movements in exchange rates, interest rates and taxes
- Impact of terrorism, the current COVID-19 pandemic or other broader economic conditions
- Emergence of competing technologies
- Changes in laws, regulations, government policies or the interpretation of laws
- Other factors referenced in this IER.

10. Other matters

FTI Consulting has prepared the Financial Services Guide (**FSG**) in accordance with the Act. The FSG is set out in Part 1 of this document.

This Report has been prepared solely for:

- the purposes of the S444GA Application and to assist the Court in its consideration of the application as to whether or not the proposed transfer of shares in VAH will unfairly prejudice Shareholders
- for submission to ASIC in seeking technical relief from the takeover provisions of the Act
- inclusion with the Explanatory Statement to be sent to Shareholders.

Further details of the relevant legal requirements and the basis of assessment in forming our opinion are set out in the IER.

This IER is to be provided to the Court, ASIC and Shareholders for the above purposes only, and should not be used or relied upon for any other purpose.

No part of our IER, or any reference to our IER may be included in any document, other than the Explanatory Statement that is to be sent to Shareholders, ASIC and the Court, without the prior written consent of FTI Consulting. We do not assume any responsibility for the Explanatory Statement to which our IER is attached. FTI Consulting has consented to the inclusion of our IER in the form and context in which it appears in the Explanatory Statement.

We have sought and received consent from DavAir Group for our reliance on, inclusion of and reference to, the DavAir Report in our IER. A copy of the DavAir Report is included in Appendix I.

This IER is subject to the limitations and disclosures set out in Appendix A of the Report.

All references to dollars (\$) in this report are in Australian dollars unless otherwise stated. Due to rounding, numbers presented throughout this document may not add up to the totals provided and percentages may not reflect the absolute figures.

Our engagement has been conducted in accordance with the expert witness code of conduct under FCA Expert Evidence Practice Note (**GPN-EXPT**), which contains a copy of the Harmonised Expert Witness Code of Conduct at Annexure A (**Code**).

Our valuation has also been performed in accordance with the Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuation services whereby, under APES 225, this engagement is considered to be a Valuation Engagement.

Our opinion is based on the information available to us as at the date of this Report. A summary of the information we have used and relied on is included in Appendix J of this Report. We are not responsible for updating our report for any events or any change in circumstances after the date of our report.

This letter should be read in the context of our full report that is attached.

Yours faithfully

FTI Consulting (Australia) Pty Limited

Part 1 - Financial Services Guide

About FTI Consulting

FTI Consulting (Australia) Pty Ltd ABN 49 160 397 811 (**FTI Consulting** or **we** or **us** or **our** as appropriate) has been engaged by the Solicitors for the Administrators of Virgin Australia Holdings Limited (Administrators Appointed) (**VAH**) to provide an independent expert's report (**IER**) for:

- the prospective application to the Court by the Administrators pursuant to Section 444GA (**S444GA**) of the Corporations Act 2001 (**the Act**) (**S444GA Application**) seeking leave to transfer the shares in VAH as contemplated under the primary Deed of Company Arrangement
- Australian Securities and Investments Commission (**ASIC**) granting relief from the takeover provisions, pursuant to Section 606 of the Act (**S606**)
- inclusion in the Explanatory Statement to be sent to the shareholders of VAH (the **Shareholders**) as part of the proposed transfer of the shares in VAH (the **Proposed Transfer**), prior to the Court hearing of the S444GA Application.

Financial Services Guide

In providing the IER, we are therefore required to issue this Financial Services Guide (**FSG**) to you as a retail client.

This FSG is dated 19 October 2020 and has been prepared in accordance with the *Corporations Act 2001* (Cth), and provides information about FTI Consulting generally, the financial services we are licensed to provide, the remuneration FTI Consulting may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial Services FTI Consulting is Licensed to Provide

FTI Consulting is an Australian Financial Services (**AFS**) authorised representative number 001269325, which authorises us to provide financial product advice in relation to basic deposit products, securities (such as shares and debentures), interests in managed investment schemes and derivatives to wholesale and retail clients.

FTI Consulting provides financial product advice by virtue of our engagement to issue this IER in connection with a financial product. Our IER includes a description of the circumstances of our engagement and the party who has engaged us. The IER is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in the IER.

You have not engaged us directly and cannot provide us instructions but have been provided with a copy of the IER because of your connection to the matters set out in the IER.

General Financial Product Advice

Our IER provides general financial product advice only, and not personal financial product advice, because it has been prepared without taking into account your personal circumstances, objectives, (financial or otherwise) financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You should seek personal financial product advice from a suitable Australian financial service licensee to assist you in this assessment.

Remuneration

FTI Consulting will receive a negotiated and agreed fee from the Company who engaged us to provide the IER. Fees are agreed on either a fixed fee or time cost basis. FTI Consulting is entitled to receive a fixed fee of \$400,000 plus GST and out-of-pocket expenses for preparing the IER. This fee is not contingent upon the outcome of the subject of the IER.

Except for the fees referred to above, neither FTI Consulting, nor any of its directors, consultants, employees or related entities, or associates of any of them, receive any remuneration or any other benefit, directly or indirectly, for or in connection with the provision of the IER. FTI Consulting does not pay commissions or provide any other benefits to any person in connection with the reports that FTI Consulting is licenced to provide.

All our employees receive a salary and may be eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to

the provision of the IER. Our directors and consultants receive remuneration based on time spent on matters.

Independence and Associations

FTI Consulting is not aware of any actual or potential matter or circumstance that would preclude us from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, FTI Consulting has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission (**ASIC**), specifically ASIC's Regulatory Guide 112 issued on 30 March 2011 (**RG 112**).

The following information in relation to the independence of FTI Consulting is stated in Section 2 of the IER:

"FTI Consulting and its related entities do not have at the date of this IER, and have not had within the previous two years, any business or professional relationship with VAH or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the DOCA Proposal.

FTI Consulting advises that it had an ongoing retainer with Bain, the preferred bidder for VAH, for regular media and communications support. FTI Consulting notified the Solicitors for the Administrators, Bain and the Administrators of this role, who all confirmed approval for our appointment for the IER. Since the role with Bain does not include any financial or strategic advice for either Bain or VAH, FTI Consulting does not consider that this appointment affects its ability to provide an unbiased opinion in relation to valuation of VAH.

FTI Consulting has had no part in the formulation of the DOCAs. Its only role has been the preparation of this IER.

FTI Consulting considers itself to be independent in terms of RG 112."

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we might from time to time provide professional services to financial product issuers in the ordinary course of business.

Complaints Resolution

As an AFS authorised representative, we are required to have a system for handling complaints from persons to whom we have provide financial services. All complaints to FTI Consulting regarding the IER must be in writing, addressed to The Compliance Officer, FTI Consulting (Australia) Pty Limited, Level 21 Bourke Place, 600 Bourke Street, Melbourne VIC 3000.

On receipt of a written complaint, we will record the complaint, acknowledge receipt and seek to resolve the complaint as quickly and fairly as possible. If you do not receive a satisfactory outcome, you have the option of raising your concern with the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent body established to provide advice and assist in resolving complaints relating to the financial services industry. This service is provided free of charge. FTI Consulting is a member of AFCA (No. 41617). AFCA can be contacted at the following address:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678 Email: info@afca.org.au

Insurance

FTI Consulting has professional indemnity insurance in place that satisfies the compensation arrangement requires under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to FTI Consulting (but who did at the time of the relevant conduct).

FTI Consulting (Australia) Pty Ltd ACN 160 397 811,
AFS Authorised Representative No: 001269325

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1. Summary of the DOCAs

1.1. Background to the DOCAs

The aim of a voluntary administration is to maximise the prospects of a company, as much as possible, including by a DOCA or sale of the business, and to achieve the best outcome for creditors than otherwise would have been achieved in a Liquidation scenario.

On 20 April 2020, Vaughan Strawbridge, John Greig, Salvatore Algeri and Richard Hughes, of Deloitte, were appointed as Joint and Several Administrators (**Administrators**) to Virgin Australia Holdings Limited (Administrators Appointed) (**VAH**). VAH, together with its subsidiaries is referred to as the **VAH Group**. The Administrators were appointed to Tiger International Number 1 Pty Ltd (**Tiger 1**) on 28 April 2020, pursuant to provisions of section 436A of the Corporations Act 2001 (Cth) (**Act**).

The appointment of the Administrators was ratified by creditors at the concurrent first meeting of creditors held on 30 April 2020.

On 3 August 2020, the Administrators were also appointed to two additional subsidiaries, VAH Newco No. 2 Pty Ltd (In Liquidation) (Administrators Appointed) (**VAH Newco 2**) and VB Investco Pty Ltd (In Liquidation) (Administrators Appointed) (**VB Investco**). Under the orders made by the Federal Court of Australia (**Court**) the Administrators were not required to hold the usual first meetings of creditors for these entities.

The Administrators were not appointed to the Velocity Frequent Flyer business (**Velocity Group**).

The 41 entities subject to voluntary administration are referred to in our IER as the VAH Companies.

Subject to the various COVID-19 restrictions, the Administrators were continuing to trade the VAH Companies (**Business**) whilst undertaking a process to sell the Business to bring it out of administration. The Administrators assumed responsibility for the Business and its operations until 1 July 2020, when economic responsibility passed to BC Hart Aggregator, LP (**Bain**).

Houlihan Lokey and Morgan Stanley, were appointed by the directors of VAH prior to the appointment of the Administrators, to advise on the potential recapitalisation of VAH, and were retained by the Administrators to continue this work with the management of VAH (**Management**) and the Administrators. The Administrators were also responsible for dealing with the staff and suppliers of the Business in respect to the ongoing trading of VAH Companies from the date of their appointment

Immediately after appointment, the Administrators ran a public sale process between mid-April and the end of June 2020. The objective of the sale process was to maximise the value of VAH Group. On 22 June 2020 the Administrators received binding offers from Bain and Cyrus Capital Partners LP (**Cyrus**). The Administrators also received a proposal on 24 June 2020 from two Bondholders, which was withdrawn prior to the Second Creditors Meeting. After assessing all the offers, the Administrators concluded that the proposal from Bain was the best offer received because it:

- provided reasonable certainty of a transaction being completed
- provided immediate funding required for the Business to continue trading. On signing of the sale deed, Bain provided initial funding of \$125 million in the interim, as part of the transaction and from 1 July 2020 became responsible for all liabilities incurred by the VAH Group from trading the business
- resulted in the best outcome for the Company's customers, creditors, and its employees as a whole.
- Bain guaranteed its performance in the form of a Payment Undertaking Deed of \$750 million.

According to Bain's signed binding transaction documents (**the Bain Transaction**), the completion of the sale of the VAH Group to Bain can occur by one of two methods:

- Execution of the DOCAs and transfer of shares in VAH to Bain; or

- Asset sale agreement (**ASA**) involving the transfer of the business and assets into a new corporate structure and placing the existing companies into liquidation.

In the event the conditions to completion of the DOCAs are not satisfied or waived, and the sale does not complete by way of the ASA, the VAH Companies will cease to trade, and the assets will be sold on a piecemeal basis. In this instance, there is expected to be a significant shortfall to employees and minimal return to unsecured creditors.

1.2. The DOCA Structure

Bain proposed to complete the sale by 10 separate DOCAs covering all of the entities in administration. Bain's proposal allows for the continued operations of VAH Group and the majority of employees retaining their employment and the preservation of all their entitlements. The entitlements of employees not being retained will be paid in full.

The majority of creditors (in number and value) at the Second Creditors Meeting held on 4 September 2020, voted in favour of the DOCAs. The DOCAs come into effect when they are signed by all parties

The key terms⁷ of the DOCAs are:

- Certainty of the continuation of Virgin as Australia's second domestic airline.
- Employee entitlements to be covered in full. Continuing employees' entitlements are assumed and any employees not continuing will receive a payout of their entitlements including redundancy entitlements in full by Bain. In the event of a liquidation these costs have been estimated at \$448 million.
- All travel credits/unearned travel revenue to be assumed in full. Gross amount \$604 million, less restricted cash of \$210 million resulting in a net \$394 million.
- Assumption of the Velocity intercompany loan of \$150 million.
- Renegotiation of major contracts and required aircraft leases.
- Provision of between \$447.2 million and \$572.2 million to be paid into a creditors' trust to be paid to unsecured creditors of the Companies, before the Administrators' excess cash estimated at between \$14.8 million and \$40.6 million.
- The assumption of certain liabilities accrued by the Administrators during their appointment up to 30 June 2020 of approximately \$35 million including unearned revenue and accrued leave entitlements.

Under the DOCAs, all shares in VAH will be transferred to an entity nominated by Bain and Bain will become the 100% owner of VAH. Shareholders will receive no consideration for the transfer of their shares in VAH to Bain. The transfer will require the S444GA Application to the Court to transfer the shares in VAH under the primary DOCA.

Upon the transfer of all the shares in VAH, the DOCAs will complete and the proposed Creditors' Trust (**Creditors' Trust**) will be created to deal with the claims of and pay a distribution to the VAH Group creditors.

Bain's preferred option for completing the sale is by the DOCAs. The consideration for the business will be higher than by the ASA. The Administrators estimate that the cost of completing the sale of the business by the DOCAs will be less than by the ASA. Therefore, the return to creditors will also be less under an ASA.

The key elements of the sale, Bain's DOCAs, the ASA and the Creditors' Trust, are set out in the Administrators' report prepared by the Administrators, dated 25 August 2020 (**Administrators' Report**).

⁷ Extracted from Report to Creditors dated 25 August 2020

1.3. The ASA

In the event the conditions to completion of the DOCAs are not satisfied or waived, the sale of the business and assets of the VAH Group to Bain would be completed under an ASA and the Companies would be placed into liquidation.

The ASA requires the transfer of the key assets including Air Operators Certificates (**AOCs**) and Airport Slots (**Slots**). It also requires the transfer or novation of key agreements including property, supplier, financing and service partnerships. Therefore, the time and cost to complete the ASA is expected to be higher than if the sale is completed by the DOCAs.

1.4. Summary of the structure of DOCAs compared to ASA

Below we summarise the key differences between the DOCAs and the ASA. Refer to the Administrators' Report for further details. This is not an exhaustive list of all differences.

Table 4: DOCAs compared to ASA

Key terms	DOCAs	ASA
Consideration	Total of \$572.2 million, comprising: Interim funding of \$125 million Creditors Trust payment of \$447.2 million Any surplus funds held by the Administrators after costs or less any deficit	Total of \$472.2 million, comprising: Interim funding of \$125 million Additional costs of \$100 million
Additional consideration	\$125 million, paid as \$62.5 million each year if earnings before interest, tax depreciation, amortization and rent (EBITDAR) >\$1 billion in financial year ending 30 June (FY) 22 or FY23	\$25 million if EBITDAR >\$1 billion in FY22
Conditions precedent	Approval of the DOCAs at the second meeting of creditors ASIC granting relief under section 606 and issuing consents and approvals Court approval to transfer of shares in VAH to Bain under section 444GA The Administrators obtaining the Chapter 15 Order to allow recognition of the DOCA in the USA The Creditors' Trust is executed	Agreed pre-completion steps to enable the assignment of employees, agreements and assets to entities owned by Bain including: - AOCs and all associated current operating specifications - At least 90% of the peak and non-peak slots for Brisbane, Sydney and Perth airports - CASR Part 145 maintenance organisation - An approved transport security program - The approved international airline licence
Expected timing to complete	31 October 2020	12 to 18 months
Return to creditors	Expected to be higher than under the ASA	Expected to be lower than under the DOCAs

Source: Administrators' Report

In the following respects, the DOCAs and the ASA will be the same:

- All continuing employees will be paid in the normal course and the entitlements for any redundancies will be paid in full.
- Customers with Conditional Credits, new Future Flight credits will be able to book flights up to 31 July 2022 with travel valid until 30 June 2023, subject to seat availability within the fare class reserved for Future Flight credits on the selected flight and other terms and conditions.
- Bain will assume liability for the Velocity intercompany loan of \$150 million plus interest.
- Assumption of certain major contracts and required aircraft leases, reducing the level of unsecured creditors of the Companies.

1.5. Bain's intentions for the Business

Per the ASX announcement on 5 August 2020, the proposed restructured business operations of the Group under Bain's ownership will be as follows:

- Reduction in cost base to meet sector uncertainty and ongoing COVID-19 market conditions.
- Ongoing employment for approximately 6,000 employees when the market recovers, with 3,000 roles impacted.
- Simplified all-Boeing 737 mainline fleet and the retention of the regional and charter fleet, but removing ATR, Boeing 777, Airbus A330 and Tigerair Airbus A320 aircraft types.
- Long-haul international flights being an important part of the Business but suspended until global travel market recovers.
- The Tiger brand will be discontinued, but with the relevant AOC and necessary support maintained to provide the option for ultra-low-cost operations when the market recovers.
- Continued commitment to regional and charter flying.

2. Purpose and scope of the report

2.1. Purpose of the report

The Administrators appointed FTI Consulting to prepare this IER assessing the value of the equity of VAH. The report will be used for the sole purposes of:

- assisting the Court in determining whether the S444GA Application⁸ will unfairly prejudice Shareholders
- applying to ASIC for technical relief⁹ from S606 of the Act
- providing information in the IER to Shareholders, together with the Explanatory Statement.

We do not assume any responsibility or liability to any other person as a result of reliance on this report for any other purpose.

The implementation of the DOCAs is conditional upon, amongst other things, ASIC granting relief from S606 (under S655A) and the Court approving the S444GA Application to transfer the majority of the shares in VAH.

Under S444GA (3), the Court will only approve the S444GA Application if it is satisfied that the transfers of shares under the DOCA will not “*unfairly prejudice the interests of members of the company*”.

For the purposes of our opinion, we understand that the proposed share transfer will not unfairly prejudice Shareholders of VAH if the shares have no value.

This Report sets out FTI Consulting's opinion on the value of the shares of VAH and is to be included with the Explanatory Statement to be sent to Shareholders before the Court hearing that is expected to occur on or before 31 October 2020.

The Administrators will tender our Report to the Court as part of the evidence in support of the S444GA Application. We have read FCA Expert Evidence Practice Note (**GPN-EXPT**), which contains a copy of the Harmonised Expert Witness Code of Conduct at Annexure A (**Code**) and we have prepared this Report on the basis that we are bound by the Code.

We have made all enquiries which we believe are necessary and appropriate (save for any matters explicitly identified in this Report) and no matters of significance which we regard as relevant have, to our knowledge, been withheld from the Court.

Our valuation has been undertaken in accordance with the Accounting Professional & Ethical Standards Board Limited professional standard APES 225 ‘*Valuation Services*’ (**APES 225**). As required under APES 225, we confirm that we are independent of the directors of VAH, the Administrators, Bain and the major shareholders of VAH.

APES 225 defines three types of valuation engagements¹⁰. This engagement is considered to be Valuation Engagement under APES 225.

This Report should be considered in conjunction with, and not independently of, the information set out in the Explanatory Statement prepared by the Administrators and sent to Shareholders before the Court hearing that is expected to occur on or before 31 October 2020.

This Report is to accompany the Explanatory Statement to be sent to Shareholders.

⁸ only the Primary DOCA is conditional on the 444GA Application and the ASIC 606 relief.

⁹ only the Primary DOCA is conditional on the 444GA Application and the ASIC 606 relief.

¹⁰ Refer to Apesb.org.au APES 225 Valuation Services page 12

2.2. Section 444GA

S444GA is a mechanism which sets out the manner in which the administrator of a company in administration is able to transfer the shares of the company.

S444GA provides for the transfer mechanism as follows:

- (1) *The administrator of a deed of company arrangement may transfer shares in the company if the administrator has obtained:*
 - (a) *the written consent of the owner of the shares; or*
 - (b) *the leave of the Court.*
- (2) *A person is not entitled to oppose an application for leave under subsection (1) unless the person is:*
 - (a) *a member of the company; or*
 - (b) *a creditor of the company; or*
 - (c) *any other interested person; or*
 - (d) *ASIC.*
- (3) *The Court may only give leave under subsection (1) if it is satisfied that the transfer would not unfairly prejudice the interests of members of the company.*

S444GA permits a court to grant leave to allow an administrator to transfer shares as a part of a DOCA, where it will not 'unfairly prejudice' the interests of shareholders. The Courts will generally allow the transfer if evidence shows that the shares have no value.

2.3. Regulatory requirements for S444GA IERs

The following is a summary of the relevant regulatory guidance for IERs in the context of S444GA as well as relevant statements from ASIC that are not official guidance.

Consultation Paper 326 - Chapter 6 relief for share transfers using S444GA of the Corporations Act

ASIC's guidance regarding IERs in the context of S444GA transactions are evolving. In January 2020, ASIC released *Consultation Paper 326 - Chapter 6 relief for share transfers using S444GA of the Corporations Act (CP 326)*. CP 326 discusses and seeks comments on proposed changes to RG 6 and RG 111 to cover what ASIC considers should be required with respect to IERs in the context of S444GA transactions. An update to RG 111 was initially due to be released in May 2020 but as of the date of this report ASIC has not released an updated RG 111.

CP 326 seeks views on ASIC's proposed updated guidance reflecting its view that:

- shareholders should be provided with explanatory materials prior to the S444GA hearing, including an IER prepared under RG 111;
- IERs are prepared by an independent expert (not the administrator); and
- IERs are prepared on a Liquidation basis only (and not on a Going Concern basis).

In the absence of the formal update to RG 111, we have assumed that ASIC may require that the value of the shares of VAH are to be assessed on both a Going Concern basis (in accordance with current guidance – see RG111 below) and a Liquidation basis (as proposed in CP 326) in determining the application for relief under S606 and S444GA Application.

RG 111 Content of expert reports

RG 111 provides guidance in relation to the content of independent expert's reports for a range of transactions.

RG 111.15 advises that fair value should be calculated on the basis of a "*knowledgeable and willing, but not anxious, seller*". In practice, ASIC has also clarified that it requires fair value to be prepared on a "*going concern*" basis.

The term 'going concern' is commonly used in the preparation of financial statements and is defined as the assumption that the entity will "*continue its operations for the foreseeable future*". When the Going Concern assumption is used for accounting purposes, the assets and liabilities of the entity are recognised as if the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

RG 111.11(a) indicates that the expert should not reflect 'special value' that might accrue to the acquirer:

"Note: Any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under this comparison but see RG 111.13(e)."

Furthermore, RG 111.50 notes that the weight of judicial authority is also that an expert should not reflect 'special value' that might accrue to the acquirer.

The DOCA Proposal is a control transaction as Bain will acquire 100% of the shares of VAH. Consequently, our valuation has been assessed on a control basis.

RG 112 Independence of experts

RG 112 deals with the independence of the expert. RG 112 sets out an example where an expert's independence may be compromised: "*an expert taking instruction from, or holding discussions with, a commissioning party, its advisers or any interested party on the choice of methodologies for the report or evaluation of the transaction...*"

We confirm that we are independent under the requirements of RG 112 and APES 110 *Code of ethics for professional accountants* issued by the Accounting Professional and Ethics Standards Board.

Corporations Act s606 - Prohibition on certain acquisitions of relevant interests in voting shares

Since our Report will also be used by ASIC for granting relief from S606.

Our IER has been prepared taking into account RG 112, RG 111 and CP 326.

2.4. Our approach

In determining the value of VAH on a Going Concern basis, it is necessary to recognise that VAH, in reality, has been unable to discharge its liabilities in the normal course of business. Therefore, in our Going Concern valuation, we have valued the business on a debt-free basis and then deducted:

1. the secured and unsecured borrowings (net of cash) as at 30 June 2020,
2. the Deed Administrators' assessment of claims lodged by the secured and unsecured creditors which would be payable on a Going Concern basis; and
3. an estimate of the expected Administrator and DOCAs costs.

We have assessed the Liquidation value of VAH under two scenarios. As VAH does not have sufficient tangible assets to cover its debts, we have assumed in our first liquidation scenario that the business operations would be sold as a "Going Concern", however, in an accelerated bidding process. In this scenario, which we refer to as a "Distressed Sale", a potential acquirer would likely seek a higher level of return to reflect the increased risk of a shortened due diligence process as well as other risk factors associated with distress.

In our second liquidation scenario, Asset Sale, we have assumed that the assets of VAH would instead be sold piecemeal, not as a going concern.

In both of our liquidation scenarios, we assessed the value of the shares of VAH on a distressed basis (i.e. taking into account the impact of the financial distress VAH is experiencing). In the context of our assessment of the Liquidation value, the normal definition of fair value no longer applies, as the seller cannot be considered as '*not anxious*'.

2.5. Reliance on technical experts

To assist in the assessment of the value of VAH, we have appointed DavAir Group (**DavAir**) to provide an opinion on technical matters including the value of the Fleet Assets. DavAir has provided an opinion on the fair market value¹¹ (**FMV**) (on a Going Concern basis) and an orderly liquidation value¹² (**OLV**) of the Fleet Assets as at 30 June 2020.

We have relied on the analysis undertaken by DavAir in forming our opinion on the value of the equity of VAH. A copy of the report prepared by DavAir dated 19 October 2020 (**DavAir Report**) is included in Appendix I.

We have relied on the DavAir Report in making references to the Fleet Assets in this Report.

2.6. Definitions of value

Fair value

For the purposes of our valuation of VAH, on a Going Concern basis, we have used 'fair value' defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious [Vendor], acting at arm's length".

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of professional judgment. Therefore, there is no indisputable value and we normally express our valuation opinion as falling within a likely range.

Liquidation value

For the purposes of our valuation of VAH on a Liquidation basis, we have applied liquidation value as defined by the International Valuation Standards:

"the amount that would be realised when an asset or group of assets are sold on a piecemeal basis. Liquidation Value should take into account the costs of getting the assets into saleable condition as well as those of the disposal activity. Liquidation Value can be determined under two different premises of value:

(a) an orderly transaction with a typical marketing period, or

(b) a forced transaction with a shortened marketing period."

Special value

ASIC suggests that the expert should not reflect 'special value' that might accrue to the acquirer.

Therefore, we have not considered special value in forming our opinion.

Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair value. This premium represents the value to the potential acquirer of various factors that may include potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair value as it relates to the individual circumstances of special purchasers.

¹¹ Fair Market Value (FMV) is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date. (extracted from DavAir Report)

¹² Orderly Liquidation Value (OLV) is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis as of a specific date. (extracted from DavAir Report)

2.7. Valuation date

The opinion of FTI Consulting of the value of the shares of the VAH has been based on financial information up to 30 June 2020. **(Valuation Date)**, being the date of the most recent available financial information of VAH. However, we have included, to the extent possible and practical, any information that was made available and is considered important up to 31 August 2020, such as the assessment of amounts owing to creditors and costs associated with the voluntary administration and the DOCAs, market based data related to discount rate and implied multiples.

2.8. Forward looking statements and forecast financial information

Certain statements in this IER may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, financial performance and achievements of VAH Group to be materially different from the forecast results, financial performances or achievements expressed or implied by such forward-looking statements. Such factors include:

- General economic conditions
- Future movements in exchange rates, interest rates and taxes
- Impact of terrorism, the current COVID-19 pandemic or other broader economic conditions
- Emergence of competing technologies
- Changes in laws, regulations, government policies or the interpretation of laws
- Other factors referenced in this IER.

FTI Consulting was provided with a financial model (**Model**) that was prepared, by the directors of VAH with input from its advisors and the Administrators, as part of the ongoing management processes of the VAH Companies, and in particular in connection with the restructuring of the VAH Group and the potential sale of the Business or the Assets of the VAH Group. It was provided to selected bidders on a strictly confidential basis and was subject to due diligence by the parties.

- There is a high level of volatility and uncertainty, specifically in the aviation industry, with regards to any forecast financial performance under the COVID-19 pandemic environment which makes it difficult for any player to forecast with a high degree of certainty.
- FTI Consulting has relied on the Model for the purposes of preparing this IER and the directors of VAH remain responsible for the Model. FTI Consulting has made significant enquiries and undertaken significant analysis in relation to the Model, as summarised in our IER. FTI Consulting is of the view that the Model has been prepared on a reasonable basis and is suitable for the purposes of our IER.

2.9. Consent and other matters

Our Report has been prepared in accordance with the relevant provisions of the Act and the ASIC RGs. It has been prepared for the exclusive purpose of assisting the Administrators in the S444GA Application for the Court, ASIC granting relief from S606 and to provide Shareholders with a valuation of VAH and inform Shareholders of the restructure.

Our Report will be attached to the Explanatory Statement.

Neither the whole or any part of this Report or its appendices or any reference thereto may be included in any document, other than the Explanatory Statement, without the prior written consent of FTI Consulting. FTI Consulting consents for the inclusion of this Report, in the form and context in which it appears, in the Explanatory Statement.

Our opinion is based solely on the information available and provided to us by VAH and the Administrators as set out in Appendix J.

We have not updated our report for events or circumstances arising after the date of this report, other than material items that we believe would impact our opinion. Refer to our limitations and disclosures in Appendix A regarding the basis of preparation and use of this Report.

FTI Consulting has prepared a Financial Services Guide (**FSG**) in accordance with the Act. The FSG is included as Part 1 of the Report.

2.10. Sources of information

In preparing this Report, we have relied on information as summarised in Appendix J, some of which was provided by the management of VAH (**Management**) and the Administrators and some was obtained from public sources.

The directors of VAH have requested FTI Consulting to limit the disclosure of the certain commercially sensitive and confidential financial information such as the Model that was provided to bidders in the data room on a strictly confidential basis. Therefore, we have not disclosed the details of the financial forecasts in the Model but have discussed the key assumptions and trends we noted from our review of the Model that were of relevance for the valuations.

All documents relied on in support of our opinion are either referred to in the body of this report, identified by way of footnote, or are referred to in the appendices to this report.

We have had discussions with Management and the Administrators in relation to the DOCAs, the operations of the business, financial results and financial position and outlook for VAH.

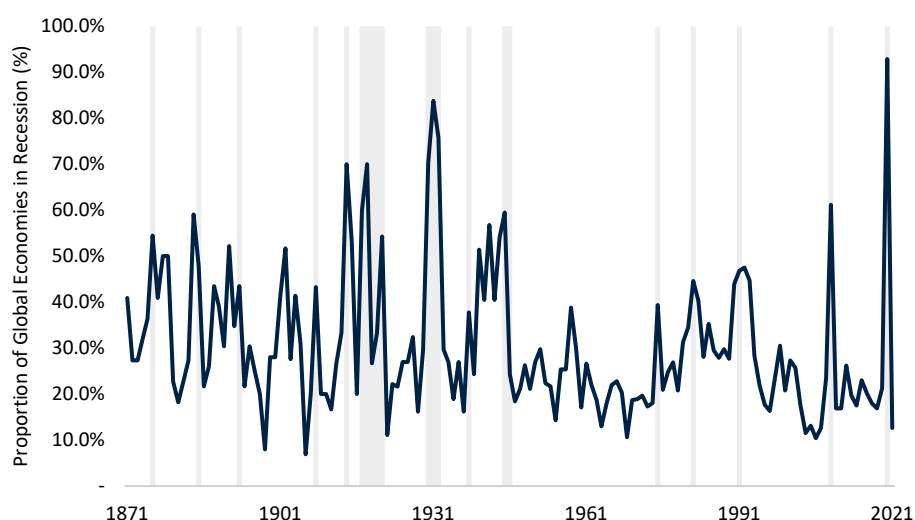
3. Economic environment

3.1. Introduction

As of the date of our report, the outlook for both the global economy and the Australian economy remains highly uncertain due to the sudden economic shock caused by the COVID-19 global pandemic. The measures put in place by various governments across the globe to contain the spread of the virus have plunged the global economy into a state of distress not seen since World War II. The severity of the world's economic crisis, the extent of the future spread of the virus, and the timeframe for recovery are still unknown variables, making projections of economic, industry and company performance, with any reasonable degree of certainty, extremely difficult.

In the context of previous recessions, the global impact of COVID-19 is unique, as on a per capita, annual gross domestic product (GDP) growth basis, nearly 93.0% of a sample of 183 economies across the world are currently in recession according to studies performed by the World Bank. This level of widespread, international economic distress has not been seen since World War II, as illustrated in the figures below.

Figure 1: Proportion of Global Economies in Recession (%)¹³

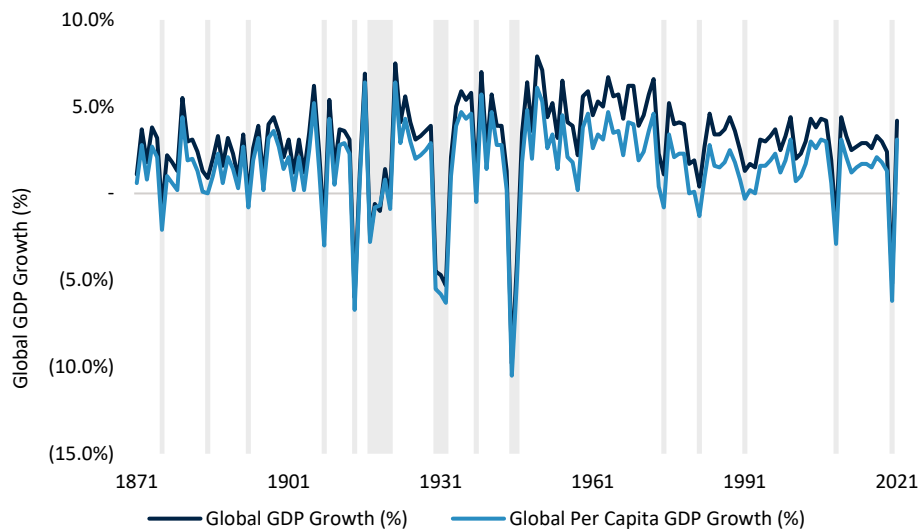


Source: Bolt et al. (2018); Kose, Sugawara, and Terrones (2019, 2020); World Bank.

Note: Data for 2020-21 are forecasts. Shaded areas refer to global recessions.

¹³ Figure shows the proportion of economies in recession, defined as an annual contraction in per capita GDP. Sample includes 183 economies, though the sample size varies significantly by year.

Figure 2: Global GDP Growth (%)



Source: Bolt et al. (2018); Kose, Sugawara, and Terrones (2019, 2020); World Bank.
Note: Data for 2020-21 are forecasts. Shaded areas refer to global recessions.

The global economy will take a significant period of time to recover, and it remains to be seen how extensive or persistent the damage of the COVID-19 recession and The Great Lockdown will be on demand, business models, and other fundamentals of our global economies. The economic recovery will also largely depend on the extent of the future spread of the virus, with a number of countries already showing signs of the emergence of a second wave of COVID-19, and the availability and efficacy of a vaccine, both of which remain unknown. Further, current levels of wealth inequality and geopolitical and trade tensions may also hamper the speed of economic recovery post-COVID-19.

This section of our report focusses on the impact of the pandemic on the global and Australian economies, as the future performance of and lasting damage to both the airline industry as a whole and VAH will largely depend on the speed of economic recovery, as well as a number of other key economic and epidemiological drivers.

3.2. Global economic overview

The future trajectory of the global economy is highly uncertain, with a wide variability of forecasts published by reputable sources. In its August 2020 Economic Outlook Speech, The Reserve Bank of Australia (RBA) predicted a contraction in global GDP by more than 4.0% in 2020, before a recovery of almost 6.0% in FY21, leaving global GDP still below where it would have been on a pre-COVID-19 trajectory. The RBA has suggested that any recovery in the global economy will be driven predominantly by fiscal and monetary policy easing, as well accommodative financial conditions.

The World Bank has predicted a larger shrinking in the global economy of 5.2% in 2020, which would represent the deepest recession since World War II, and the largest proportion of global economies in recession (on a per capital basis) since 1870¹⁴. The World Bank predicts that advanced economies will be even harder hit, with economic activity anticipated to shrink by 7.0% in 2020, as domestic supply and demand, trade, and finance have all been disrupted. The economic damage could last well beyond 2020, with precipitous losses of income brought on by waves of lockdowns, company closures, and travel restrictions eroding consumer and business confidence, resulting in reductions in spending and investment weighing heavily on both supply and demand¹⁵.

¹⁴ World Bank, June 2020, Global Economic Prospects

¹⁵ Ilut and Schneider 2014; Bhandari, Borovicka, and Ho 2019

The Economist Intelligence Unit's (EIU) outlook for the global economy is summarised in the table below. These forecasts form the basis for our more detailed discussion of global economic conditions in the subsequent pages of this report.

Table 5: Global Economic Outlook

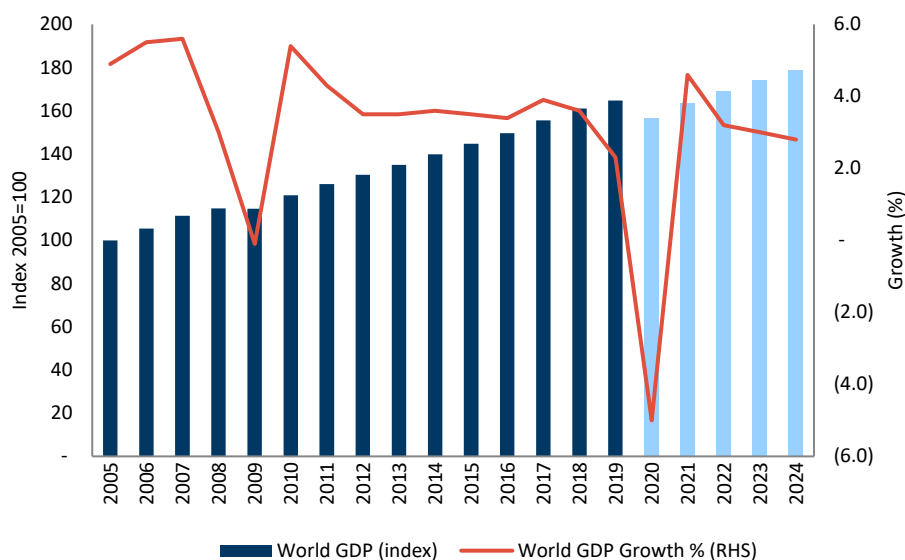
	2019A	2020F	2021F	2022F	2023F	2024F
USA GDP growth (%)	2.3	(5.3)	3.7	2.6	2.2	2.0
OECD GDP growth (%)	1.7	(6.3)	4.0	2.5	2.1	1.9
World GDP growth (%)	2.3	(5.0)	4.6	3.2	3.0	2.8
World trade growth (%)	0.9	(22.6)	11.9	4.9	4.1	3.9
USA CPI (%)	1.8	0.7	1.7	1.9	2.2	1.9
OECD CPI (%)	1.9	1.0	1.7	2.0	2.2	2.1
Oil (Brent; US\$/bbl)	64.0	40.5	45.0	55.5	60.0	57.0
US\$ 3-month commercial paper rate (avg.) (%)	2.2	0.7	0.4	0.4	0.9	1.4
A\$:US\$ (avg.)	1.43	1.49	1.45	1.45	1.43	1.42

Source: The Economist Intelligence Unit 2020

3.2.1. Global Real GDP Growth

The COVID-19 pandemic and the resulting lockdowns has caused a severe contraction in global economic activity in the first half of calendar year 2020. The EIU forecasts Global GDP to drop by 5.0% over 2020, compared to the contraction of 0.1% observed in the Global Financial Crisis (GFC).

Figure 3: World Real GDP, Index (2005=100) and Growth (%)



Source: Historical: IMF 2020 (World Economic Outlook, April 2020). Forecasts: Economist Intelligence Unit 2020 and FTI Consulting.

As the spread of the COVID-19 pandemic slows, social distancing and other mitigation measures may begin to ease in late 2020, with major disruptions in global trade and commercial activity progressively unwound throughout 2021. This will conceivably drive an economic recovery in calendar year 2021, assisted by producers capitalising on the backlog of unmet demand, pushing real GDP growth to 4.6%, as estimated by the EIU. After this point, growth is forecast to return to its long-term rate of approximately 3.0%. As a result of this, it may take at least two to three years for the global economy to recover to the level of activity attained in 2019 (in real terms).

The majority of countries have responded to the COVID-19 pandemic with fiscal programs to support businesses and households, at a level far exceeding the support enacted during the GCF. Countermeasures such as reduced-work-hour programs and assistance to workers on temporary leave have kept many employed, while financial support directly to firms as well as regulatory action to ensure continued credit availability have prevented a wave of bankruptcies.

Central banks have also cut interest rates significantly and have stepped in as buyers of last resort for government and corporate debt. In advanced economies, some central banks have applied innovative approaches (including the implementation of quantitative easing for the first time in some countries) to increase the scale of asset purchasing and have taken further steps to provide liquidity to the market and maintain investor confidence. These unprecedented support measures have contributed to a stabilisation of financial markets.

3.2.2. World Trade

Trade in both goods and services contracted sharply in the first half of calendar year 2020, with trade in goods reported to have decreased by approximately 18.0% over the year to May 2020. This weakness has been observed in virtually all categories of goods.

Trade in services has also declined sharply, as a result of international travel coming to a near standstill in the first half of 2020. Some international travel has restarted in recent months, with the European Union (EU) reopening its internal borders in June 2020, as well as allowing inbound travel from a select group of non-EU countries with low ongoing infection rates. Cross-border travel is also tentatively resuming in parts of Asia, initially limited to predominantly business travel between select destinations. With countries across the globe beginning to show signs of a second wave of contagion, the further relaxation of international travel restrictions is highly uncertain.

Domestic airline travel appears to be climbing out of its trough, especially in economies where the spread of the COVID-19 virus has been slowed or stopped completely such as China and other parts of east Asia. USA domestic airline travel has also picked up since May 2020, despite high infection rates in various parts of the country.

Leading indicators show that new export orders have picked up since June 2020, suggesting that global trade has reached the bottom of the trough. Growth in total world trade is forecast to fall by 22.6% over 2020 by the EIU, with the predicted rebound in activity in 2021 to lift growth by 11.9%.

3.2.3. Interest rates and capital markets

Across the globe, central banks in advanced economies have maintained accommodative policy settings or further eased policies in response to the pandemic. A number of important policy rates remain near zero or below, with central banks signaling that rates will likely remain at these very low levels until sustained evidence emerges of progress towards employment and inflation goals. Consistent with this guidance and the forecasts of central banks, market pricing implies that policy rates are expected to stay at present (or even lower) levels for some time into the future.

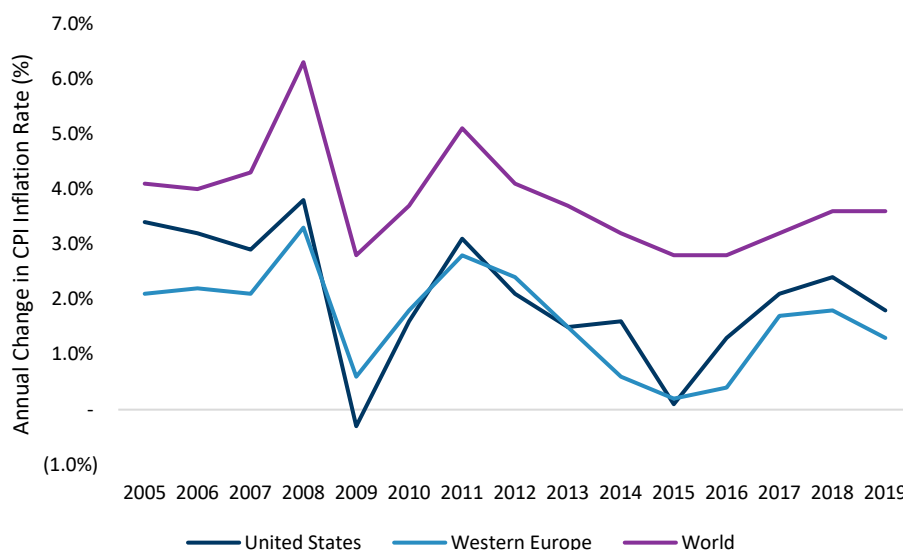
The fiscal response to the COVID-19 pandemic by various governments has resulted in large deficits and government bond issuance has increased substantially as a result. Despite this, government bond markets are functioning well, and yields have stabilised, albeit at historically low levels, supported by bond purchases by central banks as well as expectations of an extended period of lower policy rates.

Corporate borrowing rates have also been highly variable over the first half of 2020, however, yields have now declined to approximately pre-COVID levels, with non-financial corporations issuing record amounts of corporate debt. The corporate finance market has been reinforced by the introduction of various central bank programs supporting the flow of funding to businesses. Whilst corporate earnings have fallen sharply as a result of the downturn in economic activity, equity prices have risen across global markets as a result of these accommodative policies, as well as investors' expectation that the disruption to earnings brought on by the pandemic may be short-lived.

3.2.4. International inflation

The EIU expects that the combination of weaker economic activity and lower commodity prices could drive a decline in inflation rates in advanced economies in calendar year 2020. In some countries this decline has been partially offset by the impact of exchange rates on import prices, as well as supply chain disruptions driving demand fluctuation for both consumer staples and medical goods. Inflation rates are expected to increase gradually in 2021, in line with the projected increase in economic activity and GDP, as well as a stabilisation in oil prices. Nonetheless, the outlook for inflation remains muted, reflecting persistently weak outlook for aggregate demand.

Figure 4: Change in Inflation Rates by Region (%)



Source: IMF 2020 World Economic Outlook, April 2020

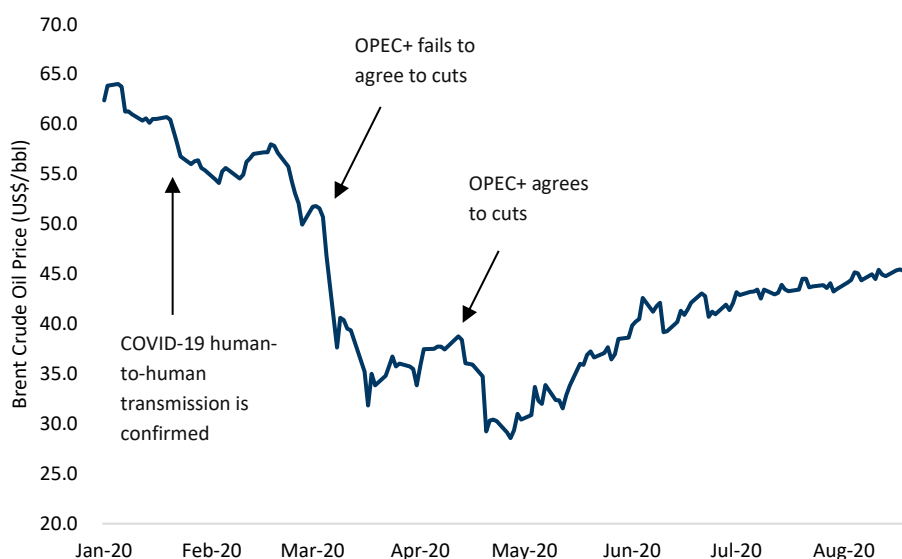
3.2.5. Oil prices

Volatility and drops in oil prices have both been key drivers of deflationary pressure during the first half of 2020. Whilst the price of Brent crude oil has increased in recent months, it remains approximately 27.8% lower than prices recorded at the end of 2019. This recent increase in prices has been supported by an increase in global demand, as well as oil production being cut to its lowest level in almost a decade. Forecasts for Brent crude oil prices prepared by the EIU show a decline by approximately 37.0% in 2020 to average US\$40.5/bbl, before recovering to US\$45.0/bbl in 2021.

Oil prices are a key driver of airline profitability. For example, jet fuel costs make up approximately 23% of VAH's total cost base. Prices are normally hedged well in advance by airlines in order to effectively "lock in" costs for ticket pricing, protecting margins. As a result of these hedging strategies, the YTD decrease in oil prices (and correlated jet fuel prices) may not have caused a commensurate benefit to airlines locked into higher hedged prices.

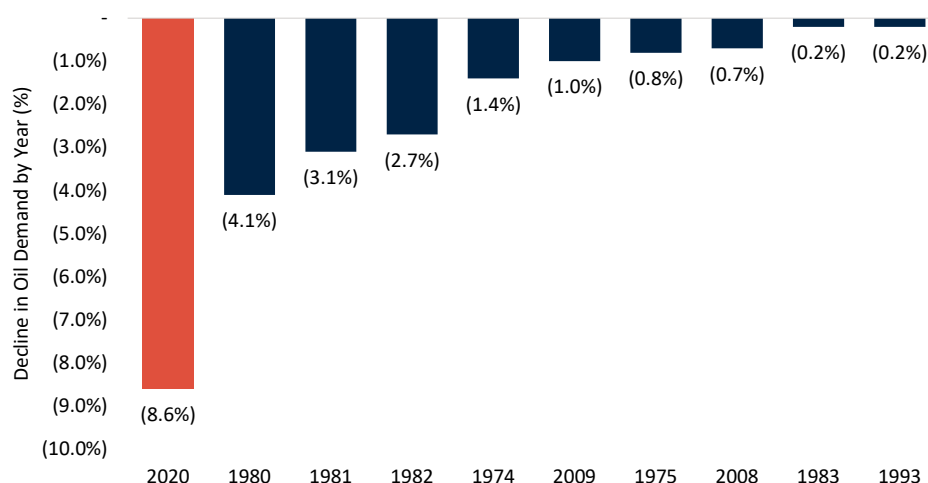
As a result of the decrease in transportation volumes due to COVID-19 mobility restrictions, the International Energy Agency has forecast the global demand for oil to reduce by 8.6% during calendar year 2020, the largest decrease on record since 1965, more than double that recorded in 1980 (4.1% decline).

Figure 5: 2020 YTD Brent Crude Oil Prices (US\$/bbl)



Source: Bloomberg; World Bank.

Figure 6: Years with the Largest Declines in Oil Demand (%)¹⁶



Source: BP statistical review; International Energy Agency; World Bank

Note: Data for 2020 are IEA estimates.

3.3. Australian economic overview

The COVID-19 pandemic has had a significant impact on Australian economic activity, with the level of disruption not experienced since the Great Depression. The RBA estimates that the peak-to-trough decline in Australian GDP over the first half of calendar year 2020 extended to as much as 7.0%, with corresponding declines in total hours worked and employment. This has driven an increase in the rate of labour force underutilisation to its highest level since the 1990s recession. Current estimates report approximately 30.0% of Australia's working-age population are receiving JobKeeper, JobSeeker or other support payments.

¹⁶ Figure shows the 10 largest declines in oil demand since 1965. Years on the x-axis indicate the year in which the decline occurred.

Although an initial recovery has commenced, the nature and speed of the recovery, as well as the flow-on effect to the aviation industry, remains highly uncertain, with an expectation that there will be a long-lasting impact from the pandemic on the economy.

Leading indicators suggest that the restrictions in place across Australia in response to the COVID-19 pandemic as well as social distancing requirements have resulted in significant losses in employment, with job numbers falling by 4.5% between the middle of March 2020 and the end of July 2020 (including jobs that are funded under the JobKeeper program)¹⁷. The latest data suggests that this decline in employment may have reached a trough, with modest growth in employment now observed in many states with the exception of Victoria. The introduction of social distancing measures and travel bans has also led to the closure or suspension of a significant amount of business activity across Australia, driving declines in household expenditure on accommodation and food services, recreation, and transport services. Increased investment in mining and Government expenditure is somewhat offsetting these declines in spending.

The second wave of community-transmitted infection in Victoria and the resulting Stage 4 lockdown will delay the resumption of interstate travel and the establishment of a Trans-Tasman travel bubble with New Zealand. As at the date of this Report, various interstate travel restrictions remain in place across Australia. In addition to the disruption to Australian airlines, and slowing the projected recovery in passenger demand, the reintroduction of these restrictions to contain the virus in Victoria (which accounts for nearly a quarter of Australian national output), as well as the reimposition of border controls in other states is likely to deliver a decline in domestic expenditure throughout all of 2020. The initial postcode specific Stage 3 lockdown in Victoria was announced on 30 June 2020, only shortly after the Administrators agreed to the sale of VAH with Bain.

The EIU's outlook for the Australian economy is summarised in the table below. These forecasts form the basis for our more detailed discussion on the specific Australian economic conditions in the next few pages of this report.

Table 6: Australian Economic Outlook

	2019A	2020F	2021F	2022F	2023F	2024F
Real GDP growth (%)	1.8	(4.4)	1.6	2.3	2.5	2.6
Industrial production growth (%)	2.4	(1.4)	2.2	2.4	2.6	2.5
Gross agricultural production growth (%)	(11.3)	(0.5)	2.2	1.6	1.4	1.3
Unemployment rate (avg.) (%)	5.1	7.9	7.1	6.8	6.5	5.9
Consumer price inflation (avg.) (%)	1.6	1.7	1.9	1.7	1.8	2.0
Consumer price inflation (end-period) (%)	1.8	1.3	2.3	1.8	1.7	2.2
Money market interest rate (avg.) (%) ¹⁸	1.2	0.3	0.3	0.3	0.3	0.5
General government balance (% of GDP)	0.2	(7.6)	(5.9)	(5.2)	(4.4)	(3.4)
Exports of goods fob (US\$ bn)	271.4	214.0	233.9	244.2	255.1	267.5
Imports of goods fob (US\$ bn)	223.6	181.6	197.4	204.4	217.7	231.9
Current-account balance (US\$ bn)	7.7	(17.1)	(19.2)	(17.6)	(23.5)	(26.6)
Current-account balance (% of GDP)	0.6	(1.3)	(1.4)	(1.2)	(1.5)	(1.7)
External debt (year-end) (US\$b) ¹⁹	1,540.8	1,523.6	1,520.2	1,517.6	1,513.3	1,510.7
Exchange rate A\$:US\$ (avg.)	1.427	1.488	1.446	1.445	1.432	1.419
Exchange rate A\$:US\$ (end-period)	1.463	1.460	1.444	1.439	1.425	1.420

Source: The Economist Intelligence Unit 2020

¹⁷ ABS 2020 (6202.0 - Labour Force, Australia, Jul 2020)

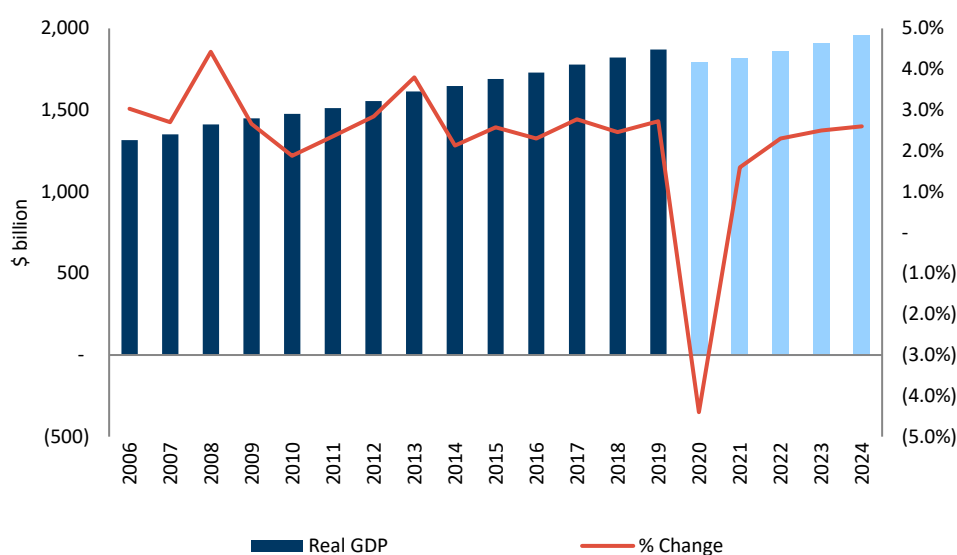
¹⁸ Economist Intelligence Unit estimates.

¹⁹ Economist Intelligence Unit estimates.

3.3.1. Gross Domestic Product

According to information from the Victorian Government, the heightened Stage 4 restrictions in Victoria will be in place until late September, with future relaxations dependent on a sufficiently low levels of daily recorded cases. Restrictions in other states and territories across Australia are expected to continue to be gradually lifted or remain modestly tightened (relative to Victoria) for a limited time, though the speed and timing of the relaxation will depend on each region's unique COVID-19 circumstances. Restrictions on international traveller departures and arrivals are also expected to remain in place until the middle of 2021. As a result of these conditions, real GDP is forecast by the EIU to contract by 4.4% over calendar year 2020. The recovery in 2021 is expected to be modest, at 1.6% growth, with momentum building thereafter, averaging 2.5% growth over the following three years to 2024. This recovery trajectory is slower than that forecast for the global economy, with airlines expected to be impacted significantly by the imposition of the aforementioned domestic and international border controls.

Figure 7: Australian GDP: 2006 – 2024F



Source: ABS 2020 (5206.0 - Australian National Accounts: National Income, Expenditure and Product, Mar 2020), Economist Intelligence Unit 2020 and FTI Consulting.

3.3.2. Unemployment

The Australian unemployment rate rose to 7.4% as at the end of June 2020, an increase from the average rate recorded across 2019 of 5.1%. Unemployment is expected to continue to increase over the remainder of 2020, reflecting both the imposition of Stage 4 restrictions in Victoria, the wind-back of Government support measures, and continued social distancing measures, all of which will reduce the speed of recovery in key services activities, and according to estimates by the EIU, will drive the forecast average unemployment rate of 7.9% for 2020.

These changes will affect household income particularly, with households currently benefitting from the employment subsidies (especially JobKeeper payments) which is preventing a sharper rise in the unemployment rate in 2020. An improvement to household income is likely to have a flow-on effect on the demand for leisure travel, as Australian consumers have deferred discretionary travel expenditure. The job losses and reductions in worked hours will also impact other key sectors of the economy, including other modes of transportation, as well as the housing sector (including both real estate and construction).

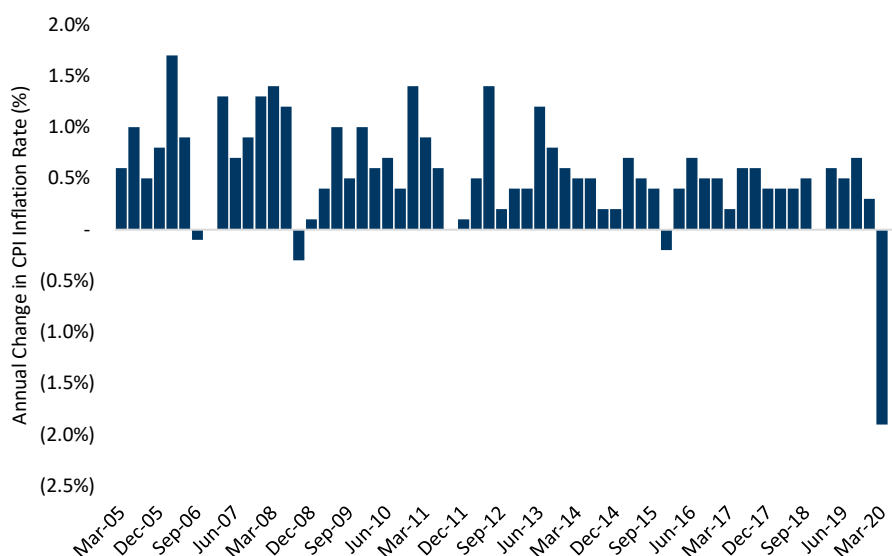
A mild recovery in employment rates is underway in industry sectors and regions that have been able to relax COVID-19 restrictions, with growth evident in the mining, public administration and utilities sectors. There is also some employment growth outside of tourism destination regions in Queensland, New South Wales and Western Australia. Employment growth is likely to recover over 2021 and 2022 as restrictions are eased further, especially any restrictions on mobility between regions and states in Australia. Despite this, it will take some time yet to erode the increases in the unemployment rate, which the EIU projects to fall gradually to 7.1% over 2021, and 6.8% in 2022, prolonging the economic recovery in Australia.

3.3.3. Inflation

Consumer price inflation in Australia has been subdued in recent years, averaging 1.6% over 2019, below the RBA's targeted inflation band of 2% to 3%. The Consumer Price Index (CPI) fell 1.9% in the June quarter of 2020, driven by temporary declines in the cost of childcare, a sharp reduction in fuel prices, and declines in rental accommodation costs. Disruption to global supply chains as a result of COVID-19 will continue to exert supply-side pressures on inflation. The projected recovery in oil prices and the end of free childcare programs will likely prompt an increase in inflation over the second half of calendar year 2020, resulting in an expected average increase to CPI across the year of 1.7%.

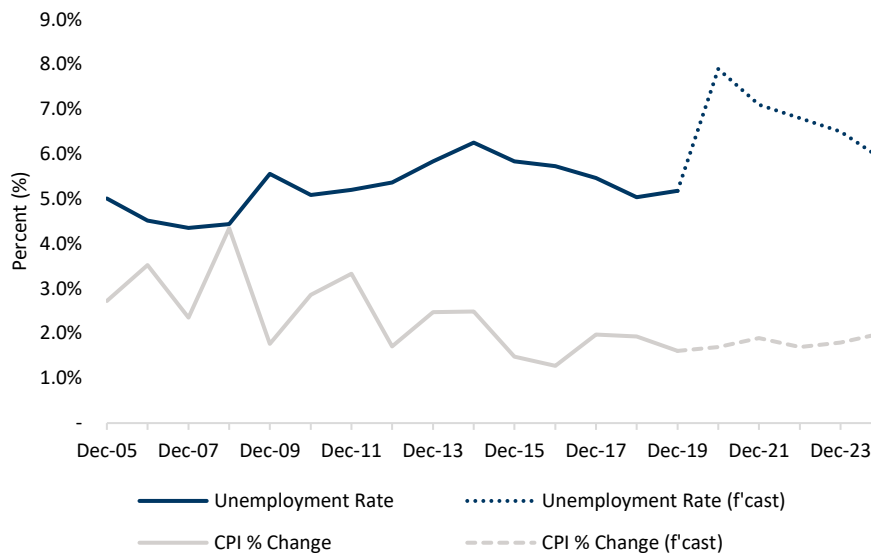
In the longer term, the expected recovery in both domestic and external demand conditions as well as oil prices, will be partially offset by subdued wages growth, high levels of unemployment, and excess capacity in the economy, with the EIU predicting a gradual increase in inflation over 2021 to 2024, reaching an average of 2.0% in 2024.

Figure 8: Australian Quarterly CPI Inflation (%)



Source: ABS 6401.0, June 2020

Figure 9: Australian CPI Inflation and Unemployment Rate (%)



Source: History: ABS, Forecasts: EIU 2020

3.3.4. Interest rates

The RBA has cut interest rates progressively since November 2011 in order to stimulate growth in the Australian economy. The latest cuts by the RBA in response to the COVID-19 pandemic have reduced the cash rate target from 0.75% in December 2019 to 0.25% in April 2020. These cuts were designed to support the local economy as it grappled with the impacts of COVID-19 and The Great Lockdown. The RBA also employed a less conventional monetary policy targeting a 0.25% yield on three-year government bonds as well as the cash rate.

The RBA is projected to commence unwinding its unconventional yield curve control policy by the end of 2021, when the recovery in the Australian economy is expected to be well entrenched. However, the EIU expects that the reductions in the benchmark interest rates will be maintained for a much longer period, and remain unchanged until at least 2024, to ensure that the recovery is sustained.

3.3.5. Trade

The outlook for trade of goods in Australia is mixed. Lower oil prices have depressed liquefied natural gas exports, and agricultural exports have also fallen during 2020, reflecting the impact of the COVID-19 pandemic on the global economy. Whilst Australia's surplus in the trade of goods is expected to shrink in 2020, sustained export demand in key commodities such as iron ore will keep the trade account in surplus throughout 2020 to 2024. This will also be supported by recent increases in commodity prices, particularly iron ore and the recovery in oil prices.

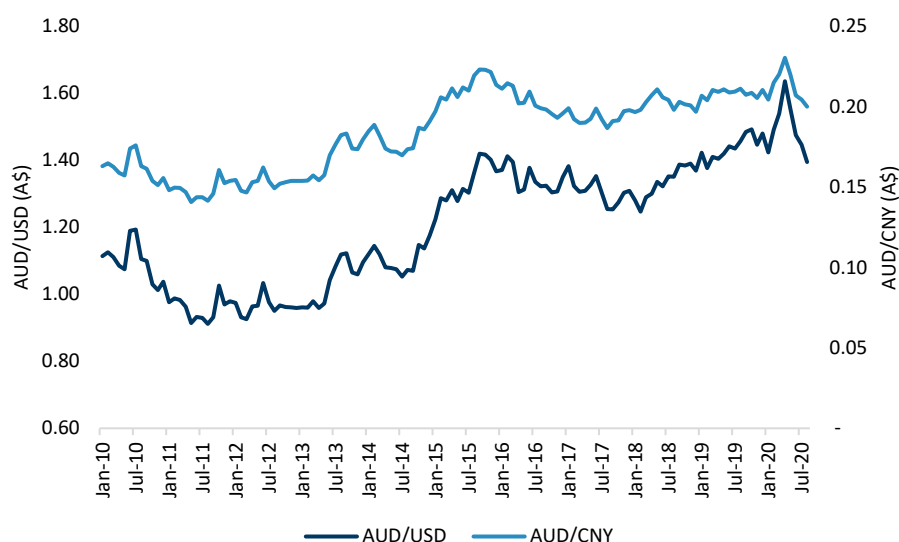
Travel restrictions to control the spread of COVID-19 have also impeded exports of services such as tourism and education. The balance of services will benefit from decreases in the number of Australians travelling overseas, with the likely diversion of some of this expenditure towards domestic tourism. This supports the view that Australian airlines will see a recovery in demand for domestic tourism before demand for international services returns.

3.3.6. Exchange rates

The disruption of economic growth and demand in China, easing of monetary policy settings by the RBA, and weaker commodity prices for some crucial exports caused a depreciation in the Australian currency in the initial half of 2020. The Australian dollar troughed at A\$1.80:US\$1.00 in mid-March 2020, a reduction of approximately 20% compared to the rate at the close of 2019. The Australian dollar recovered ground in recent months, as it became clearer that the Chinese economy was recovering, Australian export demand was firm, and that Australia was experiencing relatively low rates of COVID-19 infection. Based on information available up to mid-August 2020, the Australian dollar is projected by the EIU to average A\$1.49:US\$1.00 over 2020, a mild depreciation from the recorded average rate of A\$1.43:US\$1.00 throughout 2019. The Australian dollar is expected to continue to recover ground throughout 2021 to 2024, reflecting an increase in growth and the unwinding of the RBA's accommodative monetary policy settings.

The AUD/USD is particularly relevant to Australian airlines, where a significant portion of costs are in USD, as in the case of VAH, approximately 40% are in USD, including fuel, certain lease repayments, and principal and interest repayments on USD denominated debt. The depreciation of the AUD over the past 10 years has therefore had a negative impact on the margins of Australian airlines, however, like fuel prices, FX rates are often hedged and locked in to protect margins. The relative strength of the AUD also has a significant impact on the demand for leisure travel, with Australians generally preferring to travel overseas during periods of relative AUD strength. Inbound tourism to Australia, on the other hand, is more prevalent during periods of relative AUD weakness. This is particularly evident through the movement in the AUD/CNY, which has a large impact on Australian inbound tourism traffic, due to demand for travel to Australia from China for leisure and educational purposes.

Figure 10: AUD/USD (LHS) and AUD/CNY (RHS) Exchange Rates: 2010 – 2020 YTD



Source: S&P Capital IQ

4. Industry overview

4.1. Global Commercial Airline Industry

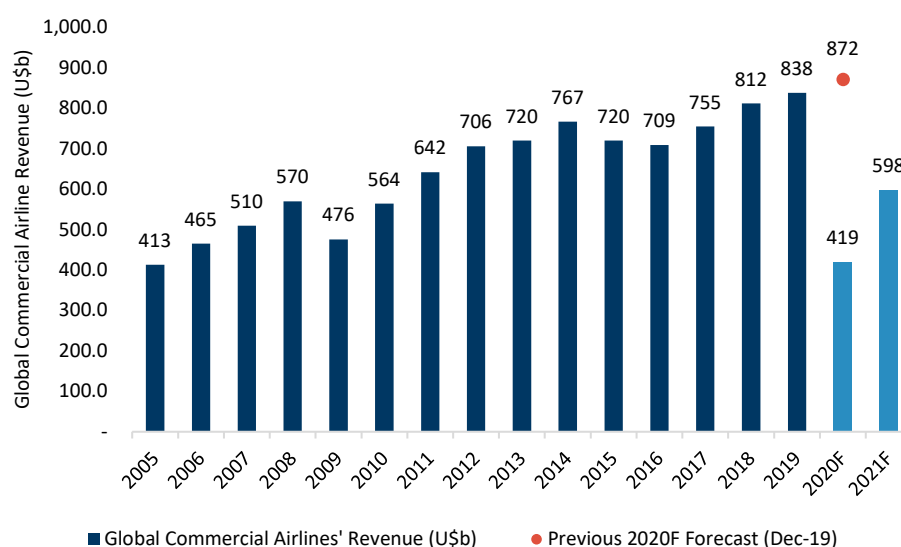
4.1.1. Overview and Impact of COVID-19

The size of the global commercial airline industry was estimated at approximately US\$838 billion in annual revenue terms in 2019. Industry revenue has grown at an average of 5.8% per annum over the past 15 years, however, growth has been subdued over the past five years due to volatile fuel prices, increasing competition and the flow-on effects to yields.

The impact of COVID-19 on the global commercial airline industry has been severe with social distancing and the implementation of travel restrictions between and within countries aimed at slowing the spread of the virus both having a significant impact on demand. As a result, calendar year 2020 is likely to see a revenue contraction of approximately 50.0%. The International Air Transport Association (**IATA**) have forecast a rebound in 2021 of approximately 43.0%, with recovery thereafter highly uncertain and largely driven by the availability of a COVID-19 vaccine; some sources have predicted a return to pre-COVID demand levels in three years while others are estimating five years or more. Price recovery will also lag the recovery in traffic volume, as was the case post 9-11, and will place further pressure on industry revenues during the recovery.

A range of fiscal support measures for commercial airlines have been implemented across different countries in response to COVID-19. Details on the specific support measures currently in place in Australia are provided later in this report.

Figure 11: Global Commercial Airline Revenues: 2005 – 2021F



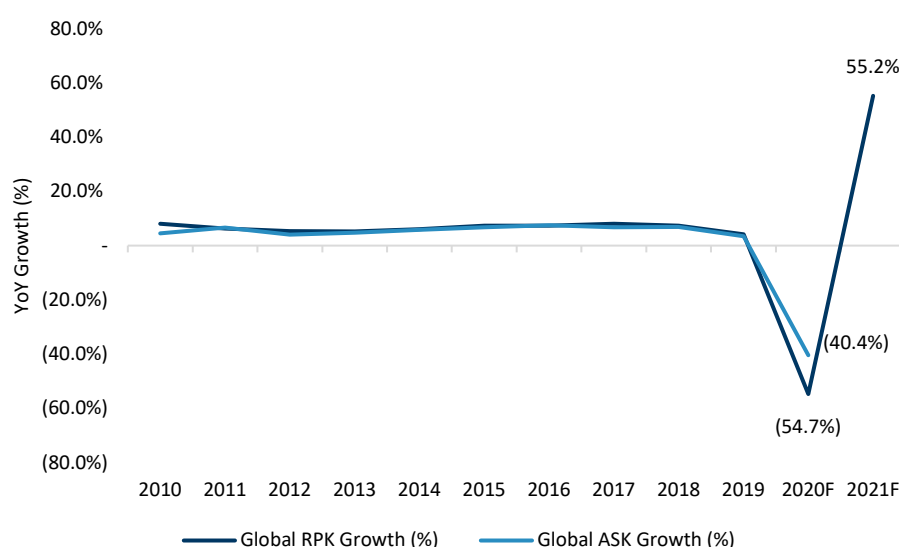
Source: IATA

Post the COVID-19 recovery, the global commercial airline industry is predicted to return to a growth rate of approximately 3% per annum driven largely by increases in global per capita income and travel activity, particularly in Asia and other emerging markets. The ability of airlines to pass on any increases in fuel prices via surcharge fees and ticket prices will also be critical. Competition is likely to remain fierce, particularly as consumers look for alternate, more environmentally friendly methods of transport.

Passenger traffic, measured in Revenue Passenger Kilometres (**RPK**), for global commercial airlines has increased by an average of 6.5% per annum over the past 10 years²⁰. This has outpaced growth in passenger capacity, measured in Available Seat Kilometres (**ASK**), which increased by an average of 5.7% per annum over the same period, increasing the efficiency of aircraft in use and leading to an increase in load factors²¹. This was in part due to the delay in delivery of Boeing 737 MAX aircraft, which would have increased the seats available across most airlines' fleets.

As a result of the COVID-19 pandemic, passenger traffic demand is expected to decrease by 54.7% in 2020, which will drive short term overcapacity as ASKs are predicted to contract by only 40.4% over the same period. Airlines will be unable to fully adjust capacity to meet the demand shock, as they continue to fly commercial flights below break-even load factors to recover fixed costs and conduct repatriation flights. Despite a rebound of approximately 55% in 2021, a recent forecast published by IATA has indicated that global RPKs are not expected to recover to 2019 levels until 2025, though they acknowledge a wide range of possible outcomes, particularly downside scenarios where demand may not recover for a much longer period. Business travel is likely to recover more quickly than leisure travel due to the pent-up demand but will recover to a permanently lower level than pre-COVID, as the broad adoption of video conferencing is expected to reduce the need to travel for work purposes.

Figure 12: Global Commercial Airline RPK and ASK Growth: 2010 – 2021F



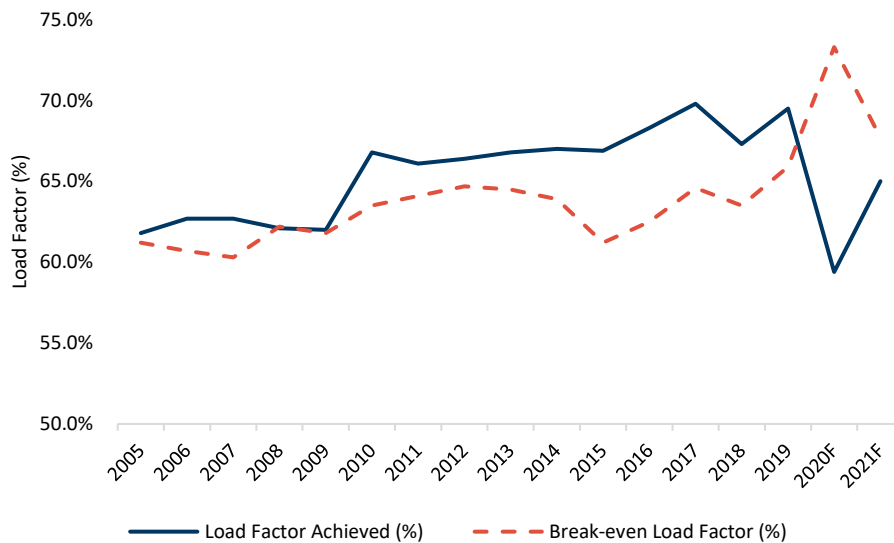
Source: IATA

Note: IATA has not published a forecast for 2021F ASK growth.

²⁰ RPK is the number of paying passengers carried multiplied by the number of kilometres flown and is a measure of traffic over a given period.

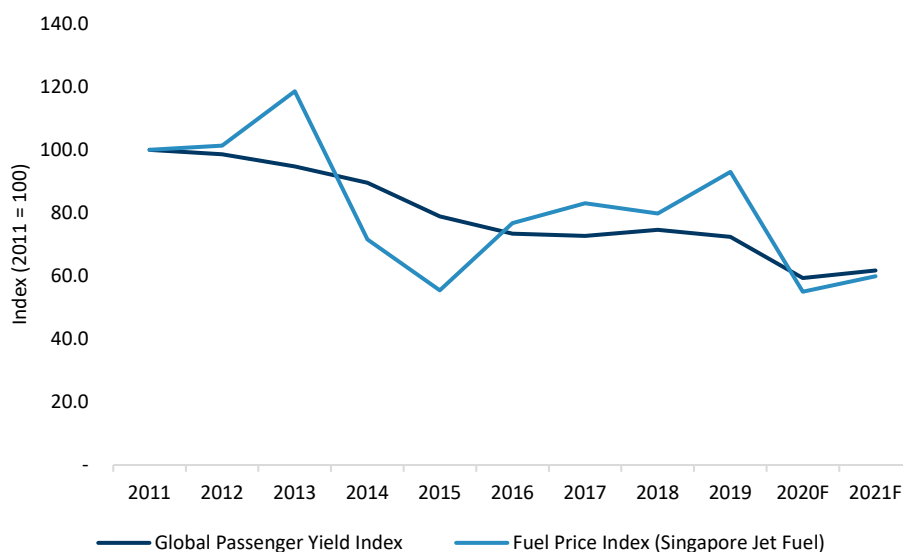
²¹ ASK is the total number of seats available for passengers multiplied by the number of kilometres flown and is a measure of capacity over a given period. Load factor is RPK divided by ASK and is a measure of an airline's ability to match its scheduled capacity to passenger traffic, i.e. in simple terms, how full the aircraft are.

Figure 13: Global Commercial Airline Load Factors: 2005 – 2021F



Source: IATA

Figure 14: Global Commercial Airline Yields vs. Singapore Jet Fuel Prices: 2011 – 2021F



Source: IATA, Bloomberg

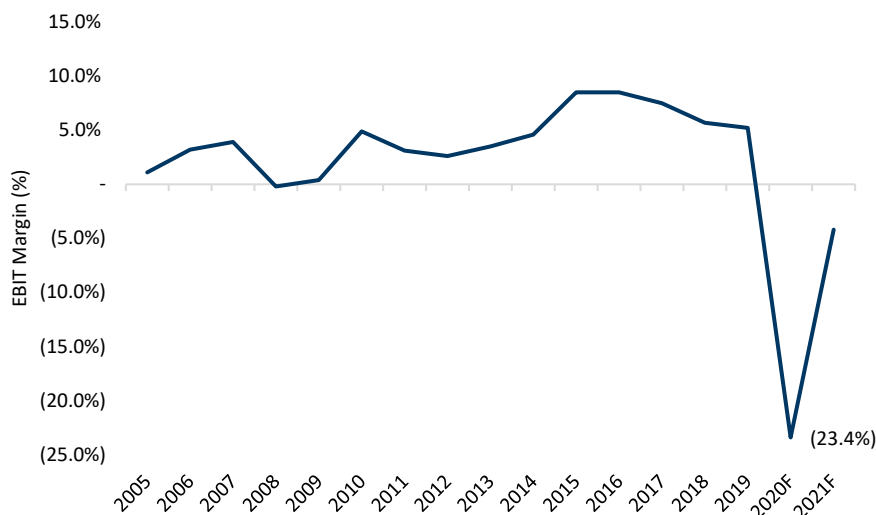
Data published by IATA shows that global commercial airline yields have decreased over the past ten years across all class types (i.e. both economy and premium class yields)²². This decline has been driven by a combination of excess capacity and reductions in global economic growth. Economy class yields have reduced by a larger amount than premium class yields, reflecting the higher degree of competition and excess capacity in the sector driven by new entrants. Fuel prices also have influence on yields (as evidenced by the Figure above), with any reductions or increases in jet fuel prices being passed on to customers via ticket prices or surcharges. The observed relationship is not 1:1, as the hedging conducted by airlines mitigates the month-to-month volatility in prices.

Airline margins have fluctuated widely over the past five years, predominantly driven by volatility in fuel prices (despite hedging). Average EBIT margins fell from 8.5% in 2015 to 5.2% in 2019, driven by an increase in fuel prices of 21% over the same period.

²² Yield is revenue earned per revenue passenger kilometre, i.e. it's the amount of revenue earned by the airline for the ticket, divided by the distance flown.

Due to the nature of forward ticket sales and partial hedging strategies, airlines were not able to fully pass on fuel price increases to passengers. IATA have forecast EBIT margins to drop to negative 23.4% in 2020 and remain negative in 2021 as airlines continue to operate below break-even load factors and fuel prices continue to rebound.

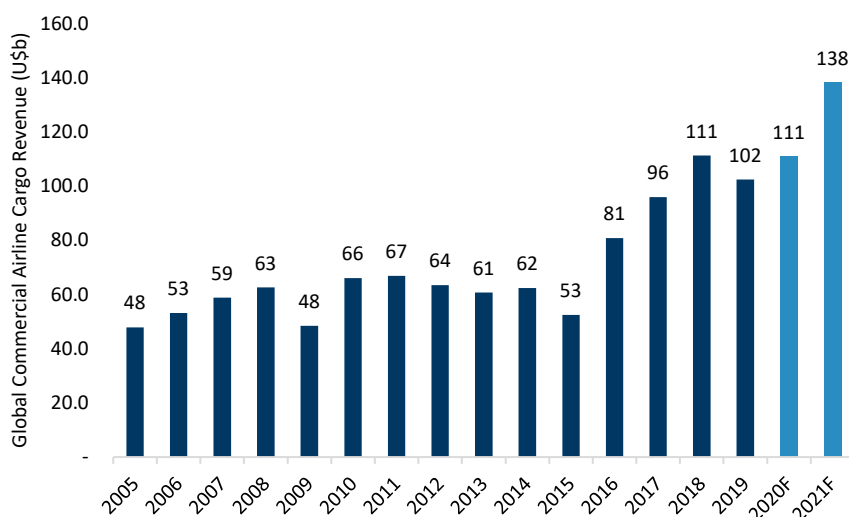
Figure 15: Global Commercial Airline EBIT Margin: 2005 – 2021F



Source: IATA

As a subsector of the global commercial airline industry, cargo remains a valuable revenue stream for airlines and stand-alone freight carriers. The size of the cargo industry was estimated at US\$102 billion in annual revenue terms in 2019 and has increased at a rate of 7.2% per annum over the past 14 years. Growth in the last five years has been more subdued, as demand growth, measured in Freight Tonne Kilometres (**FTK**), has averaged 3.1% per annum and yields have declined by 1.8% per annum over the same period²³. This reduction has been driven by an excess of aircraft capacity and increasing competition from waterborne freight transport, causing cargo transporters to lower shipping rates to remain competitive. Cargo is forecast to remain largely unimpacted by COVID-19, as yield increases of approximately 30% more than offset a reduction in FTKs of 17%.

Figure 16: Global Commercial Airline Cargo Revenues: 2005 – 2021F



Source: IATA

²³ FTK is the weight of the freight carried in tonnes multiplied by the number of kilometres flown, and is a measure of freight volumes over a given period.

4.1.2. Operating Characteristics

Typically, airlines across the globe:

- Have high, but decreasing, levels of operational leverage, as acquiring and maintaining aircraft requires substantial investment, but the industry has shifted recently towards a higher proportion of rented and leased planes;
- Are highly geared, as a result of the capital-intensive nature, and further exacerbated by increased aircraft leasing, particularly the rapid rise in popularity of Japanese Operating Lease with Call Option (**JOLCO**) leases;
- Are susceptible to economic shocks and cycles as passenger air travel is predominantly discretionary in nature;
- Have faced increasing competition, as the emergence of low cost carriers (**LCCs**) and ultra-low cost carriers (**ULCCs**) that provide relatively inexpensive air transportation have boosted the level of price competition in the industry, which has been contributing factor to the increase in airline insolvencies in recent years;
- Have relatively high labour costs and lack flexibility due to high union representation;
- Are highly susceptible to demand shocks from a range of external factors including terrorist threats, oil prices, movements in foreign exchange rates, safety issues, and pandemics, as evidenced by COVID-19; and
- Will continue to be impacted by a high rate of technological change, particularly in fuel efficiency due to the continued introduction of larger, more aerodynamic aircraft, and the development of new, more fuel-efficient engines.

Whilst the impact of COVID-19 on the future operations of airlines is yet to fully be understood, airlines across the world have favoured flexibility in recent months by delaying the delivery of new aircraft and conducting sale-and-leaseback arrangements to improve liquidity. Airlines will also look to continue and accelerate cost cutting exercises commenced pre-COVID-19 and take advantage of government support in order to sustain operations. COVID-19 is also likely to accelerate the shift towards point-to-point flying over hub and spoke models, with the increasing adoption of newer, narrow body aircraft capable of flying passengers over much longer ranges.

4.1.3. Types of Business Models

Three primary business models have developed in the global commercial airline industry:

- **Full Service Carriers (FSCs)** – Generally provide a high level of passenger service with a number of different classes (e.g. First, Business, Premium Economy, etc.) and complementary services. FSCs are also called legacy or flag carriers.
- **LCCs** – Introduced to undercut FSCs on airfares by maintaining a lower cost base and removing non-essential services. LCCs maximise yields by utilising dynamic fares but have been forced to adopt a differentiated position from ULCCs. Some LCCs are subsidiaries of aviation groups containing FSCs due to recent industry consolidation.
- **ULCCs** – A subset of LCCs, ULCCs target the absolute lowest airfares in a given region by reducing costs such that almost no other services are provided to passengers. Like LCCs, ULCCs still attempt to derive revenue from ancillary services, but generally have a greater number of add-on fees.

The typical features of the different business models are summarised in Table 7.

Table 7: Overview of Airline Business Models

Business Model Type	Full-Service Carriers	Low and Ultra Low-Cost Carriers
Class Set-up	Full range of in-flight service classes (e.g. First, Business, Premium Economy, Economy)	Limited range in-flight service class (generally economy and business/premium economy)
Ancillaries	Wide range of complementary and other services (e.g. meals, entertainment, etc.) included in ticket price	Additional services either not available or on a user-pays basis (particularly for ULCCs)
Fare Pricing	Higher fares reflecting the additional included services, with better customer segmentation between classes (e.g. business travelers)	Comparatively lower fares (particularly ULCCs) with little to no customer segmentation
Fleet Composition	Utilises a variety of different aircraft types to support various markets and sector lengths	Utilises a single aircraft type where possible to minimise cost base
Strategic Focus	Network profitability	Route profitability
Operations	Generally, operates from leading airports in major cities	Generally, operates from secondary airports to reduce terminal costs and congestion
Distribution Channels	Wide range of distribution channels including via international alliances	Predominantly internet bookings
Revenue Sources	Passenger revenues supplemented by air freight services and loyalty programmes	Maximising revenue from ancillary sources (e.g. in-flight sales)

Source: Broker and Industry Reports

4.1.4. Global Regulatory Environment

Each airline operates in a complex regulatory environment, adhering to standards and regulations set by various national government authorities and industry associations. Global air travel is governed by bilateral air service agreements between countries, which generally control where airlines can fly and how much they can charge. These bilateral air service agreements often allow a level of 'freedoms of the air' granting each country's airlines the privilege to enter and land in each other's airspace, and enable carrying people, mail and cargo internationally. Some countries charge airlines for these privileges in the form of Overflight and/or Landing fees. Airlines must also adhere to safety requirements, competition restrictions and environmental compliance standards. These standards are generally enforced by the International Civil Aviation Organisation (ICAO), an agency of the United Nations.

4.1.5. Recent Trends

Key recent trends in the global commercial airline industry include:

- The rise in e-commerce, particularly fare comparison sites, has increased competition between airlines, as customers with elastic demand (e.g. leisure travellers) search for the lowest cost airfares;
- Further adoption of technology by airlines has driven improvements to the customer experience (and reduced costs). Examples include mobile apps for purchasing tickets, travel alerts and flight information updates and changes to the check-in systems including wider adoption of self-service kiosks;
- Flygskam and the increasing customer awareness of the environmental impacts of flights;

- The decreasing fuel prices and growing competition in the first half of the 2010s placed downward pressure on airline yields, however, as fuel prices have increased in the second half of the 2010s, yields have remained broadly flat (i.e. airlines have been unable to pass on these fuel price increases to customers), increasing margin pressures;
- The emergence of ULCCs further increasing competition (particularly for LCCs) and driving consolidation;
- Increased adoption of JOLCO leases by airlines in order to access 100% financing rates; and
- Overcapacity in the global water freight transport sector has decreased maritime shipping rates, increasing competition for airlines that transport cargo.

Additionally, the industry will continue to be impacted over the next decade by: fuel price volatility; availability of alternative fuels and energy sources; regulation of emissions and noise pollution; increasing environmentalism; climate change and the increase in extreme weather events; geopolitical and economic instability; pandemics; cybersecurity risks; and changes in consumption.

4.2. Australian Domestic Airline Industry

4.2.1. Overview and Impact of COVID-19

The Australian domestic airline industry comprises airlines that operate aircraft on scheduled routes within Australia, transporting either passengers and/or freight. These airlines may also operate routes from Australia to other countries, which is covered as a separate industry discussion further on in this report. The size of the Australian domestic airline industry was estimated by IBISWorld at approximately \$13.7 billion in annual revenue terms in FY19. The industry has steadily grown at an average of 1.9% per annum over the past 10 years and has largely not faced the same competitive tensions as evidenced elsewhere in the global commercial airline industry.

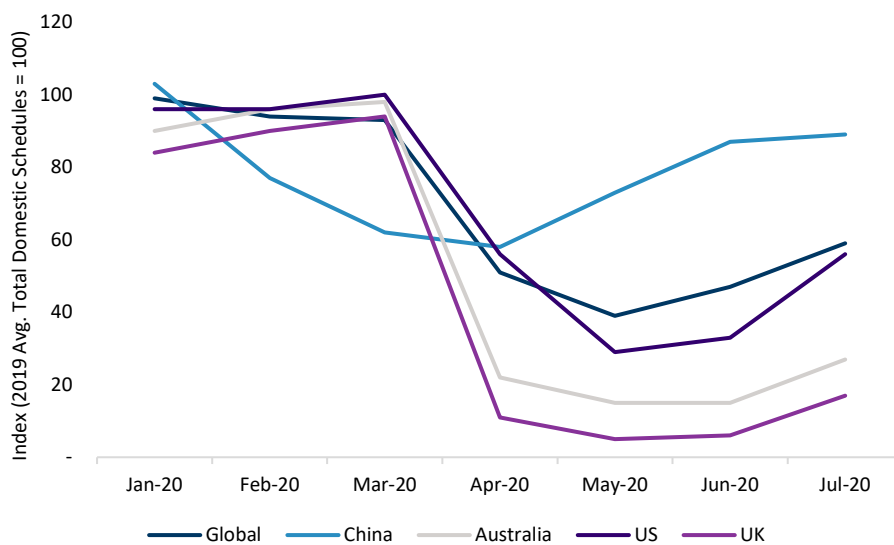
COVID-19 has had a significant impact on the Australian domestic airline industry, with the key factor being the implementation of travel restrictions between state and territory borders and forced hotel quarantine in order to stem the spread of the virus, with flow-on impacts to demand for air travel. As such, some flights within states have remained largely unaffected (e.g. Western Australia's Fly-in-Fly-out charter flights), whilst others have virtually ceased operating. As of the date of this Report, various interstate travel restrictions remain in place across Australia. There are no forecasts for the Australian domestic industry since the latest wave of COVID-19 spread on the eastern seaboard, and whilst revenues are likely to follow a similar curve to the global forecast described above (i.e. large contraction in FY20 followed by a rebound in FY21) the exact size and timing of the recovery is highly uncertain.

In response to the impact of COVID-19 on Australian commercial airlines, the Australian Federal Government has put in place a range of fiscal support measures to support the industry. These fiscal support measures include:

- A relief package from a range of taxes and Government charges including reimbursement of aviation fuel taxes, relief from Airservices Australia charges, rebates for Domestic Aviation Security costs, and additional funding for enhanced regional airport security requirements;
- The Domestic Aviation Network Support (**DANS**) program, whereby the Government has agreed to underwrite any operating cost shortfalls on a minimum number of flights across limited domestic network of critical metropolitan and regional routes in Australia; and
- The Regional Airline Network Support (**RANS**) program, similar to the DANS program, whereby the Government has agreed to underwrite any operating cost shortfalls for a limited number of services on regional routes flown prior to the COVID-19 crisis. Additional funding was also provided as direct financial support to smaller regional airlines.

As depicted below, the Australian response to COVID-19 has resulted in the virtual cessation of domestic flights, with scheduled flights down 85% compared to FY19 levels in both May-20 and Jun-20. Australian domestic flights were already below FY19 scheduled levels in Jan-20 and Feb-20 as a result of the bushfires in early 2020. Whilst Jul-20 has seen a slight recovery, with flight numbers only down 73% compared to FY19, the future trajectory will largely depend on the ability of individual states and territories to control COVID-19 outbreaks, and borders to be re-opened. As at the date of this Report, interstate travel restrictions remain in place across Australia. The Northern Territory government has suggested that border controls (in some shape or form) will likely be in place for the next 18 months. The extent of support from the Australian Government, particularly any extensions to the current flight underwriting scheme, will also drive the local recovery curve. It is expected that the continued closure of international borders may drive Australians to travel more domestically in the short-term, boosting the speed of the recovery.

Figure 17: Domestic Flights Scheduled by Geography: 2020 vs. 2019 Avg.



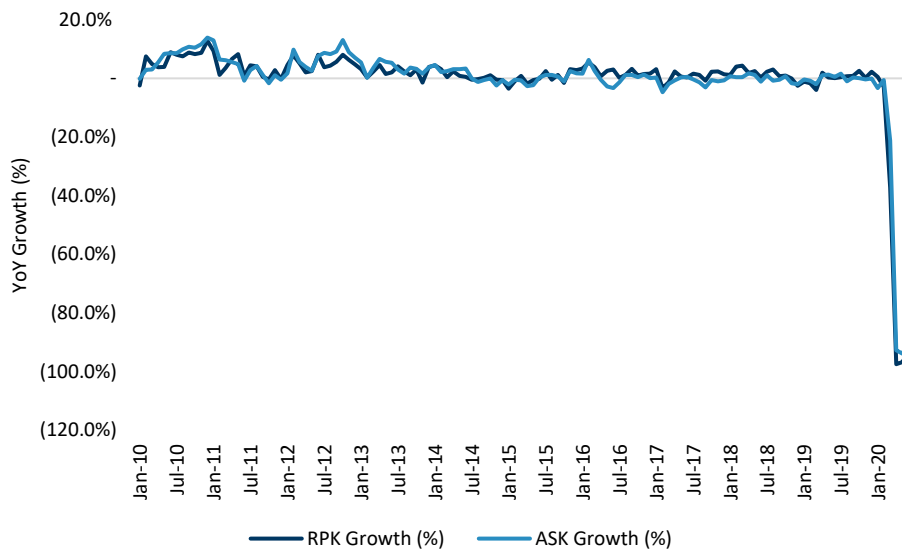
Sources: J.P. Morgan, Karen Li's report on China Airports (OAG)

Passenger traffic (measured in RPKs) for the Australian domestic airline industry has increased by an average of 2.3% per annum over the past 10 years, far below the global growth rate of 6.5%, in part due to Australia's lower population growth rates. This has outpaced growth in passenger capacity (measured in ASKs), which increased by an average of 2.1% per annum over the same period, leading to a gradual increase in load factors as depicted below. In addition to the delay in the delivery of Boeing 737 MAX aircraft, this largely reflects Australia's status as a more mature airline market, with stable but lower rates of growth.

Australia's domestic passenger market is one of the most attractive domestic markets in the world, largely due to the 'Golden Triangle', a series of routes between Sydney, Brisbane and Melbourne that are some of the busiest routes globally. This is predominantly due to the isolated nature of the various capital cities with limited alternative methods of rapid transport.

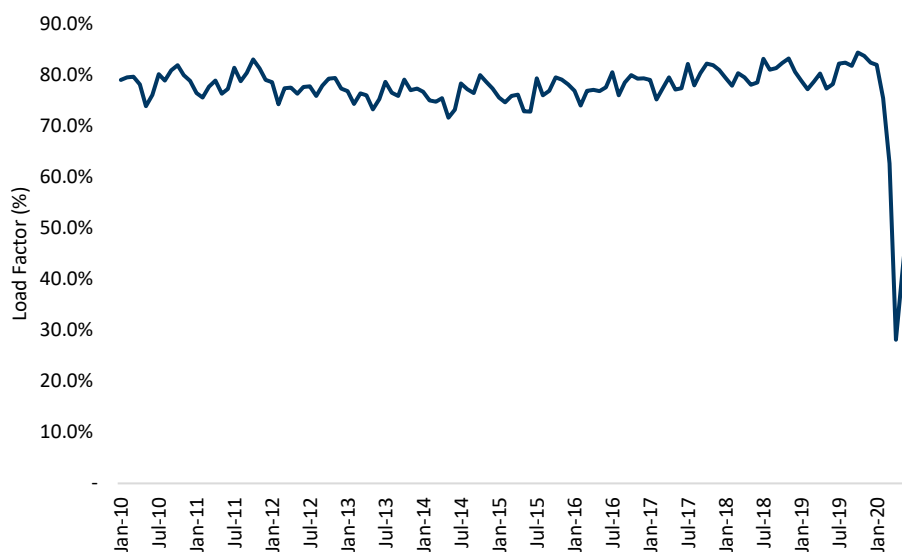
As a result of the COVID-19 pandemic, demand for air travel decreased dramatically, falling by 97.4% in Apr-20 compared to Apr-19, and was down by the same amount compared to Jan-20. However, between Jan-20 and Apr-20, capacity (in ASKs) had fallen by a comparatively lower amount, 92.5%, reflecting both the government underwriting scheme, as well as airlines continuing to operate a very limited schedule of domestic flights with much lower load factors (28.2% in Apr-20). Both RPKs and ASKs have recovered slightly during May-20 and Jun-20 as states (excluding Victoria) have gradually relaxed restrictions.

Figure 18: Australian Domestic Airline RPK and ASK Growth: 2010 – 2020 YTD



Sources: BITRE

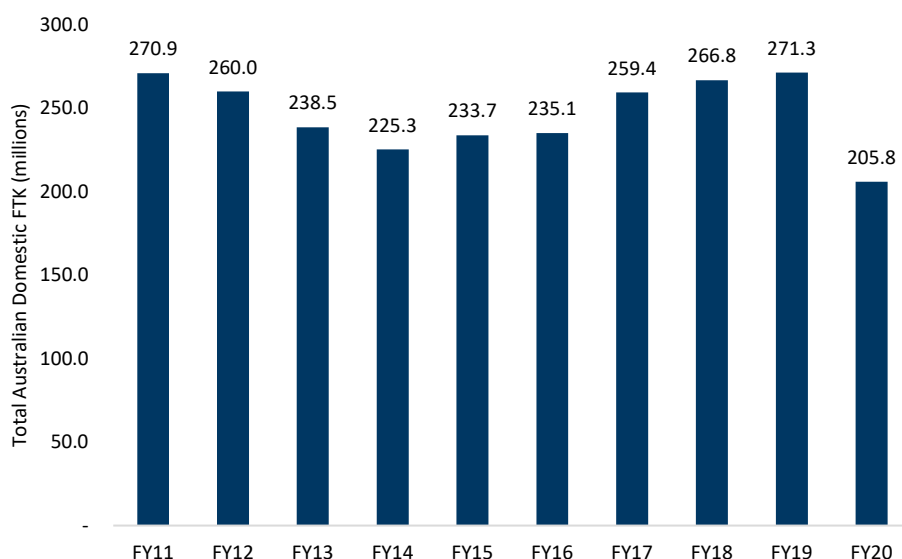
Figure 19: Australian Domestic Airline Load Factors: 2010 – 2020 YTD



Sources: BITRE

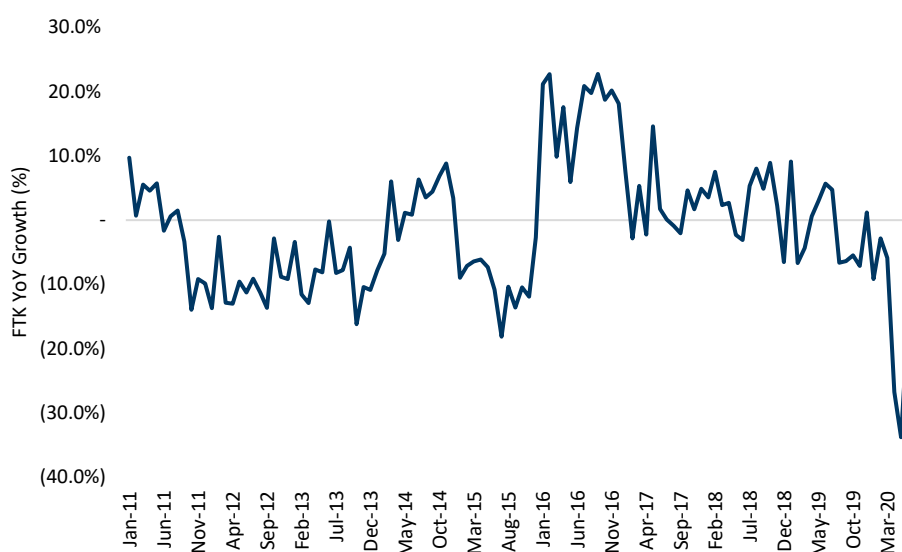
As a subsector of the Australian domestic airline industry, cargo is relatively small, representing only 2.8% of industry revenues, and although total domestic airfreight traffic (measured in FTKs) has increased over the last five years (as per the Figure below), competition with alternative freight transport services has constrained prices, and thus limited industry revenue growth. Domestic airfreight is generally only used for time-sensitive items, as the relatively high cost makes road and rail freight more attractive. Overall FTK growth had been broadly flat prior to COVID-19, as total FTKs in FY11 and FY19 remained the same at 271m ton kilometres, before decreasing by 24.1% in FY20 to 206m ton kilometres.

Figure 20: Australian Domestic Cargo FTKs: FY11 – FY20



Sources: BITRE

Figure 21: Australian Domestic Cargo FTK Growth: 2011 – 2020 YTD



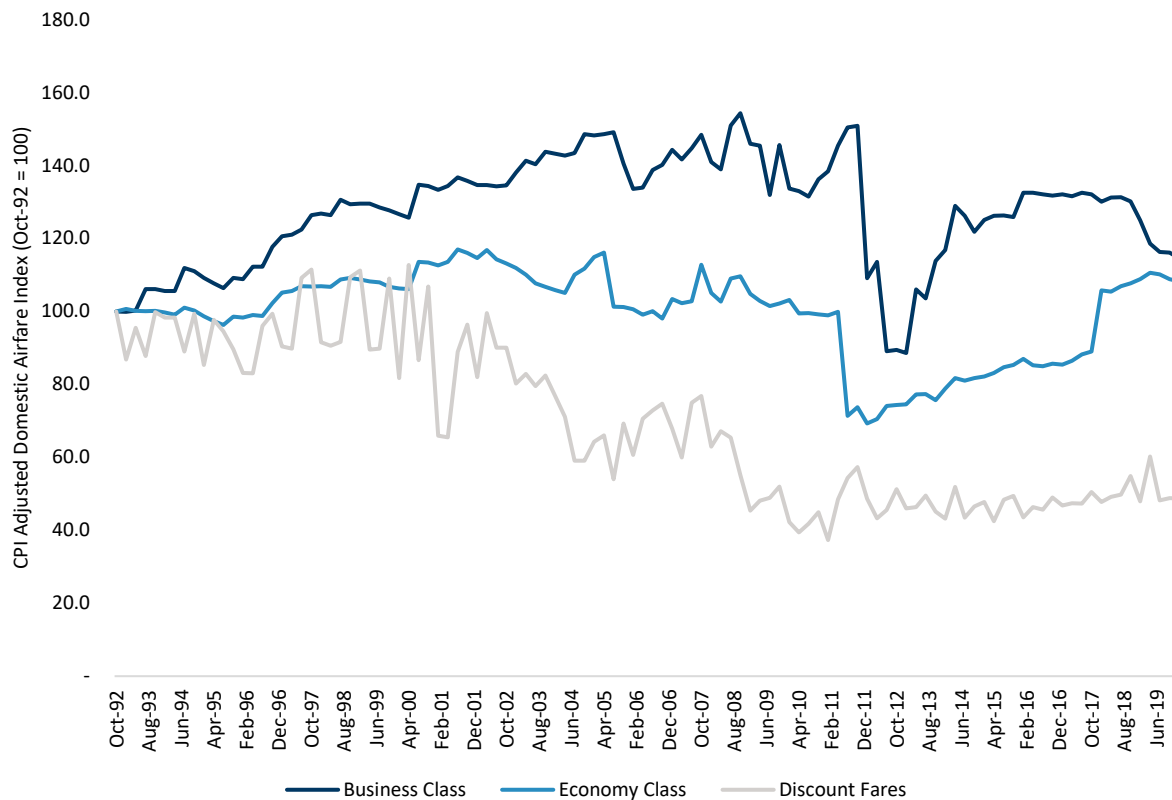
Sources: BITRE

4.2.2. Key Players and Industry Segments

Business travellers are a significant component of the domestic airline travel segment. They more frequently purchase full-fare services than leisure travellers due to the flexible nature of the tickets, which enables changing flights with minimal costs and allows access to business lounges. As a result, the business travel market is generally less volatile and generates higher yields than the leisure travel market. Business travellers are also less price-sensitive than leisure travellers as they are less able to defer their travel if airfares rise.

Leisure travellers and families have increasingly favoured LCCs as their trips are usually planned well in advance and can be timed better to coincide with lower prices. As leisure customers are more price-sensitive, movements in airfares greatly influence demand for leisure-related air travel. The Figure below shows average domestic fares over the past three decades, split between business, economy and discount fares.

Figure 22: Australian Domestic Airline Airfares by Class: 1992 – 2020 YTD



Sources: BITRE

In the first half the 2010s, domestic airfares fluctuated primarily due to price wars between Qantas and Virgin, as the expansion of Virgin's offering from an LCC to an FSC increased competition for customers on key domestic routes. However, in the second half of the 2010s, the two airlines focussed less on direct price competition, resulting in a more rapid increase in airfares. Economy airfares have reported the sharpest increase over the period, which has somewhat diminished demand from leisure travellers. Both Qantas and Virgin have targeted the SME business market, which has recorded soft demand over the past two years, resulting in the airlines reducing business class airfares. Domestic discount airfares have remained low for most of the last 10-year period. Competition between Jetstar and Tigerair has remained strong, maintaining pressure on profit margins, and driving both airlines to reduce the number of inefficient routes.

The Australian domestic airline industry is largely a duopoly, with Qantas (and Jetstar) and Virgin (and Tigerair) together holding the lion share of the market, however, a number of other smaller operators service predominantly regional routes. The key carriers in the Australian domestic market are:

- **Qantas Domestic** – Qantas is a dominant player in the domestic airline industry in part due to its established presence as Australia's national carrier, and operates through its extensive domestic flight network, transporting passengers and freight. Qantas captures a large share of the business traveller market due to the breadth of its network, large number of flights and its network of airport lounges. Qantas' \$2 billion transformation program has assisted profitability, as the airline has renewed its aircraft fleet, cut excess costs and refocused on its core premium market. Qantas Domestic's overall share of the domestic airline market is approximately 39% (including QantasLink)²⁴.

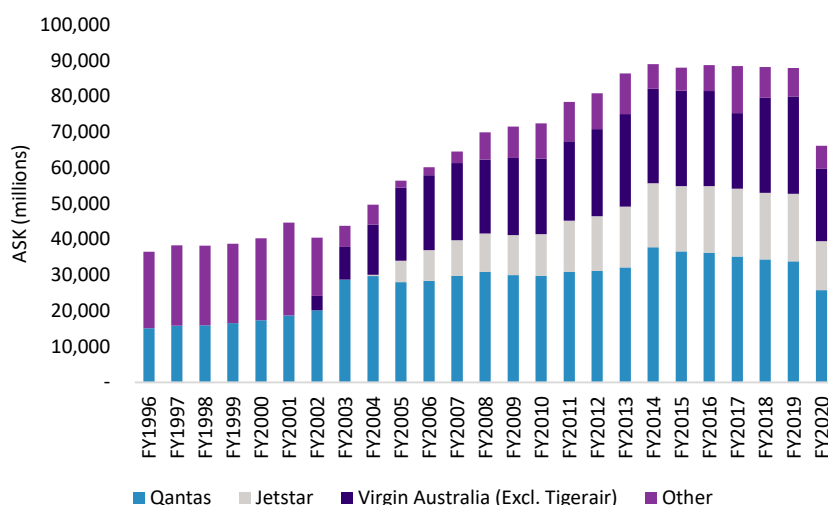
²⁴ Based on FY20 ASKs.

- **Virgin Domestic** – Virgin is the second key player in the Australian domestic market and has grown extensively since launching in the early 2000s as an LCC. Since transitioning from an LCC to an FSC in the early 2010s, Virgin has been competing directly with Qantas for business travellers, focusing on differentiating itself on quality rather than price. The future size of Virgin's domestic operations is uncertain given its financial distress and appointment of Administrators, though across FY20 it held approximately 31% of the Australian domestic market (including Virgin Australia Regional Airlines (VARA)).
- **Jetstar** – Jetstar is an LCC launched by Qantas to provide a low fare service focused on capturing the domestic leisure traveller market. Jetstar's destinations and flight schedules are generally coordinated to minimise direct competition with Qantas Domestic. Jetstar has delivered a significant increase in capacity on a number of key east coast leisure routes and has an overall share of the domestic airline market of approximately 21%.
- **Tigerair** – Tigerair is an LCC fully acquired by Virgin in 2015 (after purchasing 60% in 2013) and was acquired to boost Virgin's low-cost air travel services and enable better customer segmentation, as the Virgin brand shifted from an LCC to an FSC. In order to differentiate itself from Jetstar, Tigerair offered cheaper prices with less extras and a narrower standard seat width. Tigerair has undergone significant restructuring as a result of COVID-19 and if relaunched, the new owner of the VAH business is expected to operate Tigerair with a new brand. Tigerair's overall share of the domestic airline market was approximately 6.3% in FY20.

Regional players and smaller operators also exist in the industry (e.g. Regional Express and Alliance Aviation), servicing regional areas that are uneconomical for larger airlines. These small players have lower overheads as they operate smaller aircraft, which use less fuel and they typically lease their planes hence reducing capital expenditure. Qantas and Virgin operate in the regional market through QantasLink and VARA, though competition is less intense, as many routes are monopolistic. Regional players generally provide charter rather than scheduled flights, generating most of their revenues from providing Fly-in-Fly-out (FIFO) transport for the mining and energy sectors across Australia. In addition, some logistics companies provide domestic airfreight services (e.g. Toll Holding's Air Express arm).

Significant capacity had been added to the Australian domestic airline market over the past 20 years, however, this growth has slowed over the past five years as airlines have reduced capacity on unprofitable routes. This growth was driven in part by the introduction of Virgin, Tigerair and Jetstar, following the collapse of Ansett Airlines in 2001, and have enabled better price and customer segmentation, and a broader offering of routes, particularly to smaller leisure destinations. Total ASKs decreased by 24.8% in FY20 as a result of COVID-19, with the impact largely uniform across airlines. The following chart shows capacity contribution by Qantas Domestic, Virgin Domestic, Jetstar and other airlines over the past 25 years:

Figure 23: Australian Domestic ASKs by Airline: FY1996 – FY20

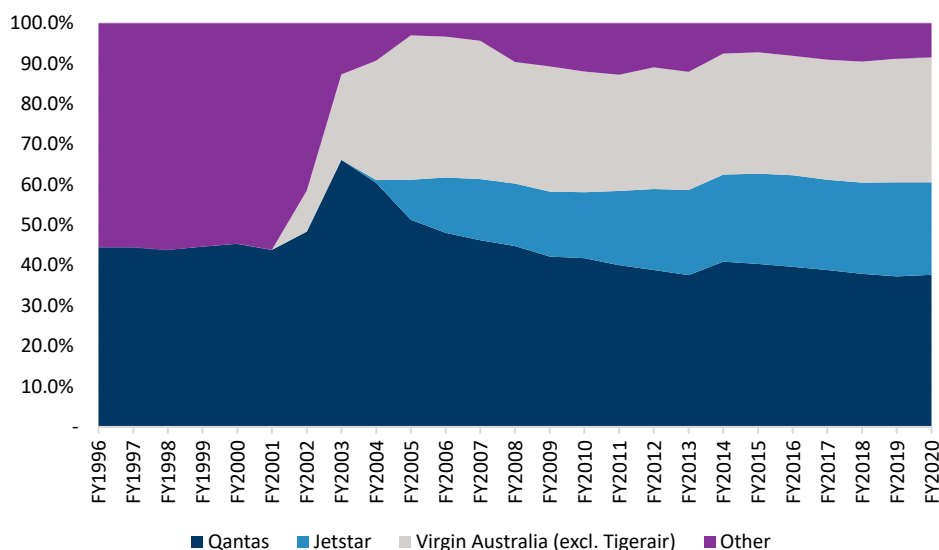


Sources: BITRE, VAH, Qantas Announcements

Note: Tigerair not shown separately from Other, as Tigerair's domestic and international ASKs are not separately disclosed.

Qantas' share of the domestic market increased significantly following Ansett Australia's collapse in 2001, though its market share has declined slightly since 2004, partially as Virgin Blue absorbed market share following its launch in the early 2000s. Jetstar's launch was primarily a recategorization of Qantas' market share a result of the Impulse Airlines acquisition, rather than taking market share from competitors, though Jetstar's share of Qantas Group's total market position has steadily increased since its launch. This is similar for Virgin's acquisition of Tigerair (included within Other in Figure 24), which has resulted in a reallocation of some capacity away from Virgin, without any major changes to the Group's total market share. The following Figure shows the split of total passenger traffic (in RPKs) between Qantas Domestic, Virgin Domestic, Jetstar and other airlines over the past 25 years:

Figure 24: Airline Contribution to Total Australian Domestic RPKs: FY1996 to FY20



Sources: BITRE, VAH, Qantas Announcements

Note: Tigerair not shown separately from Other, as Tigerair's domestic and international RPKs are not separately disclosed.

4.2.3. Regulatory Environment

The Australian Government allows up to 100% foreign ownership of domestic airlines, subject to other foreign investment rules. For international airlines, including Qantas and Virgin, the limit remains at 49.0% ownership. Airline alliances are subject to ACCC approval, in order to prevent monopolistic routes, particularly domestic routes connecting to international flights.

Several aviation industry regulators police the operations of domestic airlines in Australia to ensure safety and efficiency. Airservices Australia is government-owned and was set up to provide safe management of air traffic control and related airside services to the aviation sector in Australian airspace and international airspace in the Pacific and Indian oceans. The Civil Aviation Safety Authority (**CASA**) was established in Australia under the *Civil Aviation Act 1988* and regulates aviation safety in Australia.

4.2.4. Recent Trends

Whilst the key trends discussed in the global airline industry section of this report are all relevant to the Australian domestic market, some additional key local trends include:

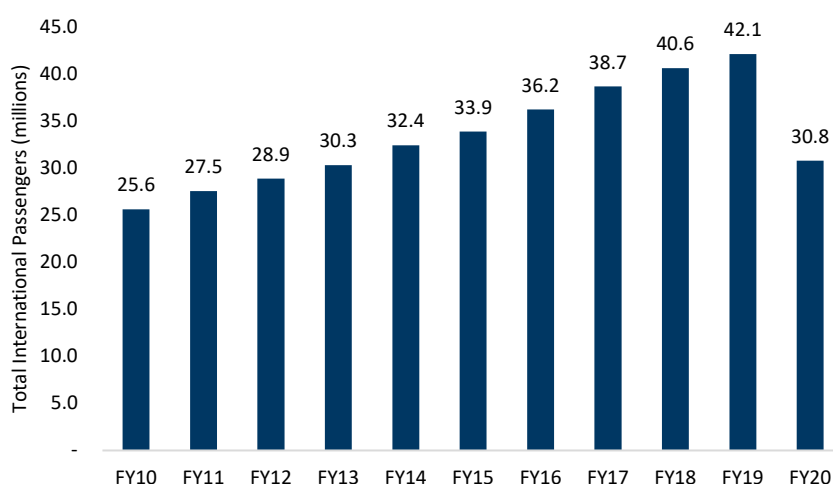
- Strong demand for domestic business travel has caused economy airfares to rise at a rate faster than business or discount fares;
- Declining price-based competition between Qantas and Virgin (focusing more on quality) has supported higher profit margins across the industry;
- Domestic leisure travellers, the target market for LCCs such as Jetstar and Tigerair, have remained highly price-sensitive, continuing to drive competition and depress prices in the space;
- Demand has increased for leisure destinations including Sunshine Coast, Ballina and Hobart whilst trips to and from mining base locations (e.g. Karratha and Gladstone) have shifted from scheduled flights to charter only;
- A continued focus on customer service by key players, including capital expenditure spend on upgrading lounges and improving older aircraft with new cabin interiors and in-flight WIFI services; and
- The expansion of regional airline (e.g. Regional Express) networks via offering niche tourist routes.

4.3. Australian International Airline Industry

4.3.1. Overview and Impact of COVID-19

The Australian international airline industry comprises airlines that transport passengers and freight over scheduled routes to or from Australia that either end or originate internationally. The size of the Australian international airline industry was estimated by IBISWorld at approximately \$29.0 billion in annual revenue terms in FY19, more than double that of the domestic market. The industry has also grown faster than the domestic airline sector, at an average of 3.0% per annum over the past 10 years prior to FY19, in part due to growing demand for global tourism from Australians and inbound tourism, particularly from Asian countries, and also the weakened AUD. This growth has been slower than the annual growth in passenger numbers which increased by an average of 5.7% per annum over the same period, in part due to decreases in international airfares related to continued competition from budget carriers. In FY20, passenger numbers contracted by 26.9%, as Australia's international borders closed in response to COVID-19 in Mar-20 and have remained closed as at the date of this report.

Figure 25: Australian Total International Passengers: FY10 – FY20

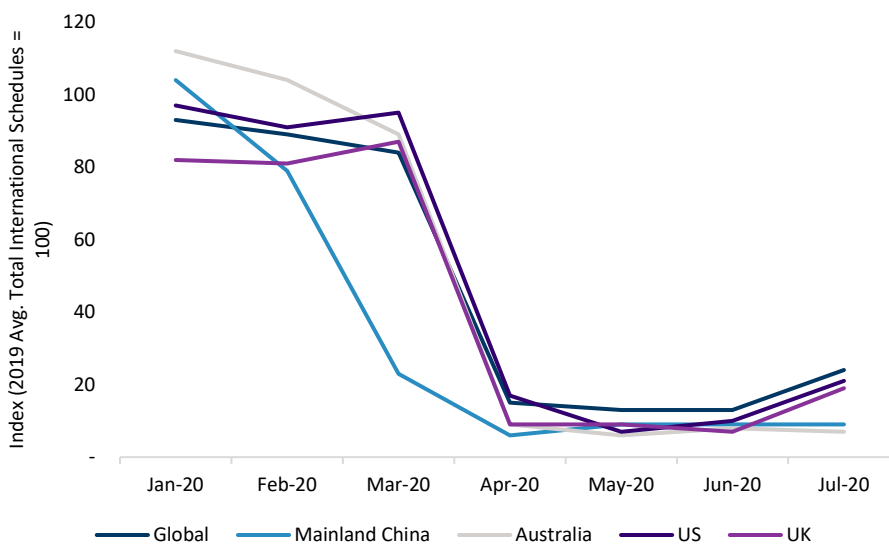


Sources: BITRE

COVID-19 has had a larger impact on the Australian international airline industry segment than the domestic segment, with Australia's borders closed to all passengers other than Australian citizens, residents and immediate family members. As a result, international flights to and from Australia have virtually ceased, aside from a limited number of regular passenger and repatriation flights. In the domestic sector, forecasts have not typically been prepared for the Australian international industry reflecting the continued spread of COVID-19 globally, with the potential recovery highly dependent on the ability of other nations to stem the spread of the virus or the availability and efficacy of a vaccine. Any recovery will also be impacted by the global recession, which will put pressure on business spend and household budgets and curb discretionary spending on travel.

As depicted below, as a result of the border closure in Australia due to COVID-19, the reduction in scheduled international flights has been even more severe than the reduction in scheduled domestic flights, down 94% in May-20 and 93% in Jul-20. Australian flights were already trending downwards prior to the border closure in part due to the bushfires in Australia in early 2020. Unlike the domestic scheduled flights, there has been no rebound in scheduling in Jul-20, with international flights continuing to remain unviable while borders remain closed.

Figure 26: International Flights Scheduled by Geography: 2020 vs. 2019 Avg.

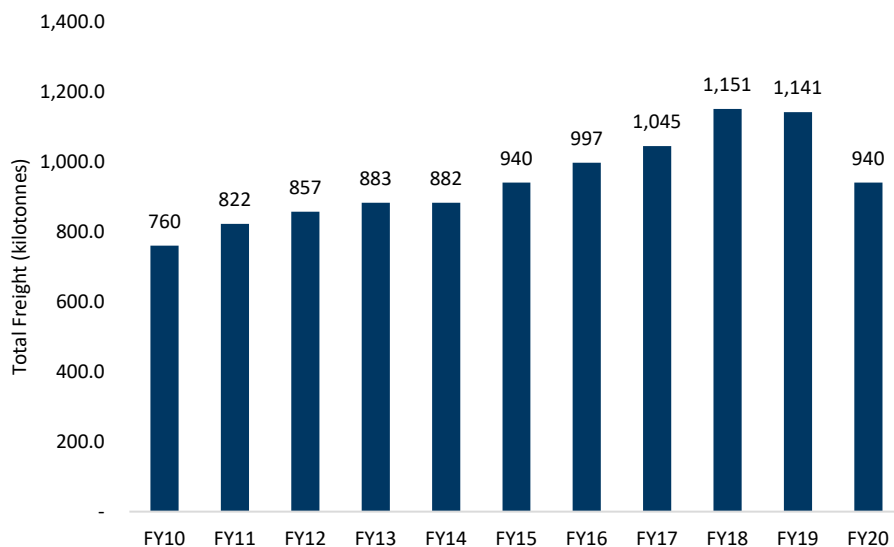


Sources: J.P. Morgan, Karen Li's report on China Airports (OAG)

Cargo makes up a relatively larger portion of the Australian international airline industry, representing approximately 20.1% of industry revenues. International aircraft carry higher airfreight volumes than domestic services, and an increase in demand due to trends such as online retailing has boosted air freight tonnage over the past 10 years. As a result, total tonnage of freight was increasing by an average of 4.7% per annum over this period, prior to the impact of COVID-19.

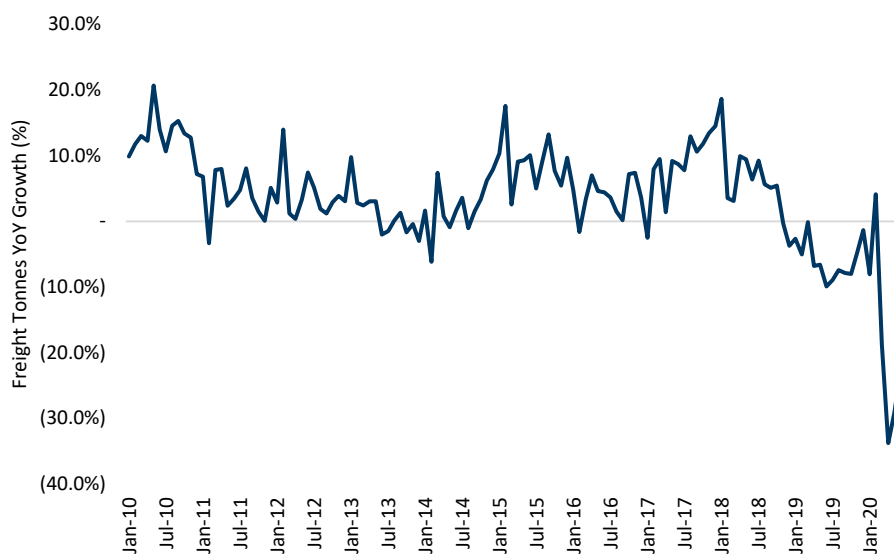
Demand for airfreight services has also been less affected than the demand for passenger transport during COVID-19, as many international airlines have maintained airfreight services during the pandemic as a result of demand being partially stabilised by a surge in online retail sales. As a result, whilst volumes have decreased by 17.6% in FY20, due to increases in international airfreight prices (as freight providers recover additional operating costs), revenues for the subsector are forecast to remain broadly stable in FY20 and FY21.

Figure 27: Total International Freight Volumes: FY10 – FY20



Sources: BITRE

Figure 28: Growth in Total International Freight Volumes: 2010 – 2020 YTD



Sources: BITRE

4.3.2. Key Players and Industry Segments

As for domestic flight demand, business travellers also favour full-fare services for international flights for their flexibility and lounge access. These travellers are more likely to fly business class and generally pay more for tickets due to last minute bookings. For business travellers, pricing and the relative strength of the AUD impact less on demand, as these customers are less able to defer their travel.

Leisure travellers have also trended towards the increasing number of international LCCs operating in Australia, as they remain price sensitive to airfares, and can delay holidays or overseas visits. A similar trend can be observed from movements in the exchange rate, as when the AUD is relatively strong, Australians are more likely to travel overseas for leisure, whereas overseas tourist arrivals are higher when the AUD is weaker.

Traditional airlines with amenities such as spacious seating, complimentary meals and in-flight entertainment have remained appealing to customers travelling overseas due to the longer duration of international flights. However, the growing prevalence of LCCs flying to and from Australia, including Singapore Airline's subsidiary, Scoot Tigerair, and Malaysia-based AirAsia X, has increased industry competition and placed downward pressure on airfares, particularly to popular destinations such as Bali and Singapore, over the past five years.

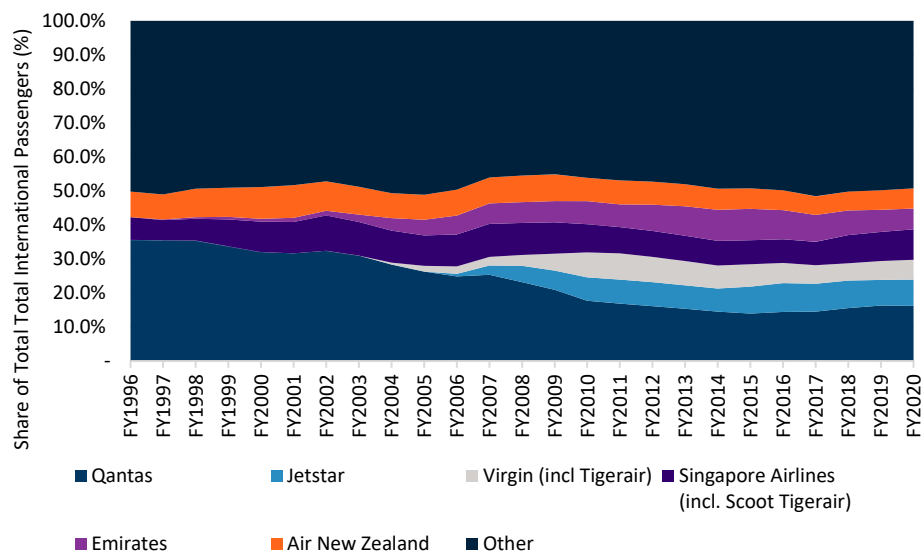
The Australian international airline industry is less concentrated than the domestic sector, in part due to a larger number of airlines that offer routes that either end or originate in Australia. The key carriers in the Australian international market are as follows:

- **Qantas International** – Qantas is the largest player in the Australian international airline industry, due to its status as Australia's national carrier and extensive international route network covering all continents except for Antarctica (some of which are serviced through its codeshare partners). Qantas' most popular international destinations include New Zealand, Bali and the USA, and it has partnerships with a variety of airlines in its One World alliance including American Airlines and Emirates Group. Qantas has focused on renewing its international aircraft fleet over the past five years, including the usage of new Boeing 787-9 Dreamliner aircraft, which have enabled non-stop flights on longer routes such as Melbourne-Los Angeles and Perth-London. Qantas' vision for even longer non-stop flights called 'Project Sunrise' has been placed on hold during COVID-19. In recent years, Qantas has focused on capacity adjustments, expanding partnerships and conducting cost cutting initiatives, such as large-scale redundancies, in order to improve profitability. Jetstar, a subsidiary of Qantas, also offers international flights as an LCC. Qantas International's overall share of the international airline market in Australia is approximately 18.5% (based on FY20 passenger numbers), with Jetstar International occupying a further 8.8%.
- **Singapore Airlines** - Singapore Airlines is the national airline of Singapore and is prominent in South-East Asia and on Europe-Oceania routes. Singapore Airlines continues to differentiate itself via the quality of its Business, First and Suites classes rather than on price. Singapore Airlines has also increased capacity in the Australian market via its LCC Scoot Tigerair, which primarily flies from Singapore to China and Australia. Singapore Airlines has also started offering certain Trans-Tasman routes and has a code-sharing arrangement with Virgin Australia. Singapore Airline's share of the international market is approximately 8.3%, with Scoot Tigerair occupying a further 1.9% since launching Australian routes in 2018.
- **Emirates** – Emirates is a Dubai-based international aviation company. Like Singapore Airlines, Emirates focusses on differentiating itself in the Australian market via the luxury positioning of its product. Emirates has reported a strong decline in market share over the past five years as they reduced capacity to and from Australia in response to a winding back of codeshare arrangements with Qantas. In FY20 Emirates' market share of the Australian international airline market was approximately 6.9%.

- **Air New Zealand** – Air New Zealand is the national carrier of New Zealand and has long been connected with Australian aviation and travel, naturally due to the proximity between the two nations. In addition to operating many of its own Trans-Tasman flights, particularly between Auckland-Sydney and Auckland-Melbourne, Air New Zealand also has a code-sharing agreement with Qantas for Trans-Tasman flights. Air New Zealand flew 6.7% of the international passengers arriving to or exiting Australia in FY20.
- **Virgin International** – Since launching its international offering in 2009, Virgin International has gradually expanded its offering to occupy approximately 6.7% of the market (in FY20). Virgin also formerly offered international flights through its subsidiary airline Tigerair, which stopped flying its only international route to Bali in 2017 after failing to get approval from Indonesian regulatory bodies.

The remaining players in the Australian international airline industry are mostly international airlines with a more limited range of scheduled services to international destinations. These include China's three largest airlines, Air China, China Eastern, and China Southern, which have all increased their capacity in the Australian market in recent years in response to rising demand from Chinese travellers for Australian flights. There are also some smaller airlines that operate using smaller aircraft to fly from regional areas of Australia to nearby destinations, such as the Pacific Islands.

Figure 29: Share of Total International Passengers Airline: FY1996 – FY20



Sources: BITRE

Qantas' share of the international market has declined since FY03, coinciding in part with the entry of its eventual partner airline Emirates (though the alliance did not commence until 2013). The launch and expansion of Virgin Australia's international operations throughout the 2010s also eroded Qantas' market share, with the two airlines competing directly as FSCs. As in the domestic industry segment, the launch of Jetstar's international offering predominantly re-categorised Qantas' market share rather than capturing it. The market shares of both Singapore Airlines and Air New Zealand have gradually reduced over time, as both airlines have refocused away from some of the highly competitive routes.

4.3.3. Regulatory Environments

As mentioned previously, bilateral air agreements are the most common method of arranging airline movements from country to country. The Department of Infrastructure and Regional Development in Australia administers these agreements on behalf of the Federal Government, and currently has agreements with 97 countries. Additionally, the International Air Services Commission operates under the *International Air Services Commission Act 1992* to allocate capacity rights on international routes among designated Australian international carriers.

CASA is also responsible for issuing Foreign Aircraft Air Operator's Certificates to foreign airlines flying in and out of Australia and ensures that these foreign operators meet the safety standards set by ICAO.

4.3.4. Recent Trends

As with the domestic airline industry, some additional key local trends for the Australian international airline industry include:

- Intensified competition on routes to popular short-haul international destinations such as Bali and Auckland;
- FSCs have been working to differentiate their service offering from LCCs, including investing in new aircraft with more legroom and improved in-flight amenities such as free Wi-Fi;
- Increased tourism from Asia and the USA as a result of Australia's popularity as a destination and periods of weak AUD has benefited international carriers;
- Increasing use of codeshare agreements by international airlines to expand exposure to flight routes;
- Insufficient airport capacity in Australia, particularly runways, terminals and apron parking, particularly in Sydney, the largest and busiest airport for international travellers in Australia;
- The majority of airlines reduced capacity growth over this period as profitability was prioritised over market share;
- The rise of online travel companies has allowed consumers to easily compare prices among airlines, becoming more price discriminating and increasing the penetration of LCCs in the Australian international airline industry; and
- The rise in utilisation of video conferencing by international businesses is likely to have an impact on future business travel requirements.

5. Profile of VAH Companies

5.1. History up to 31 December 2019

1999	VAH was established as Virgin Blue in 1999, by Brett Godfrey and Rob Sherrard, with funding of USD10 million sourced from the Virgin Group.
2002	Virgin Blue's operations commenced in August 2000, utilising two Boeing 737 aircraft, and flying seven daily return flights between its home port of Brisbane and Sydney. Additional domestic destinations and aircraft were added to the flight schedule, commencing with Melbourne, followed by other major cities and regional centres. Virgin Blue's initial business model was as an LCC. In its first full year of operations, being the year ended 31 March 2002, Virgin Blue was profitable.
March 2002	Patrick Corporation acquired a 50.0% interest in Virgin Blue from existing investors for \$500 million.
December 2003	Virgin Blue listed on the ASX, by way of initial public offering. Following completion of the offer, the major shareholders were Patrick Corporation and Virgin Group with 46.0% and 25.0% interest, respectively
2004	Virgin Blue announced the launch of Pacific Blue, an international airline subsidiary to be based in Christchurch, New Zealand, that would operate between Australia and New Zealand, and subsequently to Fiji, Vanuatu and the Cook Islands.
2005	Virgin Blue launched the Velocity Rewards programme, which in 2007 had 'status levels' added in an attempt to attract more business travellers to the programme. Patrick Corporation acquired an interest of 17%, taking its controlling interest in Virgin Blue to approximately 63.0%.
2006	Toll Holdings acquired Patrick Corporation, including its controlling interest in Virgin Blue.
2007	Virgin Blue launched its trans-Pacific service, V Australia, announcing it intended to operate between Australia and the USA, utilising Boeing 777 aircraft.
2008	Toll Holdings, having unsuccessfully sought to sell its stake in Virgin Blue, announced it intended to divest the majority of its shareholding in Virgin Blue to its shareholders, leaving Virgin Group as the largest single shareholder with approximately 25%. Virgin Blue launched its Premium Economy class, which was ultimately rolled out across all of its aircraft. Between 2002 and 2008 Virgin Blue remained profitable, recording a loss in 2009 predominantly due to the Global Financial Crisis and related impacts on fuel prices. V Australia commenced operations in 2009 between Sydney and Los Angeles. During this time, Virgin Blue expanded its fleet and began operating Embraer aircraft for short haul and regional routes.
2010	In a clear move away from its LCC origins, newly appointed Chief Executive Officer and Managing Director, John Borghetti in 2010 announced the 'Game Changer Program', in which Virgin Blue would be repositioned as a full service airline in direct competition to Qantas, and in 2011 rebranded the three airlines as Virgin Australia. At this time four Airbus A330 aircraft are added to the fleet to operate domestic trans-continental routes
August 2010	VAH and Etihad Airways entered into a 10-year strategic partnership agreement that allowed for code-sharing on flights, as well as joint sales and marketing activities.
2011	Air New Zealand acquired a 13.0% interest in VAH, which increased to 25.9% by January 2015. A Business Class service commenced in 2011, and at the same time, VAH began entering alliances with other airlines, in addition to its alliance with Air New Zealand.
2012	Singapore Airlines acquired a 10% interest in VAH in late 2012 and a further 9.9% in April 2013. The second acquisition occurred off market. At this time, Singapore Airlines became the largest shareholder in VAH with a 19.9% holding. Etihad Airways began acquiring equity in VAH in June 2012, and by January 2015 its interest increased to 24.2%. Etihad Airways had an interest of approximately 21.0% at the time Administrators were appointed in April 2020.

October 2012	VAH announced that it had acquired a 60.0% stake in Tigerair Australia.
2013	VAH was operating seven different aircraft types, which added to the complexity of operating the fleet. A further extension to the VAH domestic network occurred when Western Australia's Skywest Airways was acquired, rebranded and commenced operations as VARA.
October 2014	VAH sold a 35.0% interest in Velocity to Affinity Equity Partners, at the time, the Velocity program had 4.5 million members.
2015	Tigerair Australia became a wholly owned subsidiary of VAH when it acquired the remaining 40.0% interest for an amount of \$1. VAC is launched to capture the domestic and short-haul international cargo market.
May 2016	HNA Group agreed to purchase 13% of VAH, which subsequently increased to 19.9%. VAH's tie up with HNA Group demonstrated VAH's focus on China as a destination and an enabler for passengers to gain access to HNA Group's destinations, reach and facilities.
June 2016	Nanshan Group had acquired a 19.9% interest in VAH from Air New Zealand, and by October 2016, Air New Zealand had sold all its remaining investment in VAH. VAH and subsidiaries were operating nine different aircraft types. VAH commenced its Better Business Program, which was intended to generate \$400 million in savings through fleet restructuring and a review of staffing levels, to be completed by 30 June 2019.
March 2019	John Borghetti, who had been Chief Executive Officer and Managing Director, departed the airline, after nine years in the role. Paul Scurrah commenced as Chief Executive Officer and Managing Director. On appointment, Paul Scurrah launched the implementation of a comprehensive strategic transformation of the business' operations. The key pillars of this strategic transformation were centred on fleet rationalisation, route profitability, renegotiation of loss-making contracts, and restructuring and reducing VAH's largely fixed cost base.
June 2019	This period was characterised by poor financial performance, with VAH recording losses for eight successive years including the twelve months to 30 June 2019. These losses stemmed from a number of causes including the complexity of the fleet (with each aircraft type requiring different staff, training, maintenance and engineering, and safety requirements), lack of proper integration of the acquired businesses, direct competition with Qantas, a number of onerous and loss-making contracts, an unsustainably high cost base, and increasing debt levels used to fund acquisitions and losses.
September 2019	VAH announced it would buy back the 35% interest in Velocity for a reported \$700 million, funded by way of the issuance of a combination of ASX listed notes and high yield bonds.
By December 2019	VAH and subsidiaries were operating six different aircraft types.

5.2. History from 1 January 2020 to the appointment of the Administrators

In response to the widening impact of the COVID-19 pandemic, the directors of VAH acted to accelerate and expand the business transformation plan which had commenced in 2019.

The transformation plan included a review of: network capacity and operations, the nature of the fleet and further rationalisation of fleet type where available, staffing levels, supply chains, Tigerair Australia's operations; the re-integration of the Velocity program into the operations of the business; and, a review of the cargo and regional airlines businesses.

Once it became evident that COVID-19 would have a far-reaching impact on the aviation industry, VAH in March 2020, grounded their entire international fleet, reduced domestic operations by approximately 90.0% and temporarily stood down approximately 8,000 workers. VAH also announced the closure of the New Zealand crew bases, a renewed focus on costs savings and reductions and where possible renegotiating contracts.

Having sought to maintain scaled back operations, including the repatriation of Australians from overseas under the government supported flights, and assisting in transporting essential workers, the business was not able to generate sufficient cash flows to support operations. Notwithstanding extensive efforts to secure alternate sources of financing, including appeals to both Commonwealth and State governments, no alternate funding was able to be secured.

In light of the obstacles that VAH faced, and the increasingly uncertain operating environment created by COVID-19, on 21 April 2020, the Directors of VAH voted to place the Company and most of its subsidiaries into administration, with the Administrators.

5.3. Background to the Voluntary Administration of VAH

5.3.1. The Administration Process

On appointment, the Administrators worked directly with VAH's management to continue operations and put in place a process that would result in the sale of the business and the end of the administration process.

On 28 April 2020, the Administrators were also appointed to Tiger International Number 1 Pty Ltd, with further appointments over VAH Newco No. 2 Pty Ltd and VB Investco Pty Ltd on 3 August 2020.

The Administrators engaged Houlihan Lokey and Morgan Stanley as their agents to bring the VAH business to market, and put in place a process, commencing almost immediately at appointment, whereby contact was made with a significant number of parties who had the ability and/or wherewithal to purchase and operate an airline. Throughout May and June 2020 this process continued, culminating in the sale of the VAH business to Bain executed on 26 June 2020.

On 5 August 2020, Virgin Australia released an ASX announcement detailing the core pillars of its new strategic plan under the ownership of Bain, including:

- Resetting VA's cost base to match the uncertainty in the aviation sector amidst COVID-19;
- The redundancies of approximately 3,000 staff;
- The transition to a simplified, all-Boeing 737 mainline fleet, and the retention of the Regional and Charter fleet, albeit with the removal of ATR, Boeing 777, Airbus A330 and Tigerair's Airbus A320 aircraft;
- Long-haul international flying to continue to be suspended until the global travel market recovers sufficiently;
- The discontinuation of the Tigerair Australia brand, with the AOC and necessary support structures maintained by Virgin Australia in order to provide optionality to the Group for LCC operations subsequent to COVID-19; and
- A continued commitment to the Regional and Charter business segment.

5.3.2. Operation of VAH during Administration

During the months of May and June 2020, VAH continued to operate Commonwealth government-supported repatriation flights of Australian citizens and residents and key airfreight.

On 21 May 2020, VAH announced it would be increasing capacity on various domestic sectors, as 'green shoots' began to emerge in the economy in relation to the pandemic. During this time, government underwritten flight numbers increased from 64 to 76. Further capacity was added to the schedule with the gradual easing of state travel restrictions, on both an inter-state and intra-state basis and by mid-June additional flights were added between capital cities as well as on various regional and charter routes.

5.4. Business operations

VAH is the holding company of 49 local and overseas wholly-owned subsidiaries and five trusts (excluding Airline Samoa Ltd, of which only 49% is ultimately owned by VAH) as detailed in the Group structure contained in Appendix B. VAH Group's head office is in Queensland, though there are other offices and various operational sites located across Australia and other overseas locations.

VAH is Australia's second largest airline group, carrying 18.5 million passengers in FY20 with revenue of \$4.5 billion. VAH primarily operates in the Australian domestic market, benefitting from the historically strong demand for domestic air travel as a result of the long distances between major Australian cities, limited alternative transport options, and Australia's key strength as a global tourist destination, which has delivered consistent growth in revenues prior to the recent restrictions on travel due to COVID-19. All of VAH's operations have been significantly impacted by COVID-19 restrictions in Australia, which have virtually paralysed demand for air travel, and therefore led to dramatically reduced domestic capacity.

Prior to the impact of COVID-19 and appointment of Administrators, VAH was flying to 39 domestic and 15 international destinations. VAH's fleet as at 30 June 2020 consisted of 62 owned aircraft (including aircraft on finance leases), 79 leased aircraft, and two decommissioned aircraft with an average age across the fleet of nine years. VAH's fleet contained a mixture of Boeing 737s and 777s, Airbus A330s and A320s, Embraer 190s, ATRs and Fokker F100s, which was deemed inefficient by Management and the rationalisation of which was a key focus of the 'Virgin Australia 2.0' plan commenced in 2019. VAH has accumulated a series of other important strategic assets and infrastructure over its past twenty years of operations. This includes routes and slot pairs in the so called "Golden Triangle" (the series of routes connecting Sydney, Melbourne and Brisbane), which has historically been one of the most profitable global air travel operating jurisdictions, AOCs, and airport gates.

In addition to its domestic and international air travel segments, VAH also:

- Owns the Velocity Frequent Flyer loyalty program (**Velocity**), which had 10.3 million members and 90 partners as of July 2020;
- Operates a domestic and international cargo business; and,
- Operates a regional and charter airline.

The majority of VAH's operations focus on the domestic air transportation market in Australia, where the Group has approximately 37% market share²⁵. This segment of the VAH business is a significant driver of Group's performance, representing 77% of the Group's revenue, and is split into two key businesses, being Virgin Australia Domestic (**VAD**) and Tigerair Australia (**Tigerair**).

5.4.1. Virgin Australia Domestic

VAD is a domestic FSC and carried 13.3 million passengers in FY20 generating revenue of \$2.8 billion including \$175 million from VARA²⁶. As the number two player in the Australian domestic market, in FY20 VAD enjoyed approximately 31% market share with its fleet of 91 narrow body, wide body and turbo prop aircraft, and prior to the appointment of Administrators flew to 39 domestic destinations²⁷. VAD predominantly targets Australian domestic travellers for leisure, government or corporate purposes.

VAD is strategically important, representing 61% of revenue and 55% of EBITDAR in FY20, and prior to COVID-19 had consistently grown revenues over the previous four years (FY16 to FY19). The VAD network is also important as it provides crucial connectivity across the entire country, has valuable slot capacity spanning all major airports in Australia, and has substantial supporting infrastructure at the largest passenger airports in the country. VAD also operates domestic lounges at each major airport in Australia as well as a number of regional locations.

²⁵ Based on FY20 ASKs.

²⁶ Includes revenue from VARA and the Cargo business segment which are not reported separately.

²⁷ Based on FY20 ASKs.

5.4.2. Tigerair Australia

VAH assumed full ownership of the low cost, domestic carrier Tigerair in October 2015 after acquiring a 60% interest in 2013 for \$35 million. Tigerair constituted a relatively small portion of the VAH Group's revenues, generating \$419 million in FY20. Prior to COVID-19 and Tigerair's restructuring, it operated flights to 12 destinations in Australia.

By offering an alternative budget travel choice for customers, Tigerair had approximately 7% market share of the Australian domestic market and has historically provided a further strategic benefit to the Group and to VAD, by enabling better customer and route segmentation²⁸. Tigerair only represented 9% of revenue and 8% of EBITDAR in FY20 and has been unprofitable at an EBIT level for each of the previous four years as a result of:

- an inefficient dual equipment fleet of both Boeing 737s and Airbus A320s, further impacted by the stalled Boeing 737 MAX deliveries, which has increased costs to the airline;
- a legacy brand which had a poor reputation following its grounding in 2011 by CASA due to safety concerns;
- significant route overlap between VAD and the Tigerair network resulting in cannibalisation;
- a lower share of ancillary revenue compared to key competitors and other global LCCs;
- an unreliable commercial and operating model resulting in subscale overheads; and
- a lack of integration with the wider VAH Group, and not leveraging the parent company synergies²⁹.

In November 2019, VAH management reviewed the strategy of Tigerair and decided to accelerate the exits of the Airbus A320 aircraft as well as commencing an initiative to better integrate the AOC support function to reduce overheads. COVID-19 has provided a further opportunity to accelerate this restructuring, with all Airbus A320s no longer operational, temporary capacity reductions as all Tigerair flights have been suspended, and personnel restructuring across both pilots and the head office. The timing of any relaunch of the business, likely including new branding, is still unknown.

5.4.3. Virgin Australia International

Virgin Australia International (**VAH International**) is an international FSC and carried 2 million passengers in FY20 generating revenue of \$979 million. Prior to the impact of COVID-19 and the appointment of Administrators, VAH International operated flights to 15 short and long-haul international destinations, with a further 408 destinations also offered through its network of strategic alliances and codeshare partnerships. As at 30 June 2020 VAH International had a fleet of 20 wide and narrow body aircraft. In FY20, VAH International occupied approximately 7% of the Australian international airline market and represented 22% of Group revenue and 15% of Group EBITDAR³⁰.

VAH International provides a valuable service to the wider VAH Group by:

- Driving origination and destination of VAD, Tigerair, and Regional and Charter revenue;
- Providing an opportunity to redeem points for international flights, which is an important component of Velocity's value proposition to both members and partners; and
- Facilitating the availability of an international network, which is also important to VAH's corporate deals, of which greater than 50% require integrated global travel deals.

In addition to its own international network, VAH International maintains codeshare and interline partnerships with a group of major international carriers including Delta Air Lines, Virgin Atlantic, Etihad Airways, Singapore Airlines, and All Nippon Airways (amongst others). VAH International's network is focused around profitable, strategically advantaged routes, where airline partners expand VAH's reach. These partners contributed \$342 million of additional revenue to the Group in FY19.

²⁸ Based on FY20 ASKs.

²⁹ Sourced from VAH presentations provided to FTI Consulting by Management and FTI Consulting analysis.

³⁰ Based on FY20 passenger numbers.

These alliances and partnerships serve to:

- Support VAH's long haul international flight network, thereby increasing the size of VAH's overall offering;
- Provide network feed into the domestic and short haul international markets;
- Add value and expand the Velocity proposition;
- Provide reach for VAH where it does not have the strength of distribution; and
- Enable better competition against Qantas.

5.4.4. Velocity

Velocity is VAH's coalition loyalty program with 10.3 million members and 90 partners as of July 2020 and offers status benefits and loyalty points for frequent travellers to be redeemed for air travel, upgrades, and other benefits. Membership has consistently grown in recent years, from 9.8 million in FY17 to 10.3 million as of Jul-20 and generated \$363 million of revenue in FY20. With high margins, Velocity accounted for 8.0% of FY20 revenues but 22% of EBITDAR.

Velocity enjoyed a 23.0% share of the Australian loyalty market and was highly important to the Group as a cash generating platform, benefitting from a business model in which cash is received up-front until points are redeemed by members³¹. The Velocity business model depends on the income derived from non-flight activity (e.g. financial services) to power the flight rewards and deliver profitability of the program. The vast majority (approximately 70.0%) of Velocity points are earned by members spending with partners rather than flying.

Velocity's value proposition is that it provides members, partners, and data that can be leveraged across the Group, with the benefit of increasing both loyalty and improving the share of wallet of other VAH segments. Velocity members are rewarded through partnerships that span across global, national and local enterprises to reach a range of consumer categories. In turn, Velocity successfully drives sales and market share growth for its partners and provides passengers, via points redemptions, for the Group's airlines. The rich data generated from the Velocity rewards program can be used to understand the underlying behaviour of members and enable targeted, personalised messages. VAH acquired the remaining 35.0% minority stake in Velocity in November 2019 and is working towards better alignment of strategic goals between the various segments and Velocity in order to drive better yield for the airlines.

Whilst Velocity is not in Administration, the segment will benefit significantly from the Group's airlines continuing to operate in the future. VAH holds a 100% interest in Velocity, and in this regard, VAH receives distributions from time to time from Velocity. Velocity operates on a stand-alone basis from the broader VAH, with its own bank accounts that are not included in the Group's broader treasury function.

5.4.5. Regional and Charter

Regional and Charter flights are operated by a variety of businesses within the Group, including VAD, Tigerair and VARA. As such, the segment's revenue is reported within other segments of the VAH business, including VAD (VARA and VAD regional flights) and Tigerair (Tigerair regional flights). Regional and Charter operates a highly mixed and smaller fleet aircraft provided by various internal and external counterparties (VARA, Virgin Airways Australia, and Alliance Aviation), however, as part of the Group-wide fleet simplification, will move to only Boeing 737s for regional flying³². Regional and Charter accounted for \$175 million of the Group's revenue in FY20.

³¹ Based on a comparison of FY20 Velocity revenue to Qantas loyalty segment revenue.

³² Two of these aircraft had been decommissioned as of 30 June 2020.

The regional network feed is an integral part of the overarching domestic network with 20% of VAH's network traffic either embarking or disembarking from a regional port in FY19. These regional and corporate leisure travellers value the connectivity to VAH's national and international networks. The Charter component of the business also provides significant value proposition to high value corporate mining clients who are interested in sourcing all of their enterprise-level flying from one provider.

The current Regional and Charter platform has been unprofitable due to:

- Operating Fokker F100 aircraft beyond their end of life, with additional cost unable to be recouped from contract revenue or regional passenger flying;
- VARA's Airbus A320 fleet being subscale and uncompetitive on cost for WA passenger flying;
- The ATR platform being subscale, not fit for purpose, and thus uncompetitive on cost for VAH regional flying; and
- VARA not being effectively integrated into the VAH Group and having duplicate overheads with the Group corporate³³.

5.4.6. VAC

VAC is VAH's cargo transport and handling business. Utilising the belly space of VAH's fleet, VAC offers transport of general, perishable, medical, high-value and animal cargo domestically and internationally within the VAH-operated passenger network, and cargo handling at all major Australian airports. As a highly profitable ancillary business for VAH, VAC occupied approximately 26% of the domestic freight market in FY19.

VAC is important to the performance of the Group as it drives yield and profit on all flights for minimal incremental operating costs and supports VAH's international partners with freight delivery. VAC's customers are major cargo distributors, freight forwarders, corporate shippers, individual retail clients and airlines (for handling services). As a mid-sized provider in the Australian market, VAC has access to key strategic assets via the wider Group, including the airport footprint with specialist cargo handling terminal in all major airports across Australia and internationally, fleet, network and cargo IT systems. The Voluntary Administration has allowed VAH to cancel and renegotiate some of VAC's contracts in order to reduce costs and improve product/pricing mix. For reporting purposes Cargo's earnings are included within VAD (domestic freight) and VAH International (international freight).

5.4.7. Fleet

A summary of VAH Group's aircraft operating fleet as at 30 June 2020 is provided below.

Table 8: VAH Fleet Summary as at 30 June 2020

Type	Leased	Owned	Total Fleet
B737-700/800	40	41	81
A330	6	-	6
B777	1	4	5
ATR72-500/600	14	-	14
E190	5	-	5
Total Virgin Australia Airlines	66	45	111
F100	-	14 ³⁴	14
A320 (Charter & Tigerair)	13	1	14
B737-800 (Tigerair)	-	4	4
VAH Group	79	64	143

Source: VAH

³³ Sourced from VAH presentations provided to FTI Consulting by Management.

³⁴ Includes two decommissioned aircraft as at 30 June 2020.

The acquisition of Skywest (now VARA) in 2013 and the acquisition of Tigerair in 2014 resulted in the Group having a number of different aircraft types. With an average fleet age of approximately nine years, VAH has undergone substantial fleet simplification in recent years, already having reduced from nine operating aircraft models in FY16 to six during FY20 (whilst a number of these aircraft ceased operating during FY20, they remained as part of the Group's fleet and are thus included in the above table). Details on elements of the recent fleet simplification in FY20 are provided below. This fleet simplification program is still ongoing, with VAH intending to operate predominantly Boeing aircraft for its future flights. VAH's fleet had a book value of \$1.3 billion as at 30 June 2020. VAH's owned fleet is financed via aeronautical facilities, with certain Fokker F100 assets and the single owned A320, unencumbered. VAH's leased fleet is with a broad mix of counterparties, with the majority of leases due to expire by FY25.

VAD has a fleet of 91 narrow body, wide body and turbo prop aircraft. This fleet consists of:

- 31 owned (of which 14 are subject to finance leases) and 35 leased Boeing 737s;
- Six leased Airbus A320s;
- Five leased Embraer 190s; and
- 14 leased ATR, two of which have been subleased to Heavy Lift Cargo Airlines.

During FY20 VAD ceased flying the five leased Embraer aircraft as part of the fleet simplification program.

Tigerair operates a fleet of 14 aircraft, consisting of:

- 10 leased Airbus A320s; and
- Four owned (of which all are subject to finance leases) Boeing 737s.

During FY20, the operating fleet was reduced to just the four Boeing 737 aircraft, as Tigerair embarked on achieving the benefits of a single, narrow body fleet type.

VAH International has a fleet of 20 wide and narrow body aircraft, consisting of:

- Four owned and one leased Boeing 777s; and
- 10 owned and five leased Boeing 737s.

During FY20, VAH International ceased flying six leased, wide body Airbus A330 aircraft.

Regional and Charter has a mixed fleet of 18 aircraft, consisting of:

- One owned and three leased Airbus A320s operated by VARA; and
- 14 owned (of which two are subject to finance leases and two have been decommissioned) Fokker F100s operated by VARA.

Regional and Charter also leases capacity of further Fokker F100s on a block hour basis where required.

5.4.8. Distribution and pricing

The vast majority of VAH's tickets are purchased online, either directly through VAH's website, or indirectly through a number of Online Travel Agents (**OTA**), often through fare comparison sites. Tickets are offered to OTAs at a discount, that then make a margin on marked up ticket sales through their websites. The same is true of bricks and mortar travel agent sales, which have gradually declined in popularity over the last decade. Wholesale discounts are also offered to agents who package land and air content. The Corporate discounts are offered to customers who commit to certain levels of spend each year.

VAH prices its fares on each regular passenger transport route considering its own cost base, competitor pricing and estimated demand. VAH makes use of demand forecasting optimisation software to inform how the various seating inventory price points are managed from the time a flight goes on sale until the date of departure. Various adjustments are made for events, seasonality and competitor pricing activity. Fares are generally priced on a one-way basis and are pitched between Qantas and the fully bundled equivalent fare offered by Jetstar in the domestic market. VAH also coordinates pricing with some of its alliance partners under approved immunised alliance agreements³⁵.

Charter pricing for Regional & Charter is constructed on a quote per trip or per block hour, depending on the client requirements. This usually includes a pass through of agreed costs such as fuel and airport passenger taxes. VAC's revenues are largely based on the contractual terms of its agreements with customers.

VAH International earns revenue in two methods, direct revenue and enabled revenue. Direct revenue is generated by airline partners selling tickets for VAH International operated flights. Enabled revenue is generated by either VAH selling tickets that include both a VAH operated flight and an airline partner operated flight, or VAH customers with corporate deals on airline partner networks booking Australian domestic flights operated by VAH. In FY19, the split between direct revenue and enabled revenue was approximately equal.

Velocity points are earned by members from qualifying transactions with partners (e.g. banks, credit card companies and retailers). At this point Velocity receives cash in the form of billings and recognises a proportion of its revenue upfront as a marketing fee, in return for the service Velocity provides its partners. The remainder of the revenue is deferred until the points are redeemed. Upon redemption of the points by the members, Velocity earns a redemption margin via the release of the remainder of the deferred revenue from the time the points are initially earned, less the costs of the redeemed items, the latter of which is a cash outflow from Velocity (either to partners or the other segments within VAH). Velocity also earns interest income on the cash held in trust relating to the deferred points revenue balance.

5.4.9. Network

VAH operates a point-to-point network which transports passengers directly to their destination without having to pass through a hub in the network. Prior to COVID-19 and the appointment of Administrators, VAH flew to 39 domestic and 15 international destinations. VAH's schedule allows for connections between VAH flights on certain sectors and connections between VAH and codeshare partner flights, including the transfer of luggage.

VAH has continued to utilise Brisbane as its base of operations since the Virgin Blue era, with the airport originally selected due to its excess capacity and various concessions offered by local authorities. VAH has also negotiated airport terminal access agreements in all other major Australian airports, though a number of these agreements are currently being renegotiated as part of the Administration process.

VAH's requirements for the number of flight and cabin crew are dependent on the schedule and the aircraft type. Aircraft cabin crew are based in the following locations: Adelaide, Brisbane, Canberra (ATR aircraft only), Melbourne, Sydney and Perth. A New Zealand cabin crew base was closed as part of the recent restructuring activities. Flight crew are based in the following locations: Brisbane, Canberra (ATR aircraft only), Melbourne, Sydney and Perth.

VAH has insourced ground handling, including guest services, airport control and airside ground handling at Adelaide, Brisbane, Melbourne and Sydney domestic airports. Guest services ground handling is also insourced at both the Brisbane and Sydney international airports. Services at all other airports are outsourced to third party contractors.

³⁵ Immunised alliance agreements refer to airline alliances that have been granted immunity from antitrust laws, enabling sharing of information and collaboration on pricing.

5.4.10. Hedging

VAH has historically hedged fuel, foreign exchange and interest rates. Currently there is no hedging in place for future exposures due to the termination of hedges by counterparties during the Administration process.

Fuel hedging is critically important to any airline and VAH in particular for a number of reasons:

- Fuel costs represent a significant portion of the Group's cost base (approximately 23%);
- Jet fuel prices have been highly volatile in recent years; and
- Hedging enables the airlines to effectively "lock in" a portion of their cost base and therefore set ticket prices more effectively, protecting margins.

VAH commences gradually hedging its fuel exposures two years in advance, targeting a 75% hedge rate, six months in advance of flying. In order to achieve this, it used a combination of fixed and option-based hedging products.

VAH earns the majority of its revenues (approximately 90%) in AUD, however a significant portion of its costs are in USD (approximately 40%) including fuel, certain lease repayments and interest rates. As such, foreign exchange hedging is also important, and is conducted on a similar profile to fuel hedging, also using a combination of fixed and option-based hedging products. VAH also hedges foreign exchange risk on large capital costs (i.e. new aircraft capital expenditure) up to three years in advance.

VAH conducts some hedging of its interest rate exposures, which are much less volatile than fuel and foreign exchange. This is primarily managed through the funding platform up to five years in advance, using fixed based hedging products to manage balance sheet risk.

5.4.11. Slots

Slot allocations are rights allocated by airports and/or agencies that grant a user the right to schedule a landing or departure during a specific time period and are required to facilitate airport operations. Negotiating access to airport slot pairs (i.e. landing and take-off pairs) can be a practical barrier to entry or expansion to airports that are slot constrained and can be highly valuable. This is only true for high volume and traffic airports with limited supply and not so true in smaller ones with more capacity to offer as well as at times of distress for the industry.

VAH holds slot allocations across its network, including at key airports. Of particular note are its slots at a number of congested (and therefore slot constrained) airports, particularly Sydney Airport. Sydney is classified as an IATA Level 3 airport (Fully Coordinated Airport) where demand exceeds capacity and there is no opportunity to voluntarily reschedule flights. As such Sydney Airport is subject to strictly regulated slot restrictions and therefore these slots are highly valuable in principle.

5.5. Market position

VAD has an estimated market share in the Australian domestic airline market of 30.7%, with Tigerair occupying a further 6.3% (see Section 4 for details). VAH's domestic competitors, Qantas Domestic and Jetstar are both owned by Qantas.

At the low-cost end of the domestic market, Tigerair and Jetstar operate with slightly different business models. Whilst Tigerair attempts to be the lowest cost airline in the domestic market, Jetstar is a value based low cost airline, focussing on maximising yields and the customer experience whilst maintaining its low-cost base. Notwithstanding this cost differentiation, Tigerair and Jetstar achieve comparable levels of fleet utilisation (as indicated by their respective revenue load factors). Jetstar's FY19 CASK was lower than Tigerair's as it benefits from operating a limited international network of flights.

Since its strategic pivot to a full-service carrier in 2011, VAD has competed directly with Qantas Domestic, both targeting less price discerning domestic travellers for leisure, government or corporate purposes. Competition on the quality of the relative business class offerings has been particularly fierce. Despite having a higher load factor than Qantas in FY20, Virgin Domestic has continued to be outpaced by Qantas' RASK growth, largely due to continued investment (and therefore higher CASK) by Qantas in its customer experience leading to further market capture.

VAH International has an estimated market share in the Australian domestic airline market of 7%, with its key competitor, Qantas International, enjoying a much higher 18% share (not including the market share of alliances and partner airlines). Qantas International operates at a significantly larger scale to VAH International, flying to a much wider range of destinations across the globe, and thus benefits significantly from its increased scale, while VAH International was unprofitable at a unit level in FY20.

Regional and Charter also competes against Regional Express, though the contracted nature of most of its revenue makes comparisons on a unit or metric basis challenging.

Table 9: Relative Performance of VAH to Competitors

FY20 Relative Performance	VAD	Qantas Domestic	Tigerair	Jetstar	VAH International	Qantas International³⁶
Market Share (%) ³⁷	31%	39%	6%	21%	7%	18%
Revenue Load Factor (%)	79.5%	75.9%	85.3%	86.7%	76.7%	84.1%
Implied RASK (cents)	12.8	18.1	10.1	8.4 ³⁸	7.4	12.0
Implied EBIT CASK (cents) ³⁹	14.0	17.5	11.8	8.5 ¹¹	8.7	11.9

Source: VAH, Qantas Announcements

5.6. Group structure

5.6.1. Legal entity structure

The corporate structure of VAH Group is as follows:

- The listed ultimate parent company VAH, is in administration;
- 49 controlled entities, 18 of which are covered under two deeds of cross-guarantee, further described below;
- A New Zealand subsidiary, Virgin Australia (NZ) Employment and Crewing Limited, which was placed into liquidation on 10 June 2020, and is not in administration;
- A Singapore registered company, TA Holdco (Singapore) Pte Ltd, which is not in administration;
- 40 controlled companies which, together with VAH, are in voluntary administration. Of this number there are four main trading entities and nine special purpose companies used for holding and financing aircraft assets; and
- Nine entities not in administration and five trusts, not in administration.

A simplified legal entity structure for the Group is provided below:

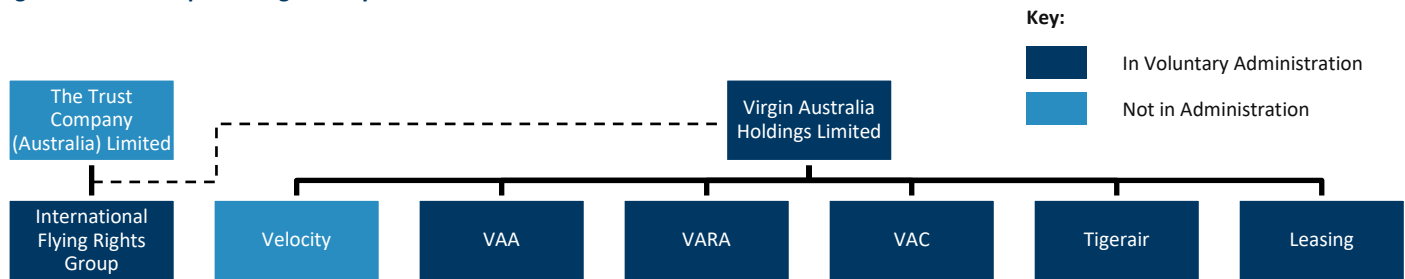
³⁶ Excludes Jetstar Asia and Jetstar International and includes Qantas Freight.

³⁷ Domestic market share estimated based on FY20 ASKs. International market share estimated based on FY20 passenger numbers.

³⁸ Includes Jetstar Asia and Jetstar International.

³⁹ Implied EBIT CASK has not been normalised for average sector length.

Figure 30: VAH Simplified Legal Entity Structure



Source: VAH

This is a simplified legal entity structure, and accordingly, not all intermediate legal parent and/or subsidiary relationships have been included. A more detailed corporate structure is included in Appendix B.

Virgin Australia International Holdings Pty Ltd (**International Flying Rights Group**) is majority Australian owned and holds the regulatory rights to fly internationally (via an AOC). VAH only holds a fraction of the shares in the International Flying Rights Group but exclusively services it under long term services and funding agreements. It holds debtors for international flights and is charged an operations fee by VAH Group for conducting the international flights on behalf of the International Rights Group.

The Velocity Group of companies is not in Administration and includes the loyalty trust which holds cash and deferred point liabilities in respect of unredeemed points. The Velocity Group has its own employees and has a Syndicated Debt Facility with external Finance Parties. An intercompany loan also exists between the Loyalty Trust and VAA. Virgin Australia Airlines Pty Ltd (**VAA**) is the main operating entity for VAH Group. VAA has an AOC, employees, property, leases and domestic creditors. VAA Group also contains the New Zealand crew employing entity (which is in liquidation) and Virgin Tech Pty Ltd, which provides aircraft maintenance services with its approximately 300 staff.

VARA is the West Australian operating entity which charts Fokker F100s and Airbus A320s, possesses an AOC, and employs its own tech staff.

Tiger Airways Australia Pty Ltd (**Tigerair**) is the operating and employing entity for Tigerair. It has its own AOC. As a result of the restructuring that was conducted prior and during the appointment of Administrators, Tiger Group is not currently operational.

VB Leaseco Pty Ltd (**Leasing**) is a lease holding entity. Aircraft are leased to VAA from the Leasing Group, which operates the aircraft.

VAC provides air cargo services, holds leases for freight aircraft, and is the contracting entity for any freight contracts. This entity does not employ any staff.

The Group has two Deed of Cross Guarantees (**DOCG**) plus finance facilities guaranteed by both DOCG groups. The first DOCG contains VAH, the Groups operating entities (i.e. VAA, VARA, Tigerair, VAC), VB Leaseco Pty Ltd, and VB Investco Pty Ltd (contains a number of investment entities for the Group). The second DOCG contains a number of entities within the International Flying Rights Group. Neither DOCG contains any entities from the Velocity Group, which also has its own, separate finance facilities.

With the exception of the Frequent Flyer Group, the VAH Group was operated and managed on a group basis, with a shared head office administration function, and funds were pooled via a central treasury function and swept regularly to central bank accounts.

5.6.2. Key personnel

Following the appointment as CEO in March 2019, Paul Scurrah replaced the majority of the Executive Leadership Team throughout the remainder of 2019. The senior management team of VAH now comprises:

Table 10: VAH Executive Leadership Team

Name	Title	Appointed	Experience
Paul Scurrah	Chief Executive Officer	March 2019	20+ years in airlines, transport, logistics and travel
Keith Neate	Chief Financial Officer	September 2019	30+ years in senior finance roles including CFO of Virgin Blue
Stuart Aggs	Chief Operating Officer	September 2019	20+ years in safety and leadership roles in airlines in Australia including Virgin Blue
John MacLeod	Chief Commercial Officer	October 2019	30+ years of commercial airline experience
Michael Jones	Chief Strategy & Corporate Development Officer	October 2019	25+ years in aviation and investment banking roles including Founder and CEO of Regional Express
Cameron Stone	Chief Information Officer	October 2019	Previously CIO of Aurizon, also held legal and senior technology roles at various financial institutions
Courtney Petersen	Chief Marketing and Loyalty Officer	September 2019	20+ years in loyalty, marketing and strategy roles
Dayna Field	Chief Legal, Risk & People Officer	September 2016	10+ years in aviation and 15+ years of commercial and legal

Source: Management

5.6.3. Authorisations

VAH is regulated by the CASA and operates in accordance with the *Civil Aviation Act 1988 (CAA)* and the range of regulations and instruments under that Act.

The primary authorisation required under the CAA to fly into, or out of, or operate within Australia is an AOC. VAH has four such AOCs, held in different entities across the Group:

- VAA Ltd holds an AOC for Aerial Work, Aircraft Charter and Regular Public Transport (**RPT**) operations, valid until 31 July 2022;
- Virgin Australia International Airlines Pty Ltd holds an AOC for Aircraft Charter and RPT operations, valid until 28 February 2022;
- Virgin Australia Regional Airlines Pty Ltd holds an AOC for Aircraft Charter and RPT operations, valid until 30 September 2022; and
- Tigerair holds an AOC for Aircraft Charter and Regular RPT operations, valid until 30 November 2022.

Various companies in the Group also hold CASA authorisations to undertake maintenance, training, checking and continuous airworthiness management.

5.7. Historical financial performance

The financial information shown for FY17, FY18 and FY19 is based on audited accounts and FY20 is based on draft management accounts which are still subject to audit. The accounts are for VAH Group, and include Velocity, which is not in administration. Caution must also be taken when comparing figures across each of the periods in the historical financial statements contained in this report, due to the lack of audited figures for FY20, as well as changes in accounting standards, in particular the implementation of AAB16 from 1 July 2019. FY20 aircraft rentals is an estimate by Management to enable comparison to prior periods.

Table 11: VAH Historical Financial Performance: FY17 – FY20

\$m	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Unaudited
Net earned revenue	4,313	4,665	5,005	3,762
Airline revenue share	(20)	(13)	(16)	(15)
Other income	751	764	838	769
Total revenue	5,044	5,417	5,827	4,517
Aircraft fuel & hedging	(898)	(986)	(1,189)	(944)
Maintenance & aircraft servicing	(225)	(238)	(244)	(234)
Airport, navigation and landing fees	(868)	(900)	(945)	(703)
Aircraft ownership, reProtection and wetlease	(17)	(63)	(74)	(60)
Ground handling	(156)	(160)	(163)	(125)
Brand, marketing and loyalty	(141)	(161)	(172)	(166)
Employee costs	(1,149)	(1,222)	(1,334)	(1,090)
Other costs	(698)	(743)	(868)	(739)
EBITDAR	892	943	838	456
Aircraft rentals	(464)	(389)	(383)	(419)
EBITDA	428	555	455	37
Depreciation & amortisation	(310)	(338)	(371)	(430)
EBIT	119	217	84	(393)
Interest	(168)	(153)	(161)	(220)
Underlying PBT	(49)	64	(77)	(613)
Transformation / Other BTL costs	(240)	(266)	(219)	(2,416)
Statutory PBT	(290)	(201)	(295)	(3,028)
Income tax expense	104	(452)	(20)	n/a
NPAT	(186)	(653)	(315)	n/a
KPIs				
Available Seat Kilometres (millions)	46,833	48,575	51,203	37,604
Revenue Passenger Kilometres (millions)	37,560	38,860	41,065	29,760
Revenue Load Factor (%)	80.2%	80.0%	80.2%	79.1%
RASK (Total Revenue) (cents)	10.77	11.15	11.38	12.01
EBIT CASK (cents)	10.52	10.70	11.22	13.06
EBIT CASK excl. Fuel (cents)	8.60	8.68	8.89	10.55
Revenue Growth (%)	n/a	7.4%	7.6%	(22.5%)
EBITDAR Margin (%)	17.7%	17.4%	14.4%	10.1%
EBITDA Margin (%)	8.5%	10.2%	7.8%	0.8%
EBIT Margin (%)	2.4%	4.0%	1.4%	(8.7%)
No. of Owned Aircraft	59	66	66	64
No. of Leased Aircraft	82	67	67	79

Source: VAH

The Group's underperformance over the past four years culminated in the appointment of Administrators in April 2020. The underperformance has been attributed to a number of factors which have been discussed in the preceding paragraphs of this report. The below analysis focuses on a line-by-line review of the VAH accounts and a discussion on the movements of key metrics throughout the historical period. Further details on the revenue and profitability performance of specific segments is provided in subsequent sections to this report.

Revenue

VAH recorded revenue growth of 7.4% in FY18 and 7.6% in FY19. Growth in FY18 was driven by capacity increases in VAH International (up 14%) and improvements to RASK in VAD as a result of load factor improvements. Growth in FY19 was predominantly delivered by capacity increases in both VAD (up 2%) and VAH International (up 14%), driving the observed increase in the Group's ASKs by 5.4% during the period. As a whole, VAH's load factor was broadly flat in FY18 and FY19, however, yield improvements increased RASK from 10.77 cents in FY17 to 11.38 cents in FY19. VAH's revenue decreased by 22.5% in FY20, with capacity decreases across all segments driving a 26.6% reduction in ASKs. Whilst some of this reduction in capacity was planned as part of 'Virgin Australia 2.0', the majority was unplanned and caused by the bushfire season and COVID-19. This capacity reduction throughout FY20 was somewhat offset by an increase in RASK to 12.01 cents in FY20, driven by a combination of further yield improvements, a decrease in VAH's load factor from 80.2% to 79.1%, and the government subsidised flying, the income from which is recorded within revenue.

Employee costs

Employee costs were VAH's largest cost across FY17 to FY20, increasing by 6.4% and 9.2% in FY18 and FY19 respectively. These FY18 and FY19 increases trended above the Group's capacity increases (4.1% in FY18 and 5.4% in FY19), with the Group commencing a series of head count optimisation programs early in FY20 including the rationalisation of 750 roles in Tigerair, and the removal of other duplicate corporate functions in response. Employee costs reduced by 18.3% in FY20, with the vast majority of VAH's workforce (7,900 FTEs) stood down as a result of capacity reductions due to COVID-19, of which approximately 3,000 redundancies have been announced as of 5 August 2020.

Fuel

Fuel is VAH's second largest cost item. It increased by 9.7% in FY18, 20.6% in FY19 and decreased by 20.6% in FY20, with volatility somewhat minimised due to the Group's hedging program. Whilst these fuel cost movements are partially attributable to increases and decreases in VAH's capacity (ASKs), movements in underlying fuel prices in recent years have driven the majority of these costs. VAH has fuel pay-per-use agreements with a variety of major aviation fuel suppliers, some of which have granted payment deferrals and/or waivers during COVID-19.

Airport, navigation and landing fees

Airport, navigation and landing fees are largely variable costs driven by the number of passengers flown and reflect airport terminal and security charges. Airport fees for terminal space are governed by contracts with each airport. Landing fees are based on industry rates for each plane's maximum take-off weight (**MTOW**). Navigation fees for domestic operations are charged by Airservices Australia for use of Australian airspace and also include overflight charges from for VAH's international operations. These costs increased by 3.7% in FY18, and 5.0% in FY19 and decreased by 25.6% in FY20, largely in line with the movements in capacity.

Ground handling costs

Ground handling costs are also variable, based on the number of flights flown and the volume of freight moved. These relate to outsourced ground handling, cargo handling and warehouse costs. These costs remained broadly flat in FY18 and FY19 before decreasing by 23.1% in FY20.

Maintenance and aircraft servicing costs

Maintenance and aircraft servicing costs increased in FY18 (by 5.7%) and FY19 (by 2.2%). As the fleet was simplified, maintenance costs per ASK declined in FY19 (i.e. capacity growth outpaced maintenance cost growth in FY19). However, due to the largely fixed nature of maintenance costs, FY20 saw a reduction of only 4.0%, as maintenance has still been required for the grounded fleet during COVID-19. VAH operates a predominantly insourced line maintenance operation in Australia, with overseas ports covered by outsourced providers.

Brand, marketing and loyalty expenses

Brand, marketing and loyalty expenses also increased in FY18 (14.4%) and FY19 (6.9%). Brand fees relate to the royalty payments for use of the Virgin brand from Virgin Group. Loyalty costs relate to the provision of non-airline redemption products by Velocity members and are thus largely driven by membership numbers. Marketing expense relates to a mixture of fixed and variable spend, including sponsorship contracts (e.g. AFL). Due to the fixed and contractual nature of the majority of this expenditure, VAH was only able to reduce brand, marketing and loyalty expenses by 3.4% in FY20, despite a 22.5% reduction in revenue.

Aircraft rental costs

Aircraft rental costs had decreased throughout FY18 (down 16.2%) and FY19 (down 1.5%), before increasing in FY20 (up 9.2%). VAH incurs annual rental costs on its leased aircraft under long term agreements. These include wetlease agreements with Alliance Airlines for certain intra-QLD routes (a wetlease is an aircraft lease that also includes crew, maintenance and insurance), and wetlease agreements with cargo providers for freighter aircraft. The majority of VAH's lessors agreed to rent deferrals (in whole or in part) in response to the COVID-19 crisis. FY20 aircraft rental costs are an estimate by Management to enable comparison to prior periods. The significant increase in FY20 is largely attributable to the depreciation of the AUD against the USD.

EBIT and EBITDA

As a result of the various changes in costs as detailed above, as well as the implementation of the new lease accounting standard, AASB16, from 1 July 2019, VAH's EBIT and EBITDA margins have varied considerably over the historical period. Interest costs have increased in FY19 and FY20 as the Group issued further unsecured notes to secure additional liquidity coverage.

5.7.1. VAD

VAD's financial performance over the past four years is summarised below. As discussed above, FY20 accounts are presented in draft and remain subject to review by VAH's auditors. Care should also be taken in comparing FY20 results to previous periods due to the implementation of AASB16; FY20 aircraft rentals are an estimate by Management to enable comparison to prior periods. VAD includes the financial performance of Regional & Charter (including VARA) and domestic VAC.

Table 12: VAD Historical Financial Performance: FY17 – FY20

\$m	FY17	FY18	FY19	FY20
	Audited	Audited	Audited	Unaudited
Revenue	3,440	3,682	3,915	2,765
Operating expenses	(2,941)	(3,053)	(3,356)	(2,514)
EBITDAR	499	629	559	251
Aircraft rentals	(153)	(143)	(122)	(138)
EBITDA	345	486	437	113
Depreciation & amortisation	(252)	(270)	(304)	(357)
EBIT	93	216	133	(244)
KPIs				
Annual Revenue Passengers (millions)	17	17	18	13
Available Seat Kilometres (millions)	26,557	26,595	27,119	20,272
Revenue Passenger Kilometres (millions)	20,600	21,129	21,612	16,112
Revenue Load Factor (%)	77.6%	79.4%	79.7%	79.5%
RASK (Total Revenue) (cents)	12.95	13.84	14.44	13.64
EBIT CASK (cents)	12.60	13.03	13.94	14.84
Revenue Growth (%)	n/a	7.0%	6.3%	(29.4%)
EBITDAR Margin (%)	14.5%	17.1%	14.3%	9.1%
EBITDA Margin (%)	10.0%	13.2%	11.2%	4.1%
EBIT Margin (%)	2.7%	5.9%	3.4%	(8.8%)

Source: VAH

VAD reported revenue growth of 7.0% in FY18 and 6.3% in FY19. In FY18 this was predominantly driven by an improvement in load factor from 77.6% to 79.4% driving a 6.8% improvement in RASK whilst capacity remained flat. In FY19 this growth was driven by a combination of capacity increases (ASKs up 2%) and further improvements to RASKs driven by increasing yields. This historical RASK growth was passenger driven, with load strategies rewarded on Domestic Leisure sectors. In FY20, VAD's revenue contracted by 29.4%, driven by a 25.2% decrease in capacity compounded by declining domestic yields (load factor remained relatively stable despite the impact of COVID-19) despite the government subsidised flying program. As a result, VADs RASK contracted from 14.44 cents to 13.64 cents (5.5%).

Prior to FY20, VAD was profitable whilst the performance of other airline segments has declined, with profitability sustained by the revenue growth described above offsetting declines in margins, as CASK has increased in both FY18 and FY19. The increase in CASK of 7% in FY19 reflected an increase in airport terminal fees and catering service charges, and rising fuel costs. As a result, VAD's EBITDAR margin fell from 17.1% in FY18 to 14.3% in FY19. Whilst VAD was able to flex its operating expenses (down by 25.1%) with capacity movements in FY20 (down by 25.2%), partially due to the government flight underwriting scheme, the aforementioned decrease in RASK drove a reduction in EBITDAR margins to 9.1% in FY20. The increase in VAD's CASK in FY20 to 14.84 cents was predominantly driven by additional capitalisation of key A330 overhauls and other maintenance events.

5.7.2. Tigerair

Tigerair's financial performance over the past four years is summarised below. As discussed above, FY20 accounts are presented in draft and remain subject to review by VAH's auditors. Care should also be taken in comparing FY20 results to previous periods due to the implementation of AASB16; FY20 aircraft rentals are an estimate by Management to enable comparison to prior periods.

Table 13: Tigerair Historical Financial Performance: FY17 – FY20

\$m	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Unaudited
Revenue	543	571	563	419
Operating expenses	(471)	(505)	(503)	(383)
EBITDAR	72	66	60	36
Aircraft rentals	(82)	(73)	(65)	(68)
EBITDA	(10)	(8)	(5)	(32)
Depreciation & amortisation	(14)	(29)	(40)	(43)
EBIT	(24)	(36)	(45)	(75)
KPIs				
Annual Revenue Passengers (millions)	5	5	4	3
Available Seat Kilometres (millions)	6,506	6,313	6,203	4,175
Revenue Passenger Kilometres (millions)	5,778	5,595	5,412	3,560
Revenue Load Factor (%)	88.8%	88.6%	87.2%	85.3%
RASK (Total Revenue) (cents)	8.35	9.04	9.08	10.05
EBIT CASK (cents)	8.72	9.61	9.81	11.83
Revenue Growth (%)	n/a	5.0%	(1.3%)	(25.6%)
EBITDAR Margin (%)	13.3%	11.5%	10.7%	8.6%
EBITDA Margin (%)	(1.8%)	(1.3%)	(0.9%)	(7.6%)
EBIT Margin (%)	(4.5%)	(6.3%)	(8.0%)	(17.8%)

Source: VAH

Tigerair experienced a decline in revenue of 1.0% in FY19 after growing by 5.0% in FY18. Revenue growth in FY18 came despite a reduction in capacity (ASKs reduced by 3%) as improved yields drove an 8.3% improvement in RASK. In FY19, revenue declined due to a further decrease in capacity (ASKs reduced by a further 1.7%) due to the annualised capacity impact of reduced fleet units and pilot industrial action in January 2019. Improvements in yields in FY19 broadly offset a decline in the load factor from 88.6% to 87.2% keeping RASK broadly flat. Like with VAD above, the impact of the bushfires and then the COVID-19 pandemic in FY20 drove a 32.7% decrease in Tigerair's ASKs in FY20. Despite a decline in load factors from 87.2% (FY19) to 85.3% (FY20), improvements in Tigerair's yields drove an improvement in RASK from 9.08 cents to 10.05 cents, with total revenue only falling by 25.6% in FY20 as a result.

Significantly accelerated depreciation costs in FY19 and FY20 associated with the transition from an A320 to B737 fleet have adversely impacted margins, with Tigerair's EBIT margin falling from (6.3%) in FY18 to (8.0%) in FY19, and (17.8%) in FY20. Increases to fuel prices and foreign exchange impacts contributed \$19.3 million to the decline in EBITDAR to \$60 million in FY19. These rising costs are reflected in Tigerair's increasing CASK, which outpaced RASK growth throughout the historical period, also due to Tigerair's inefficient dual aircraft type plan, with ongoing delays to the fleet transition program caused by the stalled B737 MAX deliveries.

5.7.3. VAH International

VAH International's financial performance over the past four years is summarised below. As discussed above, FY20 accounts are presented in draft and remain subject to review by VAH's auditors. Care should also be taken in comparing FY20 results to previous periods due to the implementation of AASB16; FY20 aircraft rentals are an estimate by Management to enable comparison to prior periods. VAH international includes the performance of international cargo.

Table 14: VAH International Historical Financial Performance: FY17 – FY20

\$m	FY17	FY18	FY19	FY20
	Audited	Audited	Audited	Unaudited
Revenue	999	1,120	1,305	979
Operating expenses	(775)	(938)	(1,167)	(912)
EBITDAR	224	183	138	67
Aircraft rentals	(185)	(173)	(196)	(213)
EBITDA	39	10	(58)	(146)
Depreciation & amortisation	(38)	(32)	(17)	(18)
EBIT	0	(22)	(76)	(164)
KPIs				
Annual Revenue Passengers (millions)	3	3	3	2
Available Seat Kilometres (millions)	13,770	15,667	17,806	13,157
Revenue Passenger Kilometres (millions)	11,198	12,133	14,050	10,088
Revenue Load Factor (%)	81.3%	77.4%	78.9%	76.7%
RASK (Total Revenue) (cents)	7.25	7.15	7.33	7.44
EBIT CASK (cents)	7.25	7.29	7.75	8.68
Revenue Growth (%)	n/a	12.1%	16.5%	(25.0%)
EBITDAR Margin (%)	22.4%	16.3%	10.6%	6.8%
EBITDA Margin (%)	3.9%	0.9%	(4.5%)	(14.9%)
EBIT Margin (%)	0.1%	(1.9%)	(5.8%)	(16.7%)

Source: VAH

VAH International increased revenues significantly over FY18 (12.1%) and FY19 (16.5%). Revenue growth in FY18 was driven by a substantial increase in capacity, with ASKs increasing by 13.8%, offsetting a reduction in RASK as load factor reduced from 81.3% to 77.4%. In FY19 RASK improved on all of the Group's international routes as a result of improvements to load factor. This was compounded by a further increase in capacity by 13.7%, driven by the launch of services between Sydney and Hong Kong and new services on Trans-Tasman routes, driving the segment's significant revenue improvement. This route to Hong Kong was withdrawn in 1H20, partly contributing to the reduction in ASKs in FY20 of 26.1%, with the remainder of the reduction driven by reduced inbound tourism due to the bushfires and the closure of international borders due to the pandemic. As with the segments above, an improvement in yields offset the reduction in load factor in FY20 (from 78.9% to 76.7%), resulting in a small increase in recorded RASK for FY20.

Despite these significant improvements in the top line, VAH International's profitability declined over FY18, FY19 and FY20. Increases in fuel costs and product investment on Short Haul International offset this revenue growth, with \$51.9 million of the FY19 EBIT decline attributable to increases in fuel prices and foreign exchange impacts. As a result of these increases to CASK, EBIT margin fell from (1.9%) in FY18 to (5.8%) in FY19. In FY20, VAH International was only able to reduce operating expenses by 21.9% (compared to a 26.1% reduction in capacity), with increases to aircraft rentals and depreciation and amortisation driving an increase in CASK from 7.75 cents (FY19) to 8.68 cents (FY20).

5.7.4. Velocity

Velocity's financial performance over the past four years is summarised below. As discussed above, FY20 accounts are presented in draft and remain subject to review by VAH's auditors. Care should also be taken in comparing FY20 results to previous periods due to the implementation of AASB16.

Table 15: Velocity Historical Financial Performance: FY17 – FY20

\$m	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Unaudited
Revenue	371	372	411	363
Operating expenses	(224)	(255)	(279)	(262)
EBITDA	148	117	132	102
Depreciation & amortisation	(5)	(7)	(10)	(12)
EBIT	143	110	122	89
KPIs				
Members (millions)	8	9	10	10
Member growth (%)	n/a	13.8%	11.0%	2.0%
Revenue Growth (%)	n/a	0.3%	10.5%	(11.7%)
EBITDA Margin (%)	39.8%	31.5%	32.2%	28.0%
EBIT Margin (%)	38.5%	29.6%	29.7%	24.6%

Source: VAH

Velocity has experienced continued growth in members, driving ongoing EBITDA and EBIT growth since FY18, and directing significant revenue into other VAH segments. Revenue growth of 0.3% in FY18 and 10.5% in FY19 has been outpaced by subscriber growth, suggesting a decreasing average monetisation of members over the period, though Velocity has added further airline and financial services partners. However, as EBIT margins have remained steady in FY19, this revenue and member growth has directly translated into improved profitability for the segment. Revenue (and therefore EBIT) contracted by 11.7% in FY20, with a reduction in both points earned and spent (when Velocity earns its margins) due to the ongoing global pandemic. EBIT margins contracted to 24.6% in FY20, with the majority of Velocity's operating expenses fixed in nature. Velocity's ongoing profitability is also highly cash generative for the Group, as Velocity requires little ongoing capital expenditures and other investment.

5.8. Financial position

The consolidated financial position of VAH Group as at 30 June 2017 to 30 June 2020 is summarised below. Whilst 30 June 2017 to 30 June 2019 have been prepared based on the Group's statutory balance sheet, 30 June 2020 is based on the Group's management accounts which are still in draft and subject to review by the VAH's auditors. Caution should be taken when comparing figures across each of the periods in the historical financial statements contained in this report, due to changes in accounting standards, in particular the implementation of AAB16 from 1 July 2019, as well as the differences between management and statutory account classifications.

Table 16: VAH Historical Financial Position: 30 Jun 17 – 30 Jun 20

\$ million	30 Jun 17 Audited	30 Jun 18 Audited	30 Jun 19 Audited	30 Jun 20 Unaudited
Cash and cash equivalents	1,396	1,416	1,740	741
Derivative financial assets	2	220	72	0
Receivables	309	282	269	190
Inventories	46	48	51	43
Other financial assets	25	12	31	196
Other current assets	9	3	3	2
Total current assets	1,788	1,980	2,165	1,172
Receivables	162	192	183	24
Derivative financial assets	7	64	14	-
Other financial assets	293	284	256	216
Deferred tax assets	554	-	58	53
Property, plant & equipment	2,917	3,031	3,202	2,155
Intangible assets	617	617	581	117
Other non-current assets	19	21	10	(0)
Total non-current assets	4,568	4,209	4,303	2,564
Payables	680	808	929	878
Interest bearing liabilities	281	295	772	789
Derivative financial liabilities	57	7	15	0
Provisions	234	269	256	556
Unearned revenue	1,074	1,142	1,263	1,131
Other current liabilities	22	4	3	0
Total current liabilities	2,348	2,524	3,237	3,355
Derivative financial liabilities	6	0	3	0
Provisions	264	278	340	702
Interest bearing liabilities	2,152	2,273	2,257	4,722
Other non-current liabilities	11	19	13	1
Total non-current liabilities	2,434	2,570	2,612	5,425
Net Assets	1,574	1,095	619	(5,043)
KPIs				
<i>Net Debt</i>	<i>1,037</i>	<i>1,153</i>	<i>1,289</i>	<i>4,771</i>
<i>Adjusted Net Debt</i>	<i>4,284</i>	<i>3,875</i>	<i>3,971</i>	<i>n/a</i>
<i>Financial Leverage (times)</i>	<i>2.4x</i>	<i>2.1x</i>	<i>2.8x</i>	<i>127.4x</i>
<i>Adjusted Financial Leverage (times)</i>	<i>4.8x</i>	<i>4.1x</i>	<i>4.7x</i>	<i>n/a</i>

Source: VAH

Working capital

Working capital is typically negative as a consequence of passenger payments received in advance of travel. At 30 June 2020, unearned passenger revenue totalled \$1.1 billion. VAH's total current and non-current receivables relate to amounts owing from corporate clients, charter receivables, JobKeeper receivables, prepayments, tax refunds, and derivative settlement receivables. This balance decreased by \$237 million in FY20 as VAH's working capital position unwound and the Administrators collected outstanding balances. Some of these receivables have not yet settled pending the finalisation of the Administration, with potential offsets against creditor positions of VAH.

Other financial assets

Other financial assets include security deposits paid to aircraft lessors and other suppliers as well as maintenance reserve payments made to aircraft lessors. This declined from \$320 million in FY17 (both current and non-current) to \$287 million in FY19. Other financial assets increased in FY20 as during the Administration, VAH's lessors made claims against the letters of credit issued to them under the multi-option facility agreement (**MOFA**). These facilities are normally held off balance sheet for any letters of credit issued and only come on to the balance sheet when a claim is made. Therefore, this increase in other financial assets has an offsetting increase to interest bearing liabilities for the amounts owed to the issuing bank under the MOFA.

Property, Plant & Equipment

Property, Plant & Equipment (**PP&E**), predominantly comprises aircraft and aeronautic related assets (including engines). Of VAH's fleet of 143 aircraft, 79 are on operating leases and 64 are owned or on finance leases (two of these owned aircraft have been decommissioned as of 30 June 2020). PP&E had increased steadily from \$2.9 billion in FY17 to \$3.2 billion in FY19 driven by the addition of new aircraft, as the aged fleet has been gradually replaced. The PP&E balance reduced by \$1.0 billion in FY20 as VAH wrote-down its fleet for aircraft exiting the Group on account of the proposed business structure by Bain in June 2020. This included a full write-down of the A330s, B777s, ATRs, Tigerair A320s and some B737s, with the retained B737s impaired down to fair value by the Group.

Derivative assets and derivative liabilities

As a result of its hedging activities for fuel, foreign exchange and interest rates, VAH has historically carried material balances of derivative assets and derivative liabilities on its balance sheet. In FY19, the majority of these hedges were in the money (**ITM**), resulting in a net asset being recognised (derivative assets and liabilities are classified separately on VAH's balance sheet in accordance with AASB9). These positions were closed out upon the appointment of Administrators, and the Group had no new hedging facilities as of 30 June 2020.

Intangible assets

Intangible assets remained broadly flat between FY17 and FY19, predominantly consisting of various software and other contract rights. Despite the recognition of goodwill on the acquisition of Velocity, VAH's intangible assets decreased by \$464 million in FY20 due to various COVID-19 related impairment charges.

Current and non-current interest-bearing liabilities

Current and non-current interest-bearing liabilities have increased significantly over the past four years. This increase has come as a result of VAH issuing debt in order to continue funding operations, and the impact of the declining AUD/USD on its USD denominated debt. Total interest-bearing liabilities increased by \$461 million in FY19, with a proportionate increase in Cash and Cash Equivalents (\$324 million). A further increase of \$2.5 billion was recorded in FY20, as VAH issued additional debt to fund the acquisition of Velocity, drew down further on existing facilities (e.g. letters of credit referred to above), and recognised lease liabilities in accordance with AASB16. Details of the components of VAH's various debt and debt-like items as at 30 June 2020 are provided in Section 5.10.2 of this report. Adjusted net debt, as is shown in Table 16, is used by the Group as a proxy for the impact of AASB16 (between FY17 and FY19), and assumes operating leases are capitalised at 7.0x of the Group's annual rental expense. Adjusted financial leverage increased from 4.1x to 4.7x in FY19 driven predominantly by the issuance of new bonds.

Provisions

Provisions on its balance sheet for maintenance on leased aircraft, employee benefits, and onerous contracts. The level of provisions has increased from \$498 million in FY17 to \$1.3 billion in FY20, with the large increase in FY20 attributable to a change in VAH's maintenance accounting policy to better align with the accounting requirements of AASB16.

5.9. Cash flow

VAH's cash flows over the past four years are summarised below. Caution should be taken when comparing figures across each of the periods in the historical financial statements contained in this report, due to changes in accounting standards. The FY20 Cash Flow Statement is based on the Group's management accounts which are still in draft and subject to review by the Group's auditors

Table 17: VAD Historical Cash Flow Statement: FY17 – FY20

\$m	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Unaudited
EBITDA (Cash)	289	481	376	5
Mvmt. in working capital	108	208	219	(286)
Interest	(130)	(119)	(125)	(132)
Minority distributions	(38)	(47)	(29)	(46)
Other operating cash flows	2	-	8	-
Cash flows from operations	230	523	449	(459)
Aircraft maintenance capital expenditures	(363)	(214)	(339)	(399)
Other capital expenditures	(68)	(92)	(77)	(66)
Unfunded aircraft deliveries & PDPs	(83)	(270)	(106)	(106)
Disposal of aircraft & other PPE	188	8	3	132
Cash flows from investing	(326)	(569)	(520)	(439)
Financing drawdowns	555	357	799	1,743
Debt repayments	(1,095)	(295)	(429)	(1,197)
Transaction cost related to borrowings	(13)	(22)	(9)	(39)
Sale & leaseback of aircraft	-	-	-	58
Velocity purchase	-	-	-	(711)
Proceeds from equity raising	931	(1)	(1)	-
Other financing cash flows	(2)	-	0	0
Cash flows from financing	377	39	359	(145)
Cash (opening)	1,124	1,396	1,416	1,740
Movement in Cash	281	(7)	288	(1,043)
Non-cash items	(8)	26	36	44
Cash (closing)	1,396	1,415	1,740	741
KPIs				
<i>Free cash flow</i>	<i>(96)</i>	<i>(45)</i>	<i>(71)</i>	<i>(898)</i>

Source: VAH

Prior to COVID-19, between FY17 and FY19 VAH had remained cash flow positive at an operating level, however, had incurred significant investing cash outflows predominantly relating to aircraft purchases, maintenance capital expenditures, and the repurchase of Velocity. As a result of this significant investment in tangible and intangible assets, VAH recorded negative free cash flows (FCF) of \$96 million, \$45 million and \$71 million in FY17, FY18 and FY19 respectively (these FCF figures include exceptional cash costs relating to transformation activities). These negative FCF were funded via additional debt, and as a result, VAH's closing cash position actually increased in FY17 before remaining flat in FY18 and increasing again in FY19.

Operating cash inflows decreased by \$74 million in FY19 driven by a \$105 million decrease in Cash EBTIDA and additional interest, offset by minor increases in VAH's working capital position and decreases in distributions to minority equity holders⁴⁰. VAH operates on a negative working capital cycle, where increases in revenue drive positive cashflows. As such, VAH's 7.6% revenue growth in FY19 generated additional cash for the Group.

Cash flows in FY20 are heavily impacted by the Administration of the VAH Companies, with an operating cash outflow of \$459 million driven by declining profitability (discussed above) and an unwind of the working capital position as debtors were collected and creditors deferred during the Voluntary Administration.

Investing cash outflows decreased by \$49 million in FY19 as maintenance capital expenditures increased, offset by a \$164 million reduction in unfunded aircraft deliveries as the delivery of the Boeing 737 MAX aircraft was delayed. Financing cash inflows increased by \$320 million primarily driven by the issuance of \$250 million in new bonds.

FY20 investing cash flows were broadly in line with FY19 apart from additional capitalised reserves (included within aircraft maintenance capital expenditures) as lessors drew down on Letters of Credit under lease terms, and the disposal of \$132 million of aircraft and other PP&E. The Group drew down on additional financing to fund these Letters of Credit, as well as the Velocity Purchase, during FY20. As a result of the above factors, the Group recorded negative free cash flows of \$898 million during FY20.

5.10. Capital structure and shareholders

5.10.1. Equity

As at 30 June 2020, VAH had 8.4 billion fully paid ordinary shares on issue and 19,186 registered shareholders, with the top ten shareholders accounting for approximately 93.99% of the ordinary shares on issue:

Table 18: VAH Major Shareholders as at 30 June 2020

Shareholder	No. of Shares	% of Shares Outstanding
EAG Investment Holding Company Limited	1,771,023,928	20.97
Singapore Airlines Ltd	1,691,623,863	20.03
Nanshan Capital Holdings Ltd	1,689,932,240	20.01
HNA Innovation Ventures (Hong Kong) Co Limited	1,676,736,791	19.85
Corvina Holdings Limited	845,811,931	10.02
Merrill Lynch (Australia) Nominees Pty Limited	140,159,854	1.66
Citicorp Nominees Pty Limited	51,404,371	0.61
HSBC Custody Nominees (Australia) Limited	39,797,045	0.47
Chesters Nominees Pty Ltd	16,960,275	0.20
J P Morgan Nominees Australia Pty Limited	14,672,238	0.17
Total top 10 shareholders	7,938,122,536	93.99
Other shareholders (19,176 shareholders)	507,095,938	6.01
Total	8,445,218,474	100.00

Source: VAH

As of 30 June 2020, VAH did not have any other securities on issue, including share-based employee incentive plans (all VAH employee incentive plans are cash-based), options, or any other form of performance rights.

⁴⁰ Cash EBITDA adjusts the Profit & Loss EBITDA for non-cash transformation costs.

5.10.2. Debt

A summary of VAH's debt and debt-like items as at 30 June 2020 is provided below. This summary does not include the \$152.8 million outstanding from VAH Companies to Velocity as part of the secured intercompany loan facility.

Table 19: VAH Debt as at 30 June 2020

\$ million	Amount
Secured loans (excl. Velocity facility)	1,049
Velocity facility	225
Finance leases	155
JOLCO finance leases	317
MOFA	67
Unsecured bonds	1,848
Aircraft operating leases	1,706
Other operating leases	202
Total debt and debt-like items⁴¹	5,570

Source: Management

Some of VAH's liabilities are secured using assets as collateral (including aircraft leases). VAH has taken out a series of secured aeronautical loans against some of its owned Boeing 737s and 777s. These loans are a mixture of USD floating rate notes with maturities in 2026 and 2027 and AUD fixed and floating rate notes with a mix of maturities ranging from 2024 to 2030. VAH also has finance leases against a number of its owned Boeing 737s. These loans have maturities in 2026 and are AUD denominated.

JOLCO leases are special aircraft lease agreements with Japanese SPVs. JOLCOs are structured as a combination of equity, raised by a SPV in Japan, and debt raised from lenders against the SPV, to fund the acquisition of an asset, in this case aircraft. Once the aircraft is acquired, these SPVs then enter into lease agreements with airlines, such as VAH, with an attached purchase option which is expected to be exercised. JOLCO leases are used to access 100% financing at cheaper rates (possible due to the Japanese lessors' ability to receive tax benefits from the assets' depreciation). VAH has JOLCO leases for a number of its Boeing 737 aircraft, including USD fixed rate, JPY fixed rate, and AUD floating rate JOLCOs.

As of 30 June 2020, VAH had drawn down \$52 million with ANZ (AUD denominated) and \$15 million with HSBC (USD denominated) as part of its MOFA facilities.

VAH has a series of five different tranches of unsecured bonds which have been detailed below. The latest of these bond raises was conducted in 2019, when Virgin raised the funds to pay for its \$700 million buy back of the remaining 35% of Velocity by issuing \$325 million of ASX listed notes and USD425 million of high yield bonds.

Table 20: VAH Unsecured Bonds as at 30 June 2020

\$ million	Currency	Maturity	Coupon Frequency	Rate	AUD Amount Outstanding
US\$350 million	USD	Oct-21	Semi-annual	7.88%	507
US\$425 million	USD	Nov-24	Semi-annual	8.13%	616
Total USD unsecured bonds					1,123
AU\$150 million	AUD	May-23	Semi-annual	8.25%	150
AU\$250 million	AUD	Mar-24	Semi-annual	8.08%	250
AU\$325 million	AUD	Nov-24	Semi-annual	8.00%	325
Total AUD unsecured bonds					725
Total unsecured bonds					1,848

Source: Management

⁴¹ Excludes \$58 million of deferred borrowing costs, a contra liability account used to amortise borrowing costs in the profit and loss statement over the line of a finance facility.

Finally, VAH leases PP&E, principally aircraft and engines, under non-cancellable operating leases with terms of one to nine years. These leases, predominantly for Airbus A330s and A320s, ATRs, and Boeing 737s have a wide range of maturities between 2020 and 2029. In addition to the aircraft leases, there are a number of finance, operating and rental agreements in place in respect of telecommunications equipment, ground equipment, motor vehicles, property and office equipment leases.

5.11. Share price performance

A summary of the share price and trading history of VAH equities between listing on 8 December 2003 and its last recorded trade on 9 April 2020 prior to suspension, where VAH's implied market capitalisation was \$726 million, is set out below:

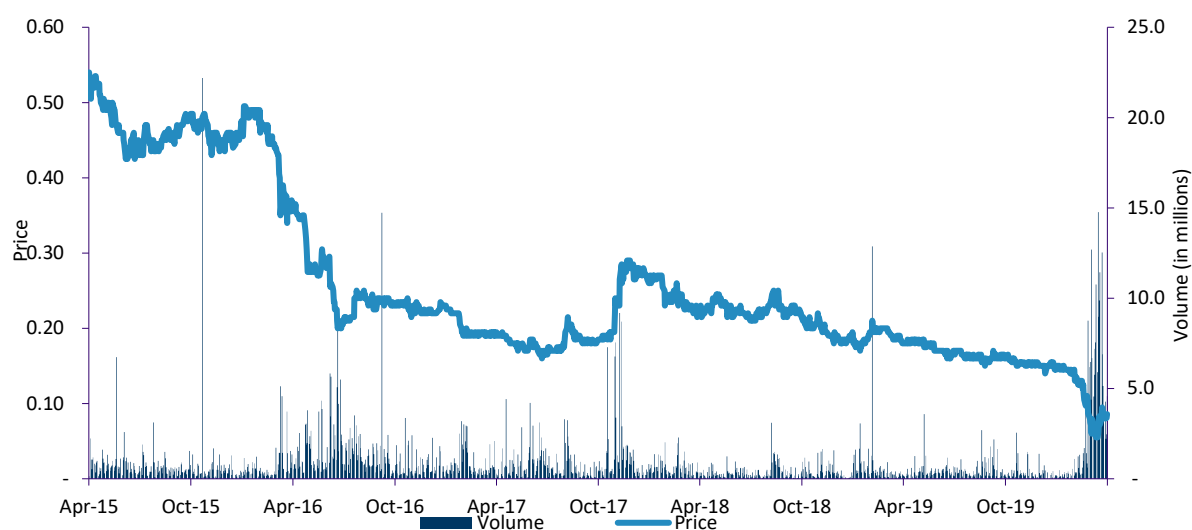
Table 21: VAH Historical Share Price Performance

Period	Share Price (\$)				Avg. Daily Volume (millions)
	Open	High	Low	Close	
Years					
2003 to 2010 (from 8-Dec-03)	2.25	2.85	0.15	0.43	5.9
2011 to 2015	0.44	0.56	0.23	0.24	5.1
2016 to 2018	0.24	0.50	0.16	0.19	0.9
2019					
1Q19	0.19	0.22	0.17	0.19	0.7
2Q19	0.19	0.19	0.16	0.17	0.4
3Q19	0.17	0.17	0.15	0.16	0.5
4Q19	0.17	0.17	0.14	0.15	0.4
2020					
January	0.16	0.16	0.15	0.15	0.2
February	0.15	0.15	0.11	0.11	0.6
March	0.11	0.12	0.05	0.10	7.0
April (to 9-Apr-20)	0.10	0.10	0.08	0.09	4.1

Source: S&P Capital IQ

The following graph illustrates the movement in the VAH share price and trading volumes over the past five years prior to the Voluntary Administration period.

Figure 31: VAH Historical Share Price Performance and Volume Traded: 2015 – 2020 YTD



Source: S&P Capital IQ

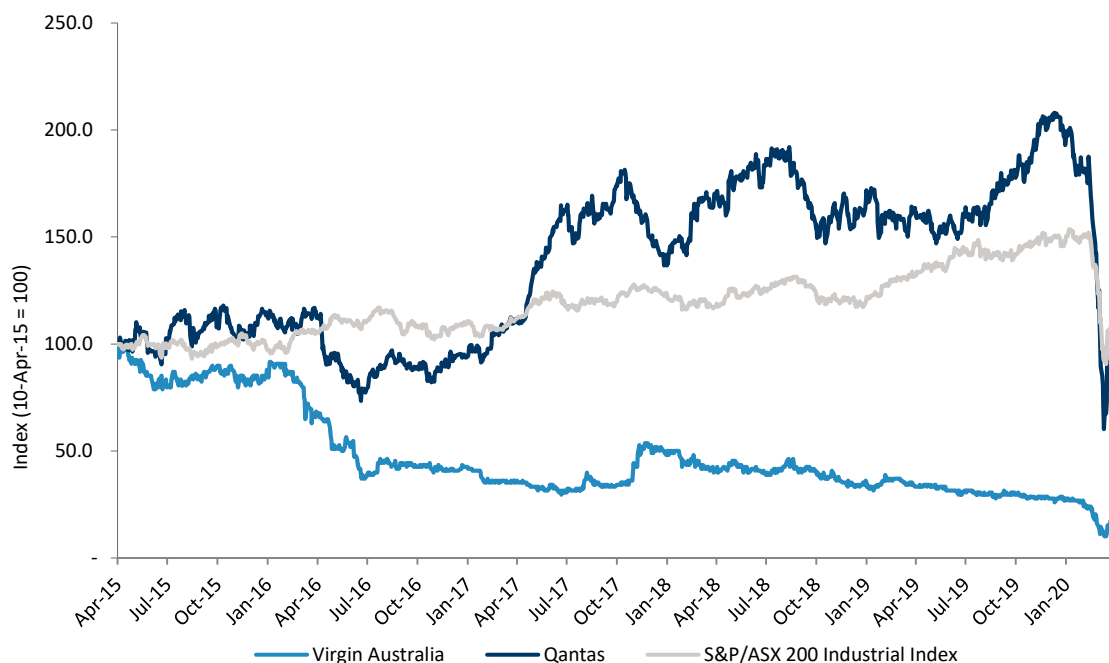
VAH shares commenced trading on 8 December 2003 at a premium of 8.0% over the initial public offer price of \$2.25. The share price gradually trended downwards until September 2006 to trade broadly around \$1.60. Over the following eight months to early May 2007 the share price increased sharply by approximately 65.0%, following announcements regarding an increase in expectations of FY07 earnings, the planned launch of the international airline, and the purchase of new Embraer and new Boeing aircraft. During this period, VAH recorded its all-time high for the stock (\$2.85). The stock price then trended sharply downwards over the subsequent two years by almost 90.0% to hover around \$0.30. This decline was predominantly driven by the Global Financial Crisis and associated impacts to passenger volumes, erosion of yields, fuel prices, despite VAH's attempts to mitigate the impact of these macroeconomic factors.

Between 2009 and 2015, VAH gradually traded upwards from \$0.30 to \$0.50. During this period VAH undertook its transformation program from a low-cost carrier to becoming a diversified airline group. Its share price decreased dramatically again in the first half of 2016, falling to approximately \$0.25 million in August 2016. This was driven by further losses and a series of capital structure changes, including Air New Zealand's sale of its equity stake, new equity issued to HNA, and a heavily discounted capital raise to shareholders. VAH's share price traded broadly downwards yet again until November 2017 at around \$0.20 before seeing a brief recovery in Dec-17 to finish around \$0.27 for the year. The stock price then gradually halved again over the next two or so years until Feb-20 at \$0.13. During the peak of the equity market crash due to COVID-19, VAH fell to around \$0.05 before recovering to \$0.09 at the time of its eventual suspension.

VAH has a limited free float with the top 5 shareholders holding 90.88% of the total outstanding shares in VAH. The average daily volume of shares traded over Mar-20 and Apr-20 of 6.3m represents approximately 0.07% of shares on issue or 0.82% of free float shares. This represents an annual turnover of around 22.77% of total issued capital or 299.51% of the free float.

As a consequence of its limited free float, VAH is not a member of any of the key indices. However, the following graph illustrates the performance of VAH shares over the past five years relative to the S&P/ASX 200 Industrial Index and Qantas.

Figure 32: VAH vs. S&P/ASX 200 Index vs. Qantas: 2015 – 2020 YTD



Source: S&P Capital IQ

5.12. Outlook for VAH

As mentioned above, VAH transitioned from a start-up LCC with a focus on profit and cost (from FY01 to FY10). It then focused on product and market share with a full-service model and expansion into multiple lines (from FY10 to FY19). At present, the focus is on recapitalisation, followed by return to profitability, improved return on investment and increased efficiency.

The restructuring strategy aims to deliver higher profits by addressing cost drivers while improving revenue quality and efficiency, with the transition being accelerated post administration. The core focus of this transition is to become a highly profitable and domestic centric airline with an aim to maximise the core earnings through VAD and integration of Velocity while developing the complimentary growth businesses: Holidays, VAC and International, with an optionality left with regards to potentially reviving the LCC at a future point in time.

The key strategic initiatives underpinning the Model, which aims to reduce the complexities of the full-service model are summarised below:

- Simplified organisational structure, right-sizing program and supplier review:
 - Optimisation of personnel size and align responsibilities with better co-operation between various levels and businesses;
 - Review of supplier agreements to optimise cost base and supply chains.⁴²
- Network and capacity review through reductions of cannibalisation and optimise schedules
 - Improved aircraft utilisation and network contribution and cutting of unprofitable routes
 - Network optimisation solutions minimising upfront capital requirements
 - Optimising whole of network contribution by leveraging existing VAH sales channels and infrastructure.
- Fleet simplification:
 - Reassessing domestic, international short haul and international long-haul fleets with the removal of select aircraft
 - Defining the future state and transition approach for the LCC product offering
- Cost / product optimisation and review:
 - Reducing spending in the product space through improving the commercials around contracts
 - Simplifying offerings in a more holistic and commercially focused approach
- Loyalty program (Velocity):
 - Better conversion of members into loyal VAH frequent flyers
 - Improved share of wallet by increasing direct channel and utilising Velocity data
 - Cost synergies delivered by the acquisition of Velocity
- Customer and digital changes:
 - Digital is increasingly becoming the interaction channel of choice and mobile is continuing to grow in importance.
 - Restructure fares to personalise and appeal to key customer needs
 - Tailoring in-flight and in-airport experience

⁴² Virgin Australia Group Corporate Strategic Plan Overview Presentation 03.04.20 page 54

- A focus on data driven decision making, automation of processes, streamlining the customer journey, constant innovation and delivering an 'omni-channel' experience to maximise profits and build digital capability for the future.

The key operating assumptions underlying the Model are commercially sensitive and as such we have elected not to disclose the specific details thereof.

Key assumptions relating to specific revenue and cost drivers of the Model are:

- **Typical base schedule of flights / available seat capacity:** This is estimated over the forecast period based on FY21 plus an escalation rate. Excluding the adjustments due to COVID-19, the number of flights remain constant year-on-year. Revenue growth is based on an increase in load factor and average fare rather than an increase in the number of flights or routes flown. In the Model, the focus is on reducing aircraft and routes, and focusing on the most profitable routes, in the estimate for the base schedule of flights.
- **Load factor:** The load factor (the percentage of available seats filled by paying passengers) per route is estimated to be below historical levels during FY21 and FY22 due to the impact of COVID-19. The load factor is estimated to return to 100% of the typical load factor in FY23, with a marginal increase in the load factor from FY23 onwards.
- **Fare:** The average fare per route is assumed to be impacted by COVID-19. It is estimated that COVID-19 will result in lower demand, which may also drive a discount in the average fare price in FY21 and FY22. It is forecast for the average fare to return to the historical levels from FY23 onwards, with an increase in the average fare at a marginal real growth from FY23 to FY25.
- **Ancillary / other revenue:** Passenger ancillary revenue (baggage fees, lounge, in-flight food and service) is estimated to increase at recent inflation rates or with some real growth. Other earned revenue is forecast to remain at constant percent of revenue.
- **Impact of COVID-19 on typical base schedule of flights:** Management has estimated the impact of COVID-19 as the percentage of typical base schedule of flights.
- Domestic flights between capital cities, are expected to reach 100% of the typical base schedule by April 2022;
- Domestic leisure and regional travel, are expected to reach the typical base schedule of flights from late 2020 to early 2021;
- International travel (Trans-Tasman), are expected to reach the typical base schedule of flights from April 2021.
- LHI flights, are expected to reach typical base schedule of flights between late 2021 and mid-2022.

We provide additional operational and financial detail with regards to the Strategy in the valuation sections of the Report as well as in Appendix H

6. Valuation Methodology and Approach

In Section 2 of this report we discussed the regulatory framework to which we had reference in order to determine the most appropriate valuation methodologies and approaches. As discussed, in order to comply with current ASIC guidance as well as proposed new guidance which has not been formalised by ASIC, we have estimated the value of VAH using two different bases of value:

1. Going Concern basis (consistent with current formal guidance); and
2. Liquidation basis (consistent with proposed guidance not formalised yet).

In this section we summarise the following:

- The definitions of value we applied in our valuations on a Going Concern basis (the **Going Concern Valuation**) and Liquidation basis (the **Liquidation Valuation**);
- The methodologies and approaches we view to be most appropriate for our valuations under the two bases of value; and
- Our reasoning for selecting the methodologies and approaches applied.

6.1. Definitions of value

The different bases of value we have applied in our analysis require consideration of the perspectives of value discussed below.

Fair value

RG 111.15 advises that fair value should be calculated on the basis of a “*knowledgeable and willing, but not anxious, seller*”. In practice, ASIC has also clarified that it requires fair value to be prepared on a “*going concern*” basis.

For the purposes of our Going Concern Valuation, we have used ‘fair value’ defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm’s length”.

In seeking to form our opinion of the fair value of VAH on a Going Concern basis it is necessary take into account that VAH has not been able to discharge its liabilities in the normal course of business. Therefore, we have valued the operating business on a ‘Going Concern’ basis and then deducted any interest-bearing debt and debt like items and added surplus cash and the equity investment in Velocity.

Liquidation value

In order to determine the appropriate methodology for the Liquidation Valuation, we considered the following definition of liquidation value.

According to IVS 104 *Bases of Value*, liquidation value is the amount that would be realised when an asset or group of assets are sold on a piecemeal basis, that is without consideration of benefits (or detriments) associated with a going-concern business. Liquidation value can be either in an orderly transaction with a typical marketing period or in a forced transaction with a shortened marketing period (See sections 170 and 180) and a valuer must disclose whether an orderly or forced transaction is assumed.

FTI Consulting considered that the definition of liquidation value from the IVSC would include the concepts of a sale of the business as a whole, on a distressed basis (similar to the sale of a “group of assets” in the IVSC definition), which would take into account the situation faced by VAH whereby it does not have sufficient funding to pursue its operations for the foreseeable future.

The IVSC definition of liquidation value would also include the sale of assets individually, “on a piecemeal basis”.

Therefore, we consider it appropriate to include two scenarios in our Liquidation Valuation, reflecting:

- A distressed sale of the business as a whole; and
- A piecemeal sale of the separate assets.

Special value

ASIC suggests that the expert should not reflect 'special value' that might accrue to the acquirer.

Therefore, we have excluded special value in forming our opinion.

Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair value. This premium represents the value to the potential acquirer of various factors that may include potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair value as it relates to the individual circumstances of special purchasers.

6.2. Valuation methodologies

RG 111.69 sets out the valuation methodologies that a valuer should generally consider when valuing assets or securities for the purposes of share capital returns, selective capital reductions, schemes of arrangements, takeovers and prospectuses. The methodologies are:

- the discounted cash flow (**DCF**) method incorporating the estimated realisable value of any surplus assets
- the capitalisation of future maintainable earnings (**CFME**) method, capitalising the estimated future maintainable earnings or cash flows, using an appropriate earnings' multiple, and adding the value of any surplus assets
- the net assets method (**NAV**), being the amount available for distribution to security holders on an orderly realisation of assets
- any recent genuine offers (**Offers**) received by the target for any business units or assets as a basis for the valuation of those business units or assets. This method is typically used as a cross check to any of the above methods
- the quoted market price (**QMP**) method for the listed securities when there is a liquid and active market. This method is typically used as a cross check to the above methods.

Each of the above methods may be appropriate in certain circumstances. The decision as to which method to apply generally depends on the nature of the business being valued, the availability of appropriate information and the methodology most commonly adopted in valuing such businesses. Further details on these methodologies are set out in Appendix C of this Report.

RG 111 does not prescribe these methods as the method(s) that the expert should use in preparing the Report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert should have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as 'sum-of-parts' (**Sum of the Parts**) valuation.

6.3. Selection of valuation methodology

In our selection of the appropriate valuation methodologies to apply, we considered the following:

- The methodologies set out in RG 111.69 (above).
- The financial model prepared by Management (**Model**) and its suitability for use in the DCF methodology.
- The current economic circumstances both locally and globally stemming from the COVID-19 pandemic and the adverse impact on the airline industry and on the reliability and suitability of the CFME method. We have, however, used this method as a high-level cross check to the DCF methodology.
- The NAV method is typically applied when a business is non-profitable, non-tradeable or asset rich. This method is relevant in our Liquidation Valuation.
- The QMP method is suitable for listed companies where the trading price typically provides an indication of the fair value of a minority interest if trading is liquid and no takeover speculation is evident. QMP has not been applied as trading of VAH's shares has been halted and VAH is in administration.
- The alternative bids received for the Business in the sale process provide useful information regarding the market value of VAH.

Based on the above considerations, FTI Consulting has assessed the value of the equity of VAH using the following valuation approaches.

6.4. Valuation Approach

6.4.1. Approach - Going Concern Valuation

In our Going Concern Valuation, we have assumed that VAH's financial distress does not exist and sufficient funding is available to pursue its operations, although we note that it has been facing financial pressures.

However, the current environment with COVID-19 has added to the existing financial pressures on the Business. While the assumptions adopted under our Going Concern Valuation do not reflect the financial pressure from being in administration, they do reflect the uncertainties of the current economic environment and our assessment of the risks associated with the anticipated ramp up of the Business as forecast by Management under its strategic plan.

We have used the following approach in assessing the value of the VAH Companies on a Going Concern basis:

- reviewed the historical financial results of the VAH Companies, the strategy documents and financial projections and other tax and legal documentation provided by Management and the Administrators (refer to Appendix J)
- reviewed the various agreements and the DOCA Proposal and the companies (both operating and holding) that are included in the DOCA Proposal, namely the VAH Companies (refer to Appendix B)
- held discussions with the Administrators, Management and their advisors in order to understand the Business, its history and forecast financial performance in the context of uncertainty with COVID-19
- reviewed and analysed industry and economic papers with regards to historical and anticipated performance of the industry
- reviewed and adopted the Model and discussed any required changes in expectations as of the Valuation Date and performed sensitivities based on discussions with Management and/or qualitatively explained factors, which may have an impact on the financial forecasts
- reviewed and adopted the latest assessment of net working capital requirements as provided by Management in their Model, with no updates for subsequent changes in requirements in the first period

- applied the DCF method to estimate the enterprise value of the VAH Companies, using the Model and our assessment of an appropriate WACC to be applied to the forecast cash flows
- performed a value analysis of the Velocity business assuming VAH Companies are a Going Concern, and estimated the value of the equity of Velocity by adding its surplus assets and deducting its debt obligations
- deducted creditors obligations as assessed by the Administrator and/or Management
- deducting the costs of the administration of \$38 million, per the Administrators' Report.
- added surplus assets such as cash and the equity investment in Velocity
- estimated the value of the equity of VAH on a Going Concern and controlling interest basis.

In assessing the value of VAH Companies' business, we considered those synergies and benefits that would generally be available to a pool of potential purchasers/market participants. We have not included any 'special value', or the value of synergies specific to a particular acquirer.

The value derived using the DCF method, described above, was cross-checked using multiples of Revenue and EBITDAR of selected comparable listed companies. In addition, we tested for reasonableness the enterprise value in the context of the bids (including the DOCAs) that the Administrator had received for the Business.

To the extent that the actual claims are determined to be higher or lower than the estimated claims by the Administrators, then the implied value of the equity would be lower or higher, respectively, by the difference in the claims amount.

Further, we note that the current economic and industry environment is very uncertain in terms of timing and extent of recovery or lack thereof, and as such the financial forecasts underlying our valuation analysis may differ materially from the actual performance of the VAH Companies.

6.4.2. Approach – Liquidation Valuation

In our Liquidation Valuation, we have drawn upon FTI Consulting's experience in undertaking formal external administration engagements, specifically, Voluntary Administrations, Liquidations and Receiverships when reviewing the forecasts of the expected realisable values (as opposed to stated book values) to the classes of the VAH Companies' assets.

In addition, we have also drawn upon FTI Consulting's experience in conducting informal restructuring engagements such as Independent Business Reviews / Strategic Business Reviews and Investigating Accountants Reports when preparing the net asset position of the VAH Companies.

Distressed Sale scenario

The Distressed Sale scenario assumes that the business of VAH will be sold as a whole in its distressed state, noting that the seller would likely be considered in such a situation to be an 'anxious' seller within the context of the definition of fair value.

The Distressed Sale scenario is relevant in the context that it is possible that business operations would continue to be funded for at least the period of time necessary to perform an abbreviated sale process.

Under the Distressed Sale scenario, we applied a higher discount rate than the discount rate applied in our Going Concern valuation, to take into account the distressed situation, whereby a potential acquirer would seek a higher rate of return to reflect the urgency to complete the sale quickly and the increasingly distressed state of the business. In this situation, it is likely that debt and equity holders would require a higher cost of capital than would be required in our Going Concern Valuation.

We have not adjusted the forecast cashflows used in the Going Concern Valuation for the purpose of the Liquidation valuation. Instead, we have factored in the additional risks associated with distress in the discount rate.

Asset Sale scenario

The Asset Sale scenario assumes the operations of VAH will cease and its assets will be liquidated to pay outstanding creditor balances and other liabilities. Other than the Fleet Assets, VAH does not have any other significant tangible assets for which material value could be realised. VAH is likely to only recover a portion of the book value of its Fleet Assets in this scenario, noting that they are highly leveraged (financed) and would likely realise minimal value, especially in state of the industry where demand for Fleet Assets is greatly diminished.

We have relied on the valuation of Fleet Assets undertaken by DavAir.

Under the Asset Sale scenario, we estimated the realisable value of the assets of VAH assuming the sale on an asset by asset basis (with the exception of the Velocity business as it is not in administration), taking into account the time required and cost to sell and / or auction the assets. We have taken into account that the value of Velocity would be adversely impacted in this scenario.

To the extent that actual claims are determined to be either higher or lower than the Administrators' assessed claims, then the implied value of equity would be either lower or higher.

6.5. Technical expert

In accordance with RG 111.119, FTI Consulting has concluded that the valuation of the Fleet Assets is beyond our expertise and therefore have appointed a fleet valuation specialist to advise on the value of the Fleet Assets.

FTI Consulting appointed DavAir to prepare a report on the value of the Fleet Assets that comprised 64 owned and financed leased asset as at Valuation Date, on the following bases of value, as defined by the American Society of Appraisers:

- FMV; and
- OLV.

The OLV reflected an analysis of the forecast realisation of the Fleet Assets, on the basis that the fleet would be liquidated by no later than 30 June 2021, being twelve months from Valuation Date (high estimate) and that the fleet would be liquidated by no later than 31 December 2020, being six months from Valuation Date (low estimate).

In appointing DavAir as a technical expert for the purposes of conducting the valuation of the Fleet Assets, FTI Consulting has:

- Considered and determined that DavAir's assistance is required on the matter of the valuation of the Fleet Assets, and that DavAir's findings would be necessary for the purposes of completing the IER;
- Selected DavAir, having called for submissions from three specialist aviation asset valuers, after assessing DavAir's competency in the field of valuing aviation assets;
- Negotiated the scope and purpose of DavAir's work and ensured that it was clearly documented in the letter of engagement with FTI Consulting and in DavAir's Report; and
- Enquired and received confirmation from DavAir's of its independence from FTI Consulting, VAH, the Administrators and the Solicitor to the Administrators when conducting this appraisal.

Prior to engaging DavAir, we also reviewed and considered the valuations used by VAH for financial reporting purposes. The VAH valuations were extracted from the Cirium database. Cirium is an industry-based subscription database that provides access to online aircraft valuation information, including market commentaries and risk ratings across engines, commercial aircraft, helicopter and business jets.

Prior to instructing DavAir, Management provided several valuations extracted from the Cirium database, that is used for internal valuations by Management, at various dates between 11 December 2019 and 12 August 2020. We noted that values of the Fleet Assets had declined, which we attribute to the impact of COVID-19. We concluded that the Cirium valuations were not suitable for the purposes of the IER for the following reasons:

- The data had been prepared from a global database, assuming a Going Concern basis of value, accordingly it was not appropriate for the purposes of estimating the OLV;
- Whilst the Cirium database provides extensive information in relation to the value of assets similar to the Fleet Assets, it did not provide information on each of the specific aircraft included in the Fleet Assets;
- Whilst we received a number of valuations at various dates from the Cirium database, none of them were as at the Valuation Date;
- As Cirium is a global database, the information may not accurately reflect the position of Fleet Assets in the Australian market;
- Without having instructed the Cirium valuations, we had no surety of whether specific issues which were required to be addressed for the purposes of this report had been included; and
- The valuation data would not have been prepared specifically in accordance with the guidance in RG 111 and RG 112.

Therefore, in preparing this IER, we appointed DavAir to prepare an independent specialist report of the FMV and OLV of the Fleet Assets at the Valuation Date.

Refer to Appendix I for a copy of the DavAir Report, dated 19 October 2020.

7. Valuation on a Going Concern basis

7.1. Summary equity value of VAH

It is FTI Consulting's opinion that the equity of VAH has nil value on a Going Concern basis as at the Valuation Date.

FTI's opinion of the fair value of the equity in VAH as at the Valuation Date was determined as follows:

- applied the DCF method using the forecast Model developed by Management
- reviewed the revenue projections for reasonableness by holding discussions with Management, reviewing analysts' reports and other publicly available reports, considered the industry trends in a COVID-19 environment and trends adopted by competitors and applied delay adjustments to the ramp up assumptions for the first two years
- reviewed the margin assumptions for reasonableness and adopted normalisation adjustments to better align with the margins historically achieved by VAH and margins of the comparable listed companies
- performed market research and analysis to form our opinion of an appropriate WACC range of 11.5% to 13.5% applied to the forecast cash flows, to estimate the enterprise value of the VAH Companies
- performed a separate DCF analysis of the Velocity business assuming VAH Companies to be a going concern and estimated the value of the equity of Velocity by adding its surplus assets and deducting its debt obligations
- assumed that the LCC segment known as Tiger will not be revived, due to cannibalisation from other segments and its historical loss-making performance, the uncertainty as to what a market participant buyer would assume with regards to any future operations of the LCC fleet and its relatively low importance within the context of the operations of the VAH Group. The Model prepared by Management also reflected no revenue or costs for the LCC business
- assumed that the synergies and benefits implicit in the Model would generally be available to a pool of potential purchasers and do not represent any 'special value', or value of synergies specific to a particular purchaser
- deducted the net obligations owing to secured creditors and the amount of the priority creditors (employees) and other unsecured creditors as assessed by the Administrators, which would fall due under a Going Concern scenario
- added surplus assets including cash net of trapped cash and the costs of the voluntary administration and DOCAs
- added the value of equity of Velocity assessed using the DCF method and cross checked against comparable company multiples and VAH's purchase of the remaining 35.0% as a comparable transaction, whilst recognising that it has occurred in a different economic, industry and company specific environment
- deducted non-operating liabilities not included in the debt amounts noted above
- estimated the fair value of the equity of VAH, on a Going Concern, control basis.

The primary methodology adopted for the valuation of VAH Companies was the DCF method, which has been described in Section 7.2. of the Report.

The value derived using the DCF method was then tested for reasonableness by calculating the implied multiples of Revenue and EBITDAR and comparing them to those of selected comparable listed companies and the competitive bids for the Business as obtained by the Administrators.

FTI Consulting has assessed the enterprise value of the VAH Companies on a Going Concern basis to be in the range of \$3,089 million to \$3,491 million, excluding the value of Velocity. After adding the value of the equity of Velocity of \$640 to \$704 million, deducting the amount owing to Creditors and adding any cash calculated by the Administrators net of costs of the Administration and DOCAs and other non-operating / surplus assets (net), the fair value of the equity of the VAH Group has been estimated to be negative (\$786) million to (\$1,407) million as summarised in the following table.

Table 22: Summary value of the equity in VAH

	Reference	Low \$ million	High \$ million
Discount rate	Appendix D	13.5%	11.5%
Enterprise Value of VAH Companies	Table 24	3,089	3,491
Plus: Investment in Velocity	Table 26	640	704
Plus: Surplus cash (net)	Table 29	35	35
Less: Creditors obligations (net)	Table 29	(5,171)	(5,016)
Implied value of 100% equity of VAH		(1,407)	(786)
Concluded value of 100% equity of VAH		Nil	Nil

Source: FTI Consulting analysis

Based on our analysis summarised in the table above, VAH Companies' business plus the equity in Velocity would need to be worth approximately \$5.0 billion in order there to be positive equity value after taking into account the amount of the Creditors on a Going Concern basis net of cash and non-operating/surplus assets.

In forming our opinion as to the value of VAH, it is important to note that the aviation industry is facing significant challenges amid the COVID-19 pandemic (refer to Section 4 of this report). There is a high level of uncertainty associated with the forecast financial performance of the Business.

7.2. DCF method

The DCF method was used as our primary methodology for the valuation of the VAH Companies' business. This method allows for the analysis of key assumptions and for a range of modelled scenarios or sensitivities. Our valuation used the Model prepared by Management. FTI Consulting reviewed the forecasts and the underlying assumptions for reasonableness. The assumptions in the Model were discussed with Management and its advisors, who were appointed by Management to assist with the restructure.

7.2.1. Financial forecasts

Since the financial forecasts are subject to confidentiality, we have not presented these explicitly in our Report. FTI Consulting has analysed and made various enquiries in relation to the Model, including with Management regarding the operational assumptions and ramp up expectations as well as the longer-term strategy. We reviewed the key financial and operational assumptions in the context of the current economic, financial and other conditions. FTI Consulting compared the Model to the historical financial performance of the VAH Group as well as other industry players. FTI Consulting is of the view that the forecast financial information, subject to the clear limitations due to the current economic environment and COVID-19, is not unreasonable. We are, however, of the view that the Model could be interpreted to be somewhat optimistic in light of the current economic environment, challenges in the aviation industry as well as business specific issues. We have incorporated a risk factor in our discount rate for this potential optimism and have also sensitised the outputs of the model with more conservative assumptions. In making this assessment, we have taken the following into account:

- The Model was prepared by Management in connection with their strategy for restructuring the business. The restructure is driven by the need to improve the profitability, rationalise the fleet and address the high leverage of the Business. The Model includes financial forecasts from FY21 to FY25, in nominal Australian dollars;

- The assumptions in the Model have been updated during the process of Administration and with feedback from the potential bidders, as well as responses to the continuous and ongoing changes in the economic climate, in light of COVID-19. Management confirmed that the assumptions in the Model are current and reflective of VAH's anticipated performance, and the outlook for the industry based on all information known to Management as at the Valuation Date;
- Based on discussions with Management, the continued state border closures in Australia are causing delays in a restart of the Business, which is currently expected to occur in six to nine months. The ramp up is expected to occur in mid FY22, with the steady state plan of 85 aircraft. This delay in ramp up is not reflected in the Model and, as such, we have incorporated a specific risk premium in our discount rate. We have also tested the impact of the delay in ramp up as a separate scenario as a reasonableness check;
- The steady state revenue assumes that the VAH Group returns to historical levels of revenue in five years. This is in line with IATA views on expected recovery patterns;
- Forecast EBITDAR and EBITDA margins are higher than those achieved in the past three to four years and the average of full-service carriers pre-COVID-19. They are, however, broadly in line with margins of LCCs. In our valuation analysis, we assumed margins aligned to those of the full-service carriers included in our selected comparable listed companies (see Appendix E), for the discrete period of the forecasts and the terminal period;
- We applied a set of scenarios to test the impact of changing the forecast margins. We assumed an average margin (calculated over the past four years of the forecasts) in the terminal value estimate to reflect cyclicity in the industry, as well as normalised margins in the longer term;
- We applied sensitivity analyses to assess variations in the ramp up period, the margins and the long-term growth rate in order to form a view on a reasonable discount rate to be applied to the cash flow forecasts in the Model;
- Management expects the rationalisation of the fleet, the termination or temporary freezing of the operations of Tiger, the discontinuance of the Tiger brand and the substantial announced cuts in workforce to result in sizeable improvements in the profitability of the Business. We are of the opinion that under normal industry and economic conditions, achieving results from these initiatives could be challenging, and would be even more challenging in the current highly unpredictable economic environment with disrupted travel patterns and potentially changing customer sentiment and demand trends;
- Management considers the acquisition of Velocity in November 2019 to be a cornerstone for the Business and driver of growth in revenues and profitability. Velocity is not in administration and as such we have valued it separately to the VAH Companies and added the equity investment in Velocity in our adjustments to the enterprise value.

We have not undertaken any audit or verification procedures on the Model. All our procedures were undertaken to assess the reasonableness and appropriateness of the assumptions in the Model for our valuation of VAH Group.

When the economic conditions return to normal, given the existing loyalty to the brand, the operations and systems in place and the market share of VAH Group may very well return to normal, possibly emerging even in a better shape, with a rationalised fleet, renegotiated contracts and workforce optimisation and recapitalised state.

However, some key value drivers (namely, number of flights) are beyond the control of Management and could change with the considerable economic and industry uncertainty. Given the impact of COVID-19, which has restricted domestic and international travel due to border closures, and given the nature of the global pandemic, there is significantly uncertainty as to when operations will return to normal.

Where possible, FTI Consulting has sought data to test key assumptions from discussions with Management, its advisors, research of market data, review and analysis of the selected comparable listed companies and historical financial performance of VAH Group.

We have reviewed key operating metrics of the financial forecasts, such as ASK, RASK and CASK for reasonableness compared to those of the selected comparable listed companies and historically achieved by VAH Group.

We also compared the forecast margins to those of selected comparable listed companies and those historically achieved margins by VAH Group, for reasonableness. We noted the forecast margins are higher and hence considered it appropriate to adjust for this risk in the discount rate (refer below for our analysis on margins).

In general, the assumptions that we noted that are subject to significant uncertainty include:

- The ramp up period and the anticipated timing of a return to the normal level of operations
- The definition of "normal" level of operations given the current prolonged uncertainty in the industry and the economy domestically and globally
- The successful rationalisation of the fleet, flight optimisation and the achievement of operational efficiencies given the company's track record in prior transformation programs
- Jet fuel prices, which are currently low and how the prices may change on the long term
- Net working capital requirements for the Business in the short term.

7.2.2. DCF analysis

Our DCF valuation analysis was based on the Model which includes forecasts to FY25, provided by Management and its advisors, which following some discussions and market research, we have adjusted for reasonableness. The DCF analysis uses nominal, ungeared after tax cash flows over a period of five years. We calculated a terminal value using the Gordon Growth model by capitalising net after tax cash flows and an assumed perpetual growth rate of 2.0%, in line with RBA long-term inflation projections and Economist Intelligence Unit's studies.

The ungeared, after tax cash flows have been discounted using a WACC in the range of 11.5% to 13.5%. A corporate tax rate of 30.0% has been assumed.

The DCF analysis does not take into account:

- any benefit related to the existing carried forward tax losses, as they may not be available to a potential purchaser of the Business, which Management expects a large part to be used to offset an expected gain resulting from debt forgiveness. As we are not tax experts, we do not form a view on this matter and assume the value of tax losses to be nil;
- the change in net working capital position for the FY21 period. The latest changes have not been captured in alignment with the latest balance sheet position as at 30 June 2020 and the need of working capital in the first period of the projections may differ from the one assumed in the Model by Management and their advisors;
- any significant changes in the ramp up of the business due to the passage of time, post the time of preparation of the Model and the preparation of our report; and
- any optionality value that may be associated with the potential revival of the LCC operations which has historically been loss making.

We expect that the net effect of these factors would reduce the value of VAH Companies and, as such, not having them explicitly modelled or altered in the Model has likely resulted in our current estimate of value to be conservative (i.e. higher than if these items were incorporated).

General assumptions in the Model include:

- foreign exchange rates are assumed to be constant for the forecast period such that no profit or loss is derived from foreign exchange movements;
- hedging rates are assumed to be constant for the forecast period such that no profit or loss is derived from hedging instruments; and
- no acquisitions or divestitures to occur.

FTI Consulting reviewed the Model for reasonableness of the assumptions that may have an impact on value:

- the revenue assumptions in the Model in the first two years, appear somewhat optimistic in the context of the impact of COVID-19 and the prolonged and ongoing travel restrictions on domestic and international travel that were not fully anticipated at the time of preparation of the Model. The potential further delay in ramp up is expected to be at least six to nine months. Nevertheless, when compared to analysts' reports dated March/April 2020, as well as prior versions of the Model, the projections appear to already capture some of these further expected delays. This is supported by the projected revenue being about 10.0% lower than the most conservative of the analysts' projections for the first two years;
- the revenue growth assumptions for the 'steady state' period of projections between FY23 and FY25, return to FY19 historically achieved levels of revenue towards the end of this period, which implies recovery to normal levels of operations with a restructured fleet by FY25;
- overall, the anticipated recovery to historical levels of revenue over five years does not appear unreasonable if the economy recovers as anticipated and there is no major change in expected long-term leisure and business travel patterns, while the challenge will be to achieve this with the lower number of aircraft;
- the forecast load factor ranges between 75.8% and 82.8% over the period of projections, which is higher towards FY25 than that achieved by VAH Group historically of about 80.0%. The forecast load factor range is, however, in the range of the historically achieved load factors of comparable full-service carriers;
- the forecast total revenue RASK increases at a CAGR of 2.9% over the period of projections. Compared to FY20 actual revenue growth, this does not appear unreasonable, and it is lower than the CAGR of 3.7% for the prior four years. We note, however, that the projected increase in RASK appears to be at the high end of the comparable listed companies;
- the forecast EBIT CASK which is higher in FY21 than in FY20 in the context of the recovery from the impact of the COVID-19 pandemic, stabilises in the FY22 to FY25 period at around 11.0 cents (varying at +/- 0.5 cent) and does not appear unreasonable when compared to historically reported EBIT CASK;
- the forecast jet fuel costs and employee costs do not appear unreasonable, in light of the restructuring plans.

We note, that even though each assumption appears reasonable, together they result in higher than normal margins for VAH. We note that there is a high level of uncertainty as to the ability of the Business to successfully implement the proposed restructuring plan in the highly volatile environment and the global pandemic, therefore, we have focused on factors that affect the margins, as outlined in the section below. Further details of the key assumptions are presented in Appendix H.

7.2.3. EBITDAR margins

Based on the above observations on the assumptions in the Model, we have elected to challenge the forecast EBITDAR margins by reference to the historical financial performance of the selected comparable listed companies and VAH Companies in order to ensure they represent a reasonable basis for the valuation.

In the table below we present a comparison of the forecast EBITDAR margins in the Model, (which in our view appear optimistic as noted above), to a set of alternative scenarios assumed by FTI Consulting, test the impact of reducing the EBITDAR margins (in FTI Scenarios 1 through 4), in a way that it is reflecting the average EBITDAR margins of the selected comparable listed companies (of between 22.0% and 25.0%), while preserving the forecast trend incorporating the anticipated improvement of the operations Business over the five years to FY25, resulting from the proposed restructuring:

Table 23: VAH Companies: Forecast EBITDAR margins scenarios

Scenarios	FY21	FY22	FY23	FY24	FY25	Terminal period
Management forecasts	11.0%	23.1%	27.3%	28.8%	30.1%	27.3%
FTI Scenario 1	10.4%	22.0%	25.9%	27.4%	28.6%	26.0%
FTI Scenario 2	9.9%	20.8%	24.6%	25.9%	27.1%	24.6%
FTI Scenario 3	9.3%	19.7%	23.2%	24.5%	25.6%	23.2%
FTI Scenario 4	8.8%	18.5%	21.8%	23.0%	24.1%	21.9%

Source: Management Model, FTI Consulting analysis

As noted above, in our view, in light of the historical EBITDAR margins achieved by the VAH Companies and in the context of the selected comparable listed companies' historical EBITDAR margins (pre-Covid-19), the forecast EBITDAR margins in the Model are higher than the historical EBITDAR margins and the selected comparable listed companies, and the analysts' reports. The restructuring strategy, if successfully implemented, provides compelling factors that could contribute to further improvement in the EBITDAR margins over the forecast period.

We are of the opinion that the forecast EBITDAR margins under FTI Scenario 2 appear more appropriate for the Business under the circumstances, in comparison with VAH Group's own history and this of its peer airline operators. The forecast increasing EBITDAR margins reflect increasing margins, potentially stemming from the improvement of the Business, post its successful restructure. The forecast EBITDAR margin in the terminal value period are based on the average of the last four years of the discrete period of projections (as opposed to the last year of the projections), in order to account for any inherent uncertainty and volatility of the Business and the cyclical nature of the operations which is typical for the industry.

For our valuation, we have selected Scenario 2, with an assumed EBITDAR margin in the terminal value of 24.6% and used our discount rate range of 11.5% to 13.5%. We also used a range for the terminal value growth rate of between 1.75% and 2.25%, with a mid-point of 2.0%. Based on our valuation analysis, the enterprise value for the VAH Companies is estimated to be in the range of \$3.1 billion to \$3.5 billion, as presented in the table below:

Table 24: VAH Companies' enterprise value

		VAH Companies: Net present value of cash flows		
		Terminal Growth Rate		
		1.5%	2.0%	2.5%
Discount Rate	11.5%	3,491	3,642	3,810
	12.5%	3,158	3,280	3,413
	13.5%	2,882	2,981	3,089

Source: Management Model, FTI Consulting analysis

The selection of the most appropriate Scenario for our valuation is subjective, however, we consider that a valuation using Management's forecast EBITDAR margins would warrant a higher discount rate, given the risk we expect in achieving these margins. Back-solving for the mid-point of our valuation range (using Scenario 2 above), the implied discount rate using Management's forecast EBITDAR margins is approximately 15.0% at the mid-point, which does not appear unreasonable to account for our assessed risk.

Assuming the EBITDAR margins of FTI's Scenario 4, as presented in Table 23, which are not atypical for the sector (refer to Table 45), and assuming the median margins, the implied discount rate would be 10.0%, i.e. without any company specific risk premium, which provides additional comfort of the reasonableness of our conclusions.

7.2.4. Reasonableness test – implied multiples

We have compared the implied EV multiples of FY18, FY19 and LTM / FY20 Revenue and EBITDAR resulting from our DCF analysis to the comparable companies' multiples for reasonableness testing.

The comparable companies' multiples have been adjusted to exclude the impact of AASB 16 in order to make them comparable to the basis adopted in our analysis. The forecasts in the Model of VAH are constructed on a pre-AASB 16 basis, therefore, the implied multiples for VAH Companies are also pre-AASB 16. The operations of a company do not change as a result of a change in accounting standards and as such we have aimed for a "like-for-like" comparison. We have also calculated the multiples for the comparable companies, including a 30.0% indicative control premium, as an illustration, although, we believe that a premium may not be warranted in the current economic environment, as discussed further in Appendix E. For details refer to the table below.

Table 25: VAH Companies: Trading companies multiples

\$ millions	VAH Companies Enterprise Value implied multiples			Comparable companies trading multiples			
	VAH Companies Enterprise value	Earnings measure	3,089	3,491			
			Low	High	Low	High	Median
Implied EV/FY19 Revenue Multiple	5,416		0.57x	0.64x	0.21x	1.29x	0.48x
Implied EV/FY19 EBITDAR Multiple	712		4.34x	4.91x	1.31x	5.29x	2.98x
Implied EV/FY20 Revenue Multiple	4,154		0.74x	0.84x	0.28x	1.32x	0.64x
Implied EV/FY20 EBITDAR Multiple	354		8.71x	9.85x	3.73x	14.51x	8.42x

Source: FTI Consulting analysis, S&P Capital IQ, VAH Annual Reports, 30 June 2020 Management financials (unaudited)

As illustrated in the table above, the multiples implied by FTI's valuation conclusions are within the range of the selected comparable listed companies' multiples, between the lower quartile and the median for the revenue multiples and between the median and the upper quartile for EBITDAR multiples, which corroborates our valuation estimates. For details please refer to Appendix E.

7.3. Valuation of Velocity

7.3.1. Summary equity value of Velocity

To value Velocity on a stand-alone basis, we have used the DCF method and forecast cash flows for Velocity extracted from the Model. The DCF analysis uses nominal forecast after-tax cash flows to FY25. Based on our discussions with Velocity management, we note that there could be a delay of approximately six months in the recovery of the business of Velocity. We have adjusted the discount rate to account for this and tested the estimated delay by way of sensitivity analyses.

The ungeared, after tax cash flows have been discounted using a WACC in the range of 11.0% to 13.0%. We calculated a terminal value using the Gordon Growth model by capitalising net after tax cash flows based on a perpetual growth assumption of 2.0%. A corporate tax rate of 30.0% has been assumed.

Our valuation of the equity of Velocity is summarised in Table 26.

Table 26: Equity value of Velocity

	Reference	Low \$ million	High \$ million
Discount rate	Appendix D	13.0%	11.0%
Enterprise Value of Velocity	Table 27	712	776
Less: Interest-bearing debt		(225)	(225)
Plus: Intercompany receivable		153	153
Equity Value of Velocity (100%)		640	704

Source: FTI Consulting analysis

Velocity is not in Administration and operates under a separate trust structure. The loyalty trust holds cash and unearned liabilities in respect of unredeemed points. The net working capital includes the cash and the unearned revenue, which are both considered operating.

The interest-bearing debt of \$225 million represents an external debt and the intercompany receivable of \$153 million being an intercompany loan to VAH Companies, which is also taken into account as a loan payable in the valuation of the equity of VAH equity as presented in Table 29.

7.3.2. DCF method

The DCF method was used as our primary methodology for the valuation of Velocity's operations. This method allows for the analysis of key assumptions and for a range of modelled scenarios and relied upon extracting the forecast cash flows pertaining to Velocity from the Model. FTI Consulting reviewed the forecasts and the underlying assumptions for reasonableness. The assumptions in the Model were discussed with Management.

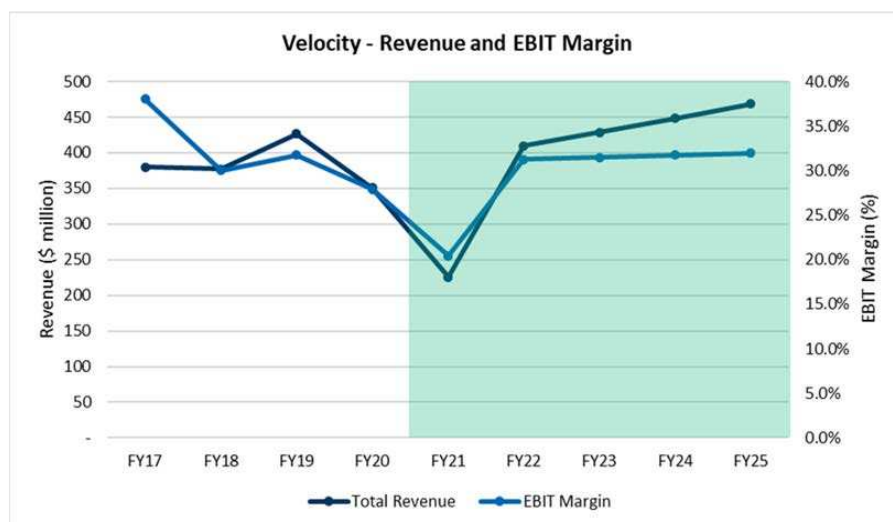
7.3.3. Financial forecasts

FTI Consulting has made various enquiries in relation to the forecast cash flows pertaining to Velocity, including with Management, regarding the operational assumptions and ramp up expectations as well as the longer-term strategy. We have reviewed the key operational assumptions in the context of the current economic, financial and other conditions. FTI Consulting is of the view that the forecast financial information does not appear unreasonable for use for the valuation of Velocity.

FTI Consulting reviewed Velocity's financial forecasts for reasonableness:

- forecast revenue does not appear unreasonable when compared to historical revenue (Refer to Figure 33 below). Aside from the decline in revenue in FY21 that is predominantly due to the COVID-19 impact and the administration of VAH, the forecast revenues are in line with historical revenue. Management is optimistic regarding the recovery of the VAH Business and it is reflected in the forecast revenue for Velocity. We have tested the forecast recovery in our sensitivity analysis.
- forecast EBITDA margins do not appear unreasonable compared to historical EBITDA margins. Aside from the decline in EBITDA margins in FY21 that is predominantly due to the COVID-19 impact and the administration of VAH, the forecast EBITDA margins are in line with historical EBITDA margins.
- the pace of recovery back to normal appears somewhat optimistic and based on discussions with Management could be delayed by six to nine months.

Figure 33: Velocity - Historical versus projected revenue and EBIT margins



Source: Model, Velocity Historical Financials

Our review of historical revenue and historical EBIT margins, suggests that forecast revenue and EBIT margins are not unreasonable, as illustrated in the chart above.

7.3.4. DCF analysis

The DCF valuation does not take into account:

- any changes in the anticipated ramp up of VAH's Business as a result of delays in recommencing domestic and international airline operations, although we did test this in our sensitivity analysis;
- the possibility of VAH Companies being liquidated, under the Going Concern Valuation. The Liquidation Valuation is a separate scenario, although it is always a potential risk to Velocity under an assumed Going Concern scenario as well;
- the interconnectedness with VAH Group and any changes in its forecasts may impact Velocity's forecast financial performance;
- any changes in net working capital requirements in FY21 (between the time of preparation of the Model and the date of our Report);
- any alternative options for the business of Velocity, such as not being a part of an airline business;
- any additional corporate costs that would be incurred as a stand-alone business. We understand that Velocity has historically been managed independently from the VAH Group and as such no corporate overhead costs have been allocated to Velocity in addition to the forecast costs for Velocity. We understand that there is a service fee which is charged for management and support activities. Whilst this may not be on an arm's length basis, it was not adjusted because the Going Concern assumption implies that the two business are interconnected and the marginal difference in value for one will flow into the other. Therefore, on a combined basis they may net out. This assumption may overstate the value of Velocity, but will be offset on a combined basis with VAH; and
- the potential synergistic value with the airline (which we understand from Management has been split based on a certain agreed principles) as it may not be realised on a stand-alone basis. A proportion of the synergies are included in the VAH Companies forecasts.

In calculating the terminal value, we used the average EBITDA margin from FY22 to FY25 of 30.9%, which represents the forecast EBITDA margin of Velocity post COVID-19. In our calculation of the average margin to apply, we have excluded FY21, as it is forecast to be significantly impacted by COVID-19.

Based on Management's forecast EBITDA margins in the discrete period of projections, adopting a margin of 30.9% in the terminal value, as outlined above, and estimating an appropriate a discount rate of 11.0% to 13.0%, with a mid-point of 12.0%, the enterprise value of Velocity is estimated in the range of \$712 million to \$776 million (mid-point of \$743 million). Our enterprise value estimate of Velocity (at the low and the high end), was based on varying the discount rate and the terminal growth rate as presented in the table below:

Table 27: Velocity enterprise value

Velocity: Net present value of cash flows				
	\$ million	Terminal Growth Rate		
		1.5%	2.0%	2.5%
Discount Rate	11.0%	776	801	829
	11.5%	748	770	795
	12.0%	723	743	764
	12.5%	700	717	737
	13.0%	679	694	712

Source: Management Model, FTI Consulting analysis

7.3.5. Reasonableness test – implied multiples

We have searched for comparable listed companies and in our view, there are no directly comparable companies. The range of implied EBITDA multiples for Velocity and the EBITDA multiples for the selected comparable listed companies are not shown as there was little meaningful data available.

We also searched for comparable transactions and transaction multiples in the past five to six years to compare to the implied multiples for Velocity from our valuation analysis. In our view, there were no directly comparable transactions, while these transactions are still relevant in terms of the broader related sectors, such as tourism. In any event, the EBITDA multiples of the closest companies we found have been in the range of 5.5 times to 12.0 times, with a median of 9.4 times LTM EBITDA, which is broadly supportive of the implied EBITDA multiples of our enterprise value for Velocity, of 7.0 times to 7.6 times (based on FY20 earnings as a proxy of LTM). Similarly, the implied revenue multiple in the range of 2.0 times to 2.1 times LTM Revenue is in line with the median of the comparable transactions of 2.3 times LTM Revenue.

Table 28: Implied transaction multiples for Velocity

\$ million	Earnings measure	Implied EV multiples		Comparable transactions multiples		
		Low	High	Low	High	Median
Enterprise value		712	776			
Implied EV/LTM Revenue Multiple	363	2.0x	2.1x	0.3x	5.1x	2.1x
Implied EV/LTM EBITDA Multiple	102	7.0x	7.6x	5.0x	12.0x	8.8x
Implied EV/LTM EBIT Multiple	89	8.0x	8.7x	5.2x	20.2x	10.6x

Source: S&P Capital IQ, FTI Consulting analysis, 30 June 2020 Management financials (unaudited), LTM is assumed to be to 30 June 2020 for Velocity

In addition, analysts have assessed a range of EBITDA multiples of between 5.0x and 15.0x for the Qantas frequent flyer (QFF) operations for a possible spin off value estimate.⁴³

For details on the guideline transactions and our overall reasonableness test, please refer to Appendices E and G.

7.3.6. Reasonableness test – recent transaction with shares of Velocity

On 26 November 2019, VAH acquired the 35.0% interest in Velocity that it did not already own, for \$700 million. In our view, the transaction price paid, if analysed in its components, it is ultimately supportive of our valuation estimate, (despite on the surface implying a comparatively higher value), for the following reasons:

- the share prices of the comparable companies (described in Appendix F) have fallen by an average of 60.0%, between the transaction date and the Valuation Date
- in our view, the acquisition price likely included a sizable control premium to reflect the uplift in value of both the 35.0% interest acquired and VAH's existing 65.0% interest, anticipated from the full integration of the Velocity business in the VAH Group, which can be a combination of a market participant and a buyer specific premium for reasons including:
 - strategic significance to the VAH business of having full control of Velocity
 - significant impact the Velocity business can have on the VAH business as a result of its full integration
 - anticipated recurring cost synergies of sharing administration and management functions in the vicinity of \$20 million per annum, as estimated by Management.

In light of the above facts and observations, if we were to put together a hypothetical "reconstruction" of the price paid, from the perspective of the current situation:

- if we assume a notional 60.0% decline in equity value as a reflection of the decline in market prices of the airlines (a notional decline of \$420 million), and

⁴³ Bloomberg Intelligence, June 2020, BI Airlines Asia Pacific, Qantas Research

- we assume that VAH Group might have paid for 50.0% of the cost synergies anticipated from the transaction, estimated by Management to be approximately \$20 million per annum, for say 3.5 times EBITDA (a notional deduction of \$70 million),
- and then gross up the resulting \$210 million to a 100.0% interest, we would obtain an indicative value for the equity of \$600 million, which is broadly supportive of our valuation conclusion at the low end of our valuation range for Velocity.

Further, the COVID-19 impact on tourism, travel and airlines is unprecedented and it has placed a great level of uncertainty with regards to future trends, due to changes in consumer's priorities, business travel patterns and disposable income. In addition, placing Virgin Australia in administration with an uncertain outcome, has imposed additional pressure on the perceived value of Velocity, which is significantly intertwined and dependent on the viability of the airline.

7.4. Equity value of VAH

To calculate the value of the equity of the VAH, we have adjusted the enterprise value derived from our analysis summarised above by:

- deducting the net amounts owing to secured creditors as at 30 June 2020 and the full amount of the Administrators' assessment of priority creditors (employees) and other unsecured creditors
- adding surplus assets such as cash net of trapped cash
- deducting the costs of the voluntary administration and DOCAs
- adding the equity value of Velocity.

The table below summarises the surplus cash and interest-bearing debt and debt like items which we have deducted from the business value in order to estimate the fair value of the equity of VAH, on a Going Concern basis:

Table 29: Surplus assets and creditors obligations

	Low \$ million	High \$ million	Comments
Add: Surplus cash			
Cash and cash equivalents	423.4	423.4	Refer to 30 June 2020 accounts
Less: Trapped cash	(350.0)	(350.0)	Refer to 30 June 2020 accounts
Less: Administration costs (estimate)	(38.0)	(38.0)	Refer to Administrators' report and schedules
Surplus cash	35.4	35.4	
Less: Secured, unsecured creditors and bond holders			
Employee entitlements	(141.4)	(141.4)	Redundancy payments estimated at a high level as one third of the overall employee entitlements liability per Administrators' assessment
Secured loans	(1,116.7)	(1,116.7)	Excluding deferred borrowing costs
JOLCO leases	(316.6)	(316.6)	Refer to 30 June 2020 accounts
Finance leases	(155.0)	(155.0)	Refer to 30 June 2020 accounts
Bonds	(1,929.1)	(1,929.1)	As per assessment by the Administrator
Net exited aircraft & other property liability	(827.2)	(672.5)	Comprises surplus owned aircraft assets, maintenance provision and reserves, and operating lease liabilities for exited aircraft and property
Intercompany payable to Velocity	(152.8)	(152.8)	Intercompany payable for operations, including accrued interest
Contingent claims	(532.0)	(532.0)	Contingent claims net of potential set offs, not included in the book value of debt
Total creditors	(5,170.7)	(5,016.0)	
Net obligations	(5,135.4)	(4,980.6)	

Source: Management information, Administrator assessment, FTI Consulting analysis

Based on the equity adjustments provided above, we summarise our concluded estimate of the fair value of the equity of VAH below.

Table 30: Summary equity value of VAH

	Reference	Low \$ million	High \$ million
Enterprise Value of VAH Companies	Table 24	3,089	3,491
Plus: Investment in Velocity	Table 26	640	704
Less: Creditors obligations	Table 29	(5,171)	(5,016)
Plus: Surplus cash, less Administrators costs and trapped cash	Table 29	35	35
Implied value of 100% equity of VAH		(1,407)	(786)
Concluded value of 100% equity of VAH		Nil	Nil

Source: FTI Consulting analysis

Based on the above analysis, it is our opinion that the fair value of the equity of VAH is nil.

7.5. Reasonableness cross checks

In accordance with RG 111 we considered various cross checks including comparing the valuation to:

- the market capitalisation of the company
- other bids for the company / business

These reasonableness checks are discussed below.

7.5.1. Comparison to market capitalisation

We reviewed the market capitalisation of VAH to test the reasonableness of our valuation of VAH.

Our concluded value of the equity of VAH of nil is lower than its market capitalisation on the last trading day prior to the announcement of the appointment of the Administrators of \$726 million.

Based on the market capitalisation on the last trading day, the implied enterprise value of the VAH Companies was \$4.9 billion⁴⁴. The implied enterprise value of the VAH Companies at the time was higher than FTI Consulting's range of enterprise values of \$3.8 billion to \$4.3 billion (including the enterprise value of Velocity, for comparability), or 13.1% and 22.6%.

In our view, this is not unexpected for the following reasons:

- the outlook for the economy has continued to deteriorate, with expectations of the COVID-19 pandemic subsiding, travel restrictions being lifted, and a recovery of the airline industry significantly delayed compared to what was expected in April 2020;
- the business has continued to trade at a loss, depleting cash and incurring additional liabilities;
- the share price at the last day of trading potentially included an option value of future positive developments such as a possible transaction;
- the Administrators subsequently announced the pending sale of the business and a winning bidder was selected amongst five bidders in three rounds of bid submissions, where the market has effectively placed a notional value on the Business, below the trading value of the VAH Group as at the date of entering into administration; and
- the emergence of potential litigation claims, which further deteriorates the residual value of the equity⁴⁵.

⁴⁴ S&P Capital IQ

⁴⁵ Wells Fargo Trust Company, National Association (trustee) v VB Leaseco Pty Ltd (Administrators Appointed)

7.5.2. Review of other offers

We reviewed the offers received from the Administrator's sale process to test the reasonableness of our valuation of VAH. Due to the confidential nature of the sale process, we cannot provide the details of any of the bids. However, below is a summary of our reasonableness test.

The process we applied in analysing the values implied by the bids included:

- Reviewing the bids received in the three rounds of offers, including the bondholders' proposal
- Comparing the enterprise values that were specifically stated in the offers
- Calculating the enterprise values that were implied by cash offered and liabilities proposed to be assumed in the bids
- Comparing the enterprise values implied by the bids to the enterprise values concluded in our valuation analysis.

Based on our review of the bids, none of the offers were sufficient to settle all of the secured and unsecured commitments of VAH suggesting nil equity value to the existing shareholders, which corroborates our nil value conclusion in our main valuation analysis.

8. Liquidation Valuation

8.1. Summary

In summary, it is FTI's opinion that the liquidation value of the equity of VAH is nil under both a Distressed Sale and Asset Sale scenario.

As discussed in 6.4.2, our assessment of the liquidation value of VAH was performed under two scenarios:

- A distressed sale of the business as a whole (**Distressed Sale Scenario**); and
- A piecemeal sale of the separate assets (**Asset Sale Scenario**).

The Distressed Sale scenario assumes that the Business is in distress and will be liquidated to pay creditors, however the liquidator is able to sell the Business as a whole. Liquidators seek to take this approach when possible in order to preserve elements of goodwill or other intangible assets to maximise returns to creditors. This scenario is similar to the Going Concern Valuation with the key difference being that the seller would not be considered 'not anxious' as prescribed in the definition of fair value (refer to Section 2.6 of this Report) since there would be an element of urgency to effect a sale quickly, resulting in lower offers from interested bidders.

The Asset Sale scenario also assumes the Business is in distress and will be liquidated to pay creditors, however the liquidator is unable to sell the Business as a whole. Operations are assumed to cease, and assets sold piecemeal to pay creditors. The sum of prices received from the sale of assets, net of liquidation costs, are generally expected to be significantly less than the value of selling the business as a whole.

We have used the DCF method to estimate the liquidation value under the Distressed Sale Scenario and the NAV method to estimate the liquidation value under the Asset Sale Scenario. Please see Appendix C for a description of these valuation methods.

The sections below describe the process we undertook to apply the DCF method and NAV method and presents our conclusions of the liquidation value of VAH.

8.2. Distressed Sale scenario

It is FTI's opinion that the liquidation value of the equity of VAH under the Distressed Sale scenario is nil.

VAH Companies

Under the Distressed Sale scenario, we have increased the discount rate and applied discounts to our Going Concern valuation to take into account the distressed state of the Business. In a liquidation sale, bidders typically seek to pay a discounted price and receive a higher rate of return in order to compensate for the need to affect the sale in a compressed timeframe, added risks of the business being in distress, and the operational and financial complexities of returning the business to a profitable state.

In this situation, it is our view that debt and equity providers would require a significantly higher cost of capital than would be required under our Going Concern valuation.

We have not additionally adjusted the forecast cash flows used in our Going Concern valuation however, we have factored in the additional risks associated with distress of the business in the discount rate applied in the DCF analysis.

The table below summarises the enterprise value of VAH Companies under the Distressed Sale scenario and applying discount rates in the range of 17.5% to 22.5%, which is a 5.0% to 10.0% premium to the mid-point discount rate of 12.5% used in our Going Concern valuation. The selection of the premium to the discount rate is based on our professional judgment, experience with similar matters, benchmarks in the marketplace in the valuation community and overall reasonableness of the concluded value in the context of the Going Concern value and Asset Sale.

We have estimated the value range, using a variance in the terminal growth rate and discount rate assumptions:

Table 31: VAH Companies Enterprise Value under the Distress Sale scenario

VAH Companies: Net Present Value of Cash Flows

		Terminal Growth Rate		
		1.5%	2.0%	2.5%
Discount Rate	17.5%	2,123	2,173	2,226
	18.8%	1,958	2,000	2,044
	20.0%	1,816	1,852	1,889
	21.3%	1,693	1,722	1,754
	22.5%	1,584	1,609	1,636

Source: Model, FTI Consulting analysis

As seen in the table above, the liquidation values calculated in our Distressed Sale scenario ranged from \$1.6 billion to \$2.1 billion, before subtracting liabilities and adding the value of other assets as well as the investment in Velocity, which factors in the Distress Value of VAH Companies.

Velocity

The valuation of Velocity under our Distressed Sale Scenario assumes that the VAH Companies are in administration and will be liquidated. While Velocity is not in administration itself, a bidder would still offer to pay less due to its close connection to a business being liquidated. In our analysis, we have assumed a probability weighting to the free cash flows forecast for Velocity starting at 35.0% of current projections in the first year recovering to a steady state into perpetuity at 75.0% of currently projected cash flow levels. In addition, we have applied a discount rate of 15.0% to the adjusted cash flows, factoring in the elevated risk of achieving synergies. We have assessed the value of Velocity under the Distressed Sale scenario (for VAH Companies) to be in the range of \$289 million to \$343 million, after deducting \$225 million of external debt and adding \$153 million of a receivable from VAH Companies, from the estimated value range of \$361 million to \$415 million of enterprise value range as presented in Table 32.

Table 32: Enterprise Value of Velocity assuming VAH is in a Distressed Sale Scenario

		Net Present Value of Cash Flows		
		Terminal Growth Rate		
\$m		1.5%	2.0%	2.5%
Discount Rate	14.0%	415	424	434
	14.5%	397	405	414
	15.0%	380	387	395
	15.5%	364	370	377
	16.0%	349	355	361

Source: Model, Management accounts, FTI Consulting analysis

Concluded value of VAH equity under our Distressed Sale Scenario

We added our estimate of the value of Velocity and subtracted total net liabilities to our liquidation value of the operations of VAH in order to calculate the implied liquidation value of the equity of VAH.

FTI Consulting has assessed the debt-free liquidation value of the VAH Companies in the Distressed Sale Scenario to be in the range of \$1.6 billion to \$2.1 billion, before the value of the investment in Velocity. After adding the value of the equity of Velocity of \$289 million to \$343 million, deducting the amount owing to Creditors and adding any cash calculated by the Administrators and deducting costs of the Administration and DOCAs and other non-operating / surplus assets (net), the liquidation value of the equity of VAH is estimated to be negative \$2.5 billion to negative \$3.2 billion as summarised in Table 33.

Table 33: Summary value of equity of VAH in a Distressed Sale Scenario

	Reference	Low \$million	High \$million
Enterprise value of VAH Companies	Table 31	1,639.9	2,128.6
Plus: 100% interest in Velocity	Table 32	289.0	343.0
Plus: Surplus cash	Table 29	35.4	35.4
Less: Secured loans		(1,116.7)	(1,116.7)
Less: JOLCO and finance leases		(471.5)	(471.5)
Less: Employee entitlements		(141.4)	(141.4)
Less: Bonds		(1,929.1)	(1,929.1)
Less: Payable to Velocity		(152.8)	(152.8)
Less: Other net liabilities and contingent claims		(1,359.2)	(1,204.4)
Implied value of 100% equity of VAH		(3,206.6)	(2,509.0)
Concluded value of 100% equity of VAH		Nil	Nil

Source: Model, FTI Consulting

Based on our analysis summarised in the table above, it is FTI Consulting's opinion that the liquidation value of the equity of VAH is nil under our Distressed Sale scenario. Under this scenario, VAH Companies' business would need to be valued at least \$5.0 billion in order to have any positive equity value after taking into account the full amount of the Creditors net of any cash and non-operating /surplus assets (net).

8.3. Asset Sale scenario

It is FTI Consulting's opinion that the liquidation value of the equity of VAH under the Asset Sale scenario is nil.

Overview

We have used VAH's management accounts to calculate the book value of the total assets of the VAH Companies as at the Valuation Date. We used the OLV derived by the aeronautic asset valuation specialist, DavAir, for the Fleet Assets. The value of the equity interest in Velocity and the related intercompany loan owed by the VAH Companies to Velocity were calculated separately. Refer to Section 8.2.

We adjusted the book values of the other assets to reflect their realisable values assuming their realisation on a piecemeal, asset by asset basis. This assessment of realisable values was drawn from FTI Consulting professionals with extensive experience in conducting external administrations, and specifically voluntary administrations and liquidations. The assessment of the realisable values of the assets was performed on a high and low realisation basis.

In relation to the VAH Companies' liabilities as stated in the management accounts, we have also conducted a review of the Administrators' Report in order to determine whether additional adjustments were required to be made to VAH's assets and / or liabilities, which had to be brought to account as a result of the Voluntary Administration process. The reliance on information contained in the Administrators' Report, and specifically, the Administrators' assessment of the liability position of the VAH Companies, was used as a surrogate for the potential liability position in an Asset Sale Scenario. An example of such adjustments is where creditors may have submitted claims as part of the Administration process which had not been included in the VAH Companies' own management accounts as the management accounts had been prepared on a Going Concern basis.

The VAH Companies' management accounts had been prepared on a Going Concern basis, and as such may not have included additional creditor claims that would need to be considered in an Asset Sale Scenario, such as break fees and contract termination costs and charges which may have needed to be considered in a liquidation. We have not, however, made any adjustments for the costs and disbursements which would be required to be incurred by the Voluntary Administrators / Liquidators as part of realisation process, due to the inability to estimate these costs with any certainty. Any additional liabilities which were identified in the Administrators Report, have been included in our valuation in the Asset Sale scenario.

Our analysis and assumptions supporting our valuation in the Asset Sale scenario are provided following section.

8.3.1. Our analysis and assumptions

The net asset position of the Group under the Asset Sale Scenario was calculated as follows:

$$\text{Net Assets} = \text{Total Assets} - \text{Total Liabilities}$$

The net asset position is the amount of funds (if any) which would be available for distribution to shareholders should VAH cease operations at the Valuation Date, realise all assets and apply the proceeds to extinguish its liabilities. A deficiency of net assets would indicate that there were insufficient funds from realisations to extinguish all liabilities. In the circumstance where VAH's liabilities exceed VAH's assets, there would not be a return to shareholders under an Asset Sale Scenario.

In valuing VAH's shares under the Asset Sale Scenario, we conducted a qualitative review of the VAH Companies' balance sheet and depreciation schedules to determine the nature and extent of the assets, both tangible and intangible which would be available for realisation under liquidation as at the Valuation Date. Velocity was valued on a basis of a sale of the business as a whole rather than asset-by-asset as it is not in administration (see Section 8.2 above).

All values ascribed to each class of assets are before any costs of realisation. Costs of realisation may include, but not be limited to the costs and disbursements of the liquidation, legal fees which may be required to be incurred by the liquidators in the realisation process, aircraft holdings costs (which may include aircraft maintenance, preservation and upkeep), asset valuation fees and costs, sales agent's commissions and marketing expenses. These costs of realisation have not been included, as the extent and quantum of these expenses were not able to be estimated with any reasonable level of certainty.

Accordingly, we consider the asset realisation values reflected below to be conservative (i.e. erring on the high side) as they have been calculated on a gross basis, and they do not include the theoretical costs of realisation, which once applied would result in a lower net asset realisation value.

Circulating Security Interests

Ordinarily in a liquidation event, a liquidator as at the date of liquidation would consider the availability of circulating security interests as defined under the Personal Properties Securities Act (2009) (C7) on hand as at the date of appointment which are available for recovery by the liquidator. In this analysis, the circulating security interests on hand would be made up of:

- Cash & cash equivalents;
- Trade & other receivables; and
- Inventory.

The significance of circulating security interests in an Asset Sale scenario is that these assets are ordinarily required by the Act to be utilised in satisfying outstanding employee entitlements as at the date of liquidation and in doing so are 'reserved' and paid out in priority to other creditors should any distribution be made from the realisation of these classes of assets.

Non-Circulating Security Interests

A non-circulating security interest is usually an asset that is not traded in the ordinary course of business and which is subject to security held by a third party. The asset is usually unable to be sold without the consent of the third party, and in the event of insolvency, the security would ordinarily provide the lender with a priority right to be paid from the proceeds of the asset's realisation ahead of all other creditors.

Non-circulating security interests are predominantly fixed assets. For the VAH Companies, this would be largely the aviation and other associated property plant and equipment, with the most material being the aircraft & other aeronautic asset category.

Aircraft & Other Aeronautic Assets

The most significant asset class on the VAH Companies' consolidated balance sheet as at 30 June 2020, was the aircraft and other aeronautic asset category which had a written-down book value of \$1.9 billion comprising 52.3% of the total assets the VAH Companies.

Based on our review of the information about this aircraft and other aeronautic asset class in the unaudited accounts, the Personal Properties and Securities Register and discussions with Management, we were able to ascertain that, of the total aircraft fleet of 143 aircraft as shown by VAH Companies in its 30 June 2020 financial statements, the owned fleet consisted of 64 aircraft, of which two aircraft had been decommissioned and had been broken up for parts prior to 30 June 2020. The decommissioned aircraft were recorded as the value of their parts. Of the remaining 62 aircraft that made up the owned fleet, these aircraft were valued on an airworthy basis, as either in service in June 2020, or if not in service as being parked and in preservation. These 64 aircraft formed the basis of the valuation by DavAir for the purposes of the Report as they are owned by the VAH Companies (either outright even if subject to third party finance or subject to financing leases).

In the Asset Sale Scenario, the respective secured lenders holding security over the Fleet Assets would be required to be paid out in full, from the proceeds of the realisation of these assets, prior to any remaining equity being available for distribution to other classes of creditors.

Assets relating to the remaining 79 aircraft subject to operating leases were not included as part of the valuation by DavAir, as management had advised that the aircraft would be returned to their respective lessors in a liquidation.

In assessing the Asset Sale scenario valuation of the Fleet Assets, and taking into account the current nature of the aviation assets, tourism and the aviation industry in general, it was determined that for the purposes of the valuation, the book value of the aviation assets was not an appropriate measure of the value of the fleet for the purposes of the Asset Sale scenario. After seeking valuation proposals from three independent valuers, DavAir was selected to conduct an independent valuation of the Fleet Assets. DavAir was instructed to complete its valuation of the Fleet Assets as at the Valuation Date.

The valuation was to be conducted on both:

- FMV; and
- OLV.

The DavAir Valuation was prepared on a "half-life basis" (explained below) using current information in relation to hours of operations and cycles as at the Valuation Date. The USD valuation was then converted to AUD using the same AUD/USD rate of 1.4486 used by the VAH in the compilation of its 30 June 2020 management accounts.

The use of the 'half-life basis' of fleet valuation is an accepted industry valuation methodology and reflects an estimate of the current useful life of the individual aircraft without having to complete a detailed analysis of the specific maintenance schedules for each aircraft. DavAir's OLV valuations, converted to AUD, were relied upon for the high and low realisation estimates in our Asset Sale scenario.

8.3.2. DavAir Valuation Report

The DavAir Report dated 19 October 2020 is attached to this Report at Appendix I, was prepared as at the Valuation Date of 30 June 2020, denominated in US Dollars on a GST exclusive basis.

We have summarised the key findings of the DavAir Valuation Report in the following section.

Valuation Methodology

As per the instructions we provided to DavAir, the Owned Fleet was valued on both an FMV and OLV basis, which are defined by the American Society of Appraisers as:

- FMV – Is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts, as of a specified date; and
- OLV – Is an opinion of the gross amount, expressed in terms of money, that typically could be realised from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where is basis as of a specified date.

The OLV valuation includes two scenarios in relation to the time to realise the Fleet Assets, being assessed as six and twelve months from the Valuation Date.

The two realisation period scenarios were included to give additional guidance as to the potential impact to realisable values of the Fleet Assets should the assets be held over a longer period. It is noted, however, that while the forecast realisation is estimated to be higher should the assets be held for twelve months, this potential increase in realisable values would be offset by additional holding costs, which may include but not be limited to maintenance, storage and other preservation costs required to be incurred to ensure the assets are maintained in an airworthy condition. These holding costs have not been factored into the valuation by DavAir.

The values provided below have been prepared on the assumption that in an Asset Sale scenario, all holding costs are able to be satisfied from funds on hand, and that the requisite costs will be incurred to ensure that the aircraft are maintained in an airworthy condition, or in the alternative properly preserved in order to be re-activated at some point in the future.

The DavAir Valuation Report was completed on a desktop basis; therefore, the aircraft were not physically inspected. DavAir used the following assumptions that we consider are reasonable:

- The interior and paint are reportedly in average condition for the age of the aircraft;
- There is no evident corrosion and any damage history has been appropriately documented with no ongoing airworthiness limitations;
- The actual airframe hours are as provided at the Valuation Date;
- The subject aircraft are typically equipped for their role as commercial passenger transport configured aircraft;
- The aircraft will continue to be certified and operated under the auspices of CASA or a major aviation authority as assumed for transaction conditions;
- The aircraft are kept and maintained under manufacturer's recommended maintenance program using factory authorised maintenance facilities;
- All major modifications have been properly documented;
- The aircraft have no outstanding Airworthiness Directives or deferred maintenance;
- The aircraft are in half-life condition and they have a complete set of records with back to birth traceability;
- The aircraft are airworthy and have no components missing;
- The aircraft have been well protected and maintained whilst being parked at various locations in Australia, in most cases in outdoor parking ramps;
- The values include the capitalisation of heavy maintenance per industry practice; and
- The assets (airframe and engines) would comply with the Cape Town Convention guidelines.

Fleet Asset Valuation

The DavAir Valuation as at the Valuation Date is summarised in Table 34 below.

Table 34: Summary DavAir Fleet Valuation

Aircraft Type	Number of Owned Aircraft	FMV (USD mil)	OLV – Six Months (USD mil)	OLV – 12 Months (USD mil)
A320-232	1	4.0	1.8	2.4
B737-700HGW	2	18.4	9.0	11.2
B737-800HGW	43	847.1	533.2	666.5
B777-300ER	4	186.5	108.8	128.1
F28-100	14	30.2	14.0	17.9
Total	64	1,086.2	666.9	826.0

Source: DavAir Valuation Report

Note: Values exclude GST.

Half-Life Assumption

The half-life assumption was used for the purposes of this valuation as it is a common industry wide method that is used to reflect the overall condition of a fleet of aviation assets. The half-life assumption recognises that in any given fleet, that is in service with continuous maintenance, there will be some aircraft within the fleet that are due maintenance and some within the fleet that have just completed maintenance and many on a spectrum between these two points. The effective half-life assumption captures the main value of the fleet with 'unders' and 'overs' being captured by a mid-life assumption.

Accordingly, the half-life assumption has been used as a benchmark to moderate the overall condition of the aircraft for fleet valuation purposes. In doing so, it has obviated the need for a detailed line by line assessment of each aircraft's maintenance history.

Impact of COVID-19

Historically, in a 'balanced market' aircraft with a fluid transaction history, a typical timeline for the realisation of more popular aircraft types (e.g. Boeing 737-800 and Airbus A320-200) was approximately three months, whereas less popular aircraft were expected to take between nine and 18 months to realise. The impact of COVID-19 has suppressed demand for commercial aircraft, and as such, the market has moved from a balanced market that was evident in the pre COVID-19 environment, to a buyer's market, with some forecasters estimating assets in the current environment to take as long as 24 months to realise. The current market-place estimate of the impact from the pandemic to aircraft asset values is in the range of 15.0% to 30.0% for a mid-time airframe compared to pre COVID-19 market values. The longer it takes for commercial aviation to return to pre COVID-19 utilisation, the greater the impact to aircraft market values, in addition to the actual physical costs required to return aircraft to service.

Likely Aircraft Holding Costs

Preservation Costs

Whilst we have been unable to quantify the actual holding costs associated with long term storage and preservation of the Fleet Assets, we have sought guidance from DavAir in relation to an estimate of what the Fleet Asset holding costs may be through a realisation process in a potential Asset Sale scenario. Such costs may include but not be limited to aircraft induction and preservation costs, storage and parking costs, on-going maintenance costs, periodic inspections, ground runs and reactivation costs. Due to the uncertainty in relation to the pandemic, we do not consider it feasible to estimate these holding costs with any degree of reliability. Accordingly, the Fleet Asset valuation has been prepared on a gross basis and does not include any theoretical holding costs for the period through to realisation.

The Fleet Assets, were at the Valuation Date stored largely in Melbourne, Sydney and South East Queensland, all airports which were either adjacent to the coast or in close proximity to the coast, with a high prevalence of humidity and saline, which is an environment that over time is likely to contribute to the premature ageing of the aircraft. It is likely that in any Asset Sale scenario, the Fleet Assets would be required to be relocated to low corrosion environment that had appropriate facilities to conduct maintenance and on-going ground runs. The expected costs for long term preservation in a desert facility are approximately USD10,000 for narrow body aircraft and USD15,000 for wide body aircraft per month, in addition to an additional USD1,000 per month in consumables.

Further, the longer that an aircraft remains in storage, the greater the likelihood that a scheduled heavy check may fall due on the aircraft. Heavy checks are generally required at 24 to 36-month intervals, the costs for which may range between approximately USD150,000 and USD1.5 million for a narrow body aircraft and approximately USD300,000 and USD3 million for the Boeing 777-300ER aircraft.

Sales Agent's Fees and Commission

In any arm's length sale process in an Asset Sale scenario, it is likely that a sales agent would need to be appointed to market the aircraft for sale. The likely costs charged by a sale's agent to market the aircraft would be in the vicinity of 1% to 3% of the selling price, excluding marketing costs and agent's disbursements.

As previously discussed, no costs associated with the preservation, storage and realisation of the Fleet Assets have been included in valuation of the Fleet Assets. Such costs would need to be funded by a liquidator to preserve asset values in any theoretical liquidation.

Fleet Asset Valuation - Conclusion

The conclusions of the DavAir valuation in both USD and AUD are summarised in Table 35 below.

Table 35: DavAir Fleet Valuation Conclusion

	FMV (excl. GST)	OLV – Six Months (excl. GST)	OLV – 12 Months (excl. GST)
64 x Aircraft in Owned Fleet (USD million)	1,086.2	666.9	826.0
64 x Aircraft in Owned Fleet (AUD million) ⁴⁶	1,573.5	966.1	1,196.6

Source: DavAir Valuation Report

The Fleet Assets included in the DavAir valuation comprised approximately half the VAH fleet, being those which were either owned by VAH or subject to finance leases, and as such had potential for any available equity on realisation to be made available for unsecured creditors in an Asset Sale scenario.

Notwithstanding the Fleet Assets constitutes the single largest assets class in a potential liquidation of VAH, due to the quantum of debt secured over the aircraft, either directly by way of finance leases, or alternatively under a general security agreement, these financing arrangements would be required to be satisfied in priority to other unsecured creditors. Based on the valuations provided by DavAir, in the Asset Sale Scenario shown at Table 34, there would be insufficient realisations from the sale of the aviation assets to satisfy the debts owed to secured creditors. Accordingly, there would not be any surplus equity from the realisation of aviation assets that would be available for unsecured creditors.

⁴⁶ Converted from USD to AUD using the same AUD/USD rate of 1.4486 used by the VAH in the compilation of its 30 June 2020 management accounts.

8.3.3. Valuation Analysis

FTI Consulting's estimation of the liquidation value of VAH under the Asset Sale scenario is summarised in the table below. The calculation assumes all secured and priority creditors are paid in full and excludes the assets and liabilities of the Velocity business, which are treated separately and are accounted for in the equity assessment of Velocity. The specific assumptions we have adopted with regards to each category of assets and liabilities are also summarised below.

Table 36: Summary: Asset Sale scenario

\$ million			Asset Sale Values	
	Note	Book Value	Low	High
Assets				
Cash & cash equivalents	1.	423.4	423.4	423.4
Trade & other receivables	2.	106.8	75.5	91.1
Prepayments	3.	18.5	-	-
Maintenance prepayments	4.	4.2	4.2	4.2
Deposits	5.	412.0	412.0	412.0
Inventory	6.	43.2	-	9.9
Tax assets	7.	(102.5)	-	-
Aircraft & other aeronautic assets	8.	1,918.2	1,207.5	1,458.1
Other PP&E	9.	221.2	5.8	17.0
Intangibles	10.	76.1	-	-
Equity in velocity	11.	9.6	289.0	343.0
Other assets	12.	13.7	-	-
Total assets		3,144.6	2,417.2	2,758.7
Liabilities				
	13.			
Trade & other payables	14.	(843.4)	(1,616.9)	(1,616.9)
Unearned revenue & credits		(608.0)	(608.0)	(608.0)
Employee entitlements	15.	(226.3)	(424.2)	(424.2)
Loans (incl. finance leases)	16.	(3,382.2)	(3,521.5)	(3,521.5)
Other lease liabilities	17.	(1,907.1)	(1,120.3)	(971.1)
Maintenance provisions	18.	(1,009.8)	(1,009.8)	(1,009.8)
Intercompany payable to Velocity	19.	(152.8)	(152.8)	(152.8)
Costs of the VA and DOCAs		-	(38.0)	(38.0)
Other liabilities		(28.4)	(10.9)	(10.9)
Total liabilities		(8,158.0)	(8,502.2)	(8,353.1)
Net assets / (liabilities)		(5,013.5)	(6,085.0)	(5,594.4)
Concluded value of 100% equity of VAH			Nil	Nil

Source: VAH, DavAir Valuation Report, Administrators' Report, FTI Consulting analysis

Summary of Assumptions

Note

1. **Cash & Cash Equivalents:** The VAH Companies' bank accounts and term deposits at call are assumed to be fully realisable in a piecemeal Asset Sale scenario, although these amounts may be subject to potential setoffs by various financial institutions with which there are offsetting creditor positions. As we have not included any adjustments to the liabilities of VAH Companies for potential setoffs, there is no need for a corresponding downwards adjustments to the realisable balance of cash and cash equivalents.

2. **Trade & Other Receivables:** The realisable value of the net trade receivables of VAH Companies (i.e. after deducting the provision for doubtful debts) on a piecemeal Asset Sale basis has been estimated at 75% in the High case and 50% in the Low case. The balance of other receivables for VAH Companies primarily consists of accrued income relating to the JobKeeper program and a receivable from Australia and New Zealand Banking Group (**ANZ**). As we have not included any adjustments to the liabilities of VAH Companies for the likely offset relating the ANZ receivable, and the balance relating to the JobKeeper program is expected to be fully realised, there is no need for any downwards adjustments to the realisable balance of other receivables.
3. **Prepayments:** Prepayments include various prepayments by VAH Companies for general trading, insurance, maintenance and IT. Following discussions with Management, we have assumed nil value could be realised from these prepayments in a piecemeal Asset Sale scenario, as the VAH Companies would cease trading.
4. **Maintenance Prepayments:** This amount relates to maintenance prepayments under VAH's power by the hour (**PBTH**) contracts, relating to the maintenance of the A330, A320 and F100 fleet. With these aircraft assumed to be either sold or disclaimed in a piecemeal Asset Sale scenario, no value is likely to be recoverable under either the High case or the Low case.
5. **Deposits:** Deposits are predominantly for aircraft and office lease security deposits and maintenance reserve deposits paid to aircraft lessors. We assumed that these balances would either be offset in full against corresponding liabilities to these counterparties or would otherwise be fully recoverable, and thus we have adopted the conservative position of including these balances at 100% in the High case and 100% in the Low case.
6. **Inventory:** Inventory comprises consumable stores, engineering expendables and other inventories, the latter of which has a minimal balance. Consumable stores are predominantly comprised of various rotables (i.e. glassware, cutlery, trays, etc.), with other amounts relating to food, alcohol, amenities, and other consumables. We have assumed nil realisable value for these assets as there is presently no market for second-hand airline rotatables in Australia, which has been impacted by COVID-19 trading conditions, and the other inventory balances are either perishable or likely to be donated during a piecemeal Asset Sale. Engineering expendables comprises maintenance parts and other engineering goods, and given the limited number of likely buyers in Australia, as well as the unknown condition of the parts, we have ascribed a percentage range to these balances of 30% of the written-down value in the High case, and 0% of the written-down value in the Low case.
7. **Tax Assets:** We have not ascribed any value to the company's tax assets.
8. **Aircraft & Other Aeronautic Assets:** A summary of the DavAir valuation of the Fleet Assets is provided above. In accordance with a piecemeal Asset Sale Scenario, we adopted the 12-month OLV in our High Value and the six-month OLV in our Low Value. The DavAir valuation includes any capitalised maintenance (e.g. airframes, landing gears, etc.), galley equipment, and APUs also carried on the balance sheet in relation to these owned aircraft and takes into account the current condition of the aircraft (i.e. reflects any required maintenance). We have not ascribed any value to any other assets (such as capitalised maintenance, right-of-use assets, and other modifications to aircraft) relating to leased aircraft or other leased aeronautic assets (e.g. engines). We have assumed any leased aircraft are disclaimed by the liquidator, with the lessors proving for any outstanding amounts as detailed in the liabilities assumptions below.

In addition to the values provided by the DavAir Valuation, we have included \$261.5 million under the High scenario and \$241.4 million under the low scenario relating to prepaid deposits and Maintenance Parts & Equipment. We have included values relating to prepaid deposits to aircraft manufacturers in full. These balances would be expected to be set-off against contingent claims that arise from the cancellation of the sales agreements in an Asset Sale scenario. This balance also includes amounts relating to Maintenance Parts & Equipment, some of which have been issued to aircraft. The balance of this account allocated to aircraft would be blended into the market value of the owned aircraft, or not realisable from leased aircraft when these assets are disclaimed. The remaining balance of rotatable stock is in the process of being written off and is unlikely to have any material recoverable value in a piecemeal liquidation. We have ascribed a value of 20% in the High case and 0% in the Low case in relation to these Maintenance Parts & Equipment.

9. **Other PP&E:** The vast majority of the carrying balance of other PP&E relates to work-in-progress (**WIP**) PP&E, right-of-use property assets, leasehold office improvements, and finance leased buildings. Collectively these assets represent \$154 million of the total written-down value of other PP&E of \$221 million (or 69.7%) as at Valuation Date. We have assumed nil value for these assets in a piecemeal Asset Sale scenario, as leased property and equipment would be disclaimed, and WIP PP&E is not capable of being sold for any material value in the current market. The remaining balance of other PP&E includes a building housing VAH's training simulators carried at a balance of \$5.1m as at 30 June 2020, based on a recent valuation conducted by VAH Companies in January 2020. We have included this building at 70% of its written down value in the High case and 0% in the Low case. Other PP&E also includes flight simulators owned by VAH Companies and a variety of other furniture, fixtures and fittings. We have applied a range of percentages for the High case (100% to 30% of written-down value) and Low case (50% to 10% of written-down value) across these different asset classes to calculate the realisable value, based on our experience selling similar PP&E items during piecemeal liquidations. We have assumed any leased Other PP&E are disclaimed by the Liquidator, with the lessors proving for any outstanding amounts as detailed below.
10. **Intangibles:** Intangibles comprise capitalised software costs, patents and trademarks, customer related intangibles and goodwill, all of which we have assumed nil realisable value in the conduct of a piecemeal Asset Sale.
11. **Equity in Velocity:** VAH's equity interest in Velocity would be sold as part of an Asset Sale. We have valued the equity in Velocity in the range of \$289 million to \$343 million as per Section 8.2, assuming the reliance of Velocity on the ongoing operations of the VAH Companies, and assuming a sale of Velocity to another airline, with the respective delays in alignment of interests and various operational challenges and synergistic benefits to be achieved. It was represented to us by Management that the projected earnings in an alignment with VAH Group will not be able to be achieved in an alternative scenario in cooperation with another airline even in the long run.
- This equity value is calculated before an adjustment related to the \$153 million intercompany liability owed by the VAH Companies to Velocity. As this liability must be satisfied by the VAH Companies prior to realising value from their equity interest in Velocity, we have deducted this intercompany balance as part of the liabilities as discussed in 19 below.
12. **Other Assets:** Other Assets consist of other right-of-use assets not otherwise mentioned above. Consistent with the methodology described above we have not attributed any value to these assets in a piecemeal Asset Sale. We have assumed any other leased assets are disclaimed by the liquidator, with the lessors proving for any outstanding amounts as per the Administrators' assessment of the amount that would be owed to these counterparties as detailed below.
13. **Liabilities:** We have included liabilities as per the 30 June 2020 financial statements, with various adjustments as detailed below to reflect the crystallisation of liabilities in a piecemeal Asset Sale scenario. All other liabilities are likely to be proved for in the course of a liquidation and thus have been included at 100%, with the exception of Other Liabilities, from which we have removed balances relating to provision accounts.
14. **Trade & Other Creditors:** We have adopted the balance of trade and other creditors from the balance sheet as at Valuation Date. We have also included an additional balance in relation to a contingent claim as identified and assessed by the Administrators.
15. **Employee Entitlements:** We have adjusted the book value of employee benefits provisions for the Administrators' assessment of the employee entitlements that would arise under a High and Low Asset Sale scenario.
16. **Loans:** We have adjusted the book value of the loans and finance leases to remove balances relating to deferred borrowing costs, a contra liability account used for accounting purposes to amortise borrowing costs over the life of the facilities. We have used the amount as assessed by the Administrators in the Administrators' Report.
17. **Lease Liabilities:** We have adjusted the book value of all operating lease liabilities for the Administrators' assessment of the amount that would be owed to aircraft lessors and property and equipment lessors under a High and Low Asset Sale scenario.

18. **Maintenance Provisions:** These relate to leased aircraft and are expected to be proved for by aircraft lessors during the course of the liquidation. We note that neither this assumption or 17 reflect additional liabilities likely to be proved for by the lessor counterparties including default interest, end-of-lease compensation, and termination and break costs which would likely increase the pool of liabilities. For example, the Administrators estimated the end-of-lease compensation and maintenance compensation for disclaimed operating leases in an Asset Sale scenario at approximately \$1.1 billion, which is above the carrying balance of maintenance provisions of \$1.0 billion as at Valuation Date.
19. **Intercompany Payable to Velocity:** Before any equity in VAH's interest in Velocity can be realised (as per 11 above), VAH Companies would have to repay \$153 million in outstanding intercompany liabilities. As such, this is treated as a liability in the event of a piecemeal Assets Sale.

8.3.4. Conclusion

Having completed a detailed review of the VAH Companies Management Accounts, and having reviewed the Administrators' Report, we have ascertained the asset and liability position, and subsequently adjusted these balances for a theoretical Asset Sale scenario, including the instruction of an independent valuation of the aircraft assets.

It is clear from our analysis at Table 35 that there is a clear deficiency of net assets both in relation to the book value of the VAH Companies as well as liquidation value in an Asset Sale Scenario.

On a book value basis, there is a net assets deficiency of \$5.0 billion. Based on the adjustments we have made as part of our analysis, and specifically the impact to the overall net asset position which has been brought about by the independent valuation conducted by DavAir, we consider that in an Asset Sale scenario, there would be a shortfall to creditors in the range of \$5.6 billion to \$6.1 billion on a Low / High basis respectively.

In the Asset Sale scenario, where there is such a significant shortfall to creditors, it is our opinion that there would be no strong likelihood of any return to shareholders.

Accordingly, in FTI's opinion, the liquidation value of the equity of VAH under the Asset Sale Scenario is nil.

Appendix A: Limitations and Disclosures

Qualifications

FTI Consulting is an Australian Financial Services authorised representative (No. 001269325). FTI Consulting provides a range of corporate advisory services and has advised on numerous takeovers, valuations, acquisitions and restructures.

This Report is prepared on behalf of FTI Consulting by Fiona Hansen, John-Henry Eversgerd and Iskra Panova.

Fiona Hansen is a member of Chartered Accountants Australia and New Zealand (**CAANZ**), a South African Institute of Chartered Accountants, has the Business Valuation Specialisation accreditation from CAANZ and holds an Honours in Accounting Science and Bachelor of Commerce and a Graduate Diploma in Applied Finance and Investment (FINSIA).

John-Henry Eversgerd has a Master of Business Administration, Bachelor of Arts in Economics and Philosophy of Science, Cum Laude distinction, is an Honorary Associate, Macquarie University Applied Finance Centre, Accredited Senior Appraiser with the American Society of Appraisers.

Iskra Panova has a Master of Business Administration in International Finance Management, Masters in Applied Economics (Hons.), is an Accredited Senior Appraiser with the American Society of Appraisers since 2005.

Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of IERs.

Disclaimers

This report was not prepared for any other purpose or for use by any other person other than for the purpose of assisting the Court and ASIC in their determinations regarding the DOCAs and providing information to Shareholders. FTI Consulting does not accept any responsibility to any other person for the use of the Report outside the stated purpose without the written consent of FTI Consulting. Except in accordance with the stated purpose, no extract, quote or copy of this report, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

Other than this Report, FTI Consulting has not been involved in the preparation of the Explanatory Statement or any other document prepared in respect of the DOCAs. Accordingly, we take no responsibility for the content of the Explanatory Statement as a whole or other documents prepared in respect of the DOCAs.

We note that the forward-looking financial information prepared by the Administrators and VAH does not include estimates as to the potential impact of any future changes in taxation legislation or accounting policies.

Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly out-dated and in need of revision. FTI Consulting reserves the right to revise any valuation or other opinion in the light of material information existing at the Valuation Date that subsequently becomes known to FTI Consulting.

Currency

All references to '\$' and 'dollars' are references to Australian dollars unless stated otherwise.

Independence

Prior to accepting this engagement, FTI Consulting considered its independence with respect to the parties involved with the DOCAs with reference to the RG 112 and APES 110 Code of ethics for professional accountants issued by the Accounting Professional and Ethics Standards Board.

FTI Consulting and its related entities do not have at the date of this IER, and have not had within the previous two years, any business or professional relationship with the Company or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the DOCAs.

FTI Consulting advises that it had an ongoing retainer with Bain Capital, the preferred bidder for VAH, for regular media and communications support. FTI Consulting notified the Solicitors for the Administrators, Bain and the Administrators of this role, who all confirmed approval for our appointment for the IER. Nevertheless, FTI Consulting has established strict ethical walls to ensure the staff working on the IER are in no way involved with the staff involved in the media support. Since the role with Bain does not include any financial or strategic advice for either Bain or VAH, FTI Consulting does not consider that this appointment affects its ability to provide an unbiased opinion in relation to valuation of VAH.

As part of the role as independent expert, FTI Consulting was engaged to opine on the process that the Administrators undertook in adjudicating the bids for VAH. FTI Consulting considers this role as integral to its role as independent expert, as an understanding of the bids forms vital part of our analysis and valuation of VAH (per RG 111.69). FTI Consulting has had no part in the formulation of the DOCAs. Its only role has been the preparation of this IER.

During the preparation of this Report, FTI Consulting provided draft copies of this report to Management and to the Administrators for comment as to factual accuracy, as opposed to opinions which are the responsibility of FTI Consulting. Changes made to this report as a result of those reviews have not altered the opinions of FTI Consulting as stated in this Report.

FTI Consulting has no involvement with, or interest in, the outcome of the approval of the DOCAs other than that of independent expert and the preparation of this Report.

FTI Consulting is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, FTI Consulting will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Takeover Offer. FTI Consulting will receive no other benefit for the preparation of this Report.

FTI Consulting considers itself to be independent in terms of RG 112.

Consents

FTI Consulting consents to issuing this Report in the form and context in which it is included in the Explanatory Statement. Apart from the Report, FTI Consulting is not responsible for the contents of Explanatory Statement, or any other document or announcement associated with the Explanatory Statement.

FTI Consulting acknowledges that its report may be lodged with regulatory bodies.

Reliance on information

The statements and opinions contained in this report are given in good faith and are based upon FTI Consulting's consideration and assessment of information provided by Management and the Administrators.

FTI Consulting believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld. The information provided has been evaluated through analysis, inquiry and review for the purpose of forming our opinion.

The procedures adopted by FTI Consulting in forming our opinion may have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or review. Accordingly, we do not express an audit or review opinion.

It was not FTI Consulting's role to undertake, and FTI Consulting has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the VAH or the DOCAs.

FTI Consulting understands that the Administrators have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary. FTI Consulting does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Administrators and/or their advisors.

It is understood that, except where noted, the accounting information provided to FTI Consulting was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by VAH in previous accounting periods.

Prospective financial information

In preparing the IER, FTI Consulting has had regard to prospective financial information in relation to VAH Companies and Velocity (**Prospective Financial Information**). FTI Consulting understands that the Prospective Financial Information has been prepared as part of the ongoing management processes of the respective companies, and in particular in connection with the proposed restructuring of the VAH Group and the potential sale of the Business or the Assets of the VAH Group.

The Prospective Financial Information in the Model provided to us was labelled as Strictly Confidential and Subject to Legal Professional Privilege and was intended to be provided for Information purposes only to limited parties. The Model also had built-in tracking and restrictions as to its use and its functionality. FTI Consulting has taken the position that given that the Model was prepared for a potential sales process, and it is strictly confidential, it is inappropriate to disclose all assumptions which would allow users to reconstruct the projections, based on the following considerations:

- disclosing the projections or sufficient assumptions which would allow reconstruction of the projections has not been allowed by Management and the Administrator due to the confidentiality associated with these in the context of the ongoing sales process
- the parties that were authorised to have the information already have it;
- given the two-player aviation market in Australia, and the condition of VAH Group, all its financial and strategic information is commercially sensitive and could have an adverse impact on its operations, if released without caution;
- changes in the assumptions are not likely to increase the valuation sufficiently to produce a value of equity greater than nil, which makes the inclusion of sensitivity analyses discussed in RG 111.77 unnecessary

For the purposes of our IER, FTI Consulting understands and has assumed that the Prospective Financial Information:

- has been prepared fairly and honestly, on a reasonable basis and is based on the best information available to the management and directors of VAH and the Administrators
- has practical constraints and limitations due to the current COVID-19 environment; and does not reflect any material bias, either positive or negative.

We understand that the Prospective Financial Information has been based on assumptions concerning future events and market conditions and while prepared with due care and attention and the directors of VAH and the Administrators consider the assumptions to be reasonable, future events and conditions are not predictable and the assumptions and outcomes are subject to significant uncertainties. Actual results are likely to vary from the Prospective Financial Information and variations may be materially positive or negative. Accordingly, neither the Directors, the Administrators, nor FTI Consulting guarantee that the Prospective Financial Information or any other prospective statement contained in the IER or otherwise relied upon will be achieved.

FTI Consulting has not been engaged to undertake an independent review of the Prospective Financial Information in accordance with Australian Auditing Standards and has not undertaken such a review. However, in order to disclose and to rely on the Prospective Financial Information in the IER, FTI Consulting is required to satisfy itself that the Prospective Financial Information has a reasonable basis.

Set out below are some of the indicative factors that would support a conclusion that the Prospective Financial Information has a reasonable basis:

- a material portion of the Prospective Financial Information incorporates established trends in the Business and current arrangements in place, for example:
 - Prospective Financial Information reflects management's best assessment at the time of preparation for the Business and its operations, sales and profitability, in the current COVID-19 environment
 - Prospective Financial Information reflects trends similar to IATA industry commentary and opinion.
- the Prospective Financial Information has been prepared as part of the ongoing management of VAH Companies, and in particular in connection with the restructuring of the VAH Group and the potential sale of the Business or the Assets.
- the reporting and budgeting processes of the directors of VAH have been in place for some time and involve regular reporting of actual performance to budget variances, management follow up, input from senior management and its advisors and the Administrators and that process itself is under continuous review.
- the Prospective Financial Information is based on the detailed Model that is designed to be driven by specific key inputs such as estimates of flights, forecast fuel prices, exchange rates etc.
- the Prospective Financial Information has been endorsed by the management and directors of VAH and the Administrators and has been provided to the various bidders on a strictly confidential basis.
- the Prospective Financial Information makes allowances for known contingencies.

To ascertain the above, FTI Consulting:

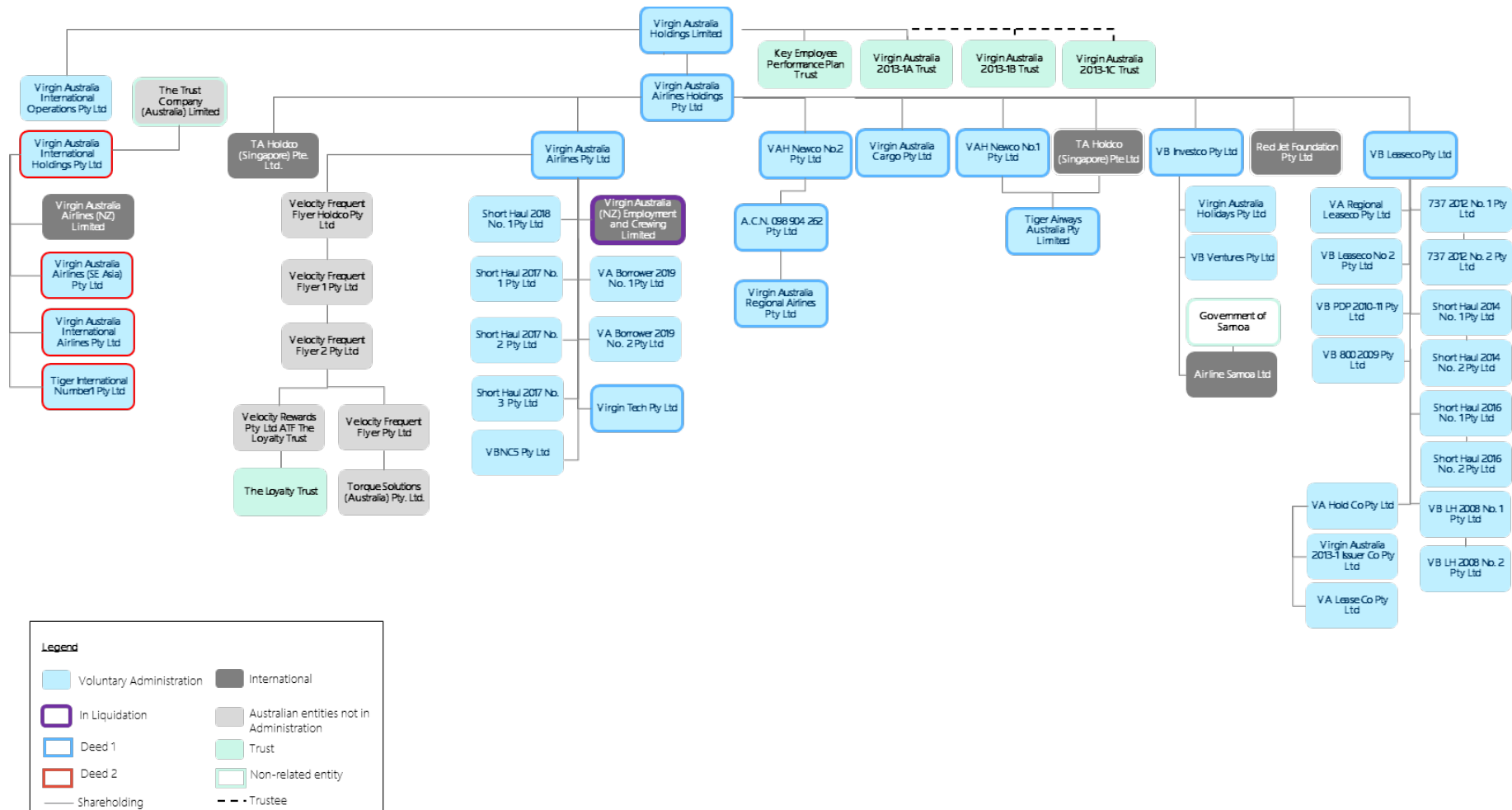
- obtained details of the Prospective Financial Information and the process by which this information was prepared
- determined the composition of the Prospective Financial Information;
- held discussions with management of VAH and the Administrators regarding the basis on which the Prospective Financial Information was formulated and where possible on a "desktop" level, undertaking evaluation of such information, by reference to past trading performance, industry data, available evidence and/or other documentation provided
- reviewed assumed growth over historical earnings, determining the source of growth e.g. pricing, flights, gross margins and investigated any new key contracts
- confirmed if the Prospective Financial Information has been adopted by the Directors of VAH and the Administrators
- investigated previous forecasting history and accuracy, to the extent relevant given the COVID-19 environment
- reviewed the most recently available monthly management accounts

considered the relevant industry trends and the position adopted by directors of VAH and as reflected in the Model.

APES 225

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

Appendix B: VAH Consolidated Group Structure



Source: Appendix D, Deloitte, Report to Creditors pursuant to section 75-225 of the Insolvency Practice Rules (Corporation)

Appendix C: Valuation methodologies

Valuation methods for the valuation of a business

Overview

RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the DCF method and the estimated fair market value of any surplus assets
- the CFME method, capitalising the estimated future maintainable earnings or cash flows, using an appropriate earnings' multiple, and adding any surplus assets
- the NAV Method, being the amount available for distribution to security holders on an orderly realisation of assets
- the QMP method for the listed securities when there is a liquid and active market
- any recent genuine offers received by the target for any business units or assets as a basis for the valuation of those business units or assets.

Each of the methodologies are discussed in the following paragraphs.

DCF method

The DCF method assesses the value of a business by forecasting its future cash flows and then discounting them back to their present value at the valuation date by applying an appropriate discount rate.

The discount rate applied is generally based on the opportunity cost of capital to the investor, reflecting the return that an investor expects to obtain from investments with equivalent risks. The discount rate reflects the time value of money and the risk profile of the cash flow stream being valued.

Where the business (or asset) being valued is assumed to have an infinite life, a terminal value may be incorporated in the DCF, reflecting the future value of a business at the end of the period for which cash flows are forecast. The terminal value is estimated at a future point in time where cash flows are expected to be stable going forward and is based on an assumed future growth rate.

The DCF method is particularly useful in circumstances where the business has a short history of stable earnings or earnings are expected to change significantly from recent history (for example, start-up companies or other companies expecting significant growth, such as restructured businesses coming out of administration).

Capitalisation of earnings method

The CFME is commonly applied when valuing businesses where a future 'maintainable' earnings can be estimated with a level of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable when a business is in start-up phase, has a finite life, is loss making or is likely to experience a significant change in growth prospects and risks in the future.

Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, earnings before interest, tax, depreciation and amortisation, EBIT, or net profit after tax. The maintainable earnings are based on forecast results, adjusted for any abnormal or non-recurring items. Historical results can be used as an approximation or estimate of future earnings but may require adjustments.

The appropriate capitalisation rate (or multiple) to be applied to maintainable earnings is usually derived from the stock market trading in shares in comparable companies which provide some guidance as to the value and from transactions involving comparable companies or from initial public offerings of potentially comparable companies.

The multiple should reflect the business outlook including future growth prospects, risks faced by the business, the industry's outlook and expectations, investor expectations and other factors. Multiples derived from these sources need to be reviewed and analysed in the context of the differing profiles and growth prospects between the company being valued and the comparable companies considered. When valuing controlling interests in a company, an adjustment is required to incorporate a control premium. The earnings from any surplus assets or non-trading assets are to be excluded from the estimate of future maintainable earnings and the value of such assets is determined separately and added to the enterprise value in order to determine the total value of the company before debt.

The CFME method assumes that the most reliable estimate of a company's value is the observed price for transfers of similar businesses and assets.

NAV Method

NAV Methods are particularly useful in circumstances where neither the DCF nor CFME are appropriate, or as a cross check to other methods. The NVA Methods can be applied when the entity is no longer a going concern, or the orderly realisation of assets and distribution of proceeds is proposed. Using this method, the value of the net assets of the company are adjusted for the time, cost and taxation in realising the assets of the company.

The NAV Methods estimate the value of a business by reference to the realisable value of its assets. There are multiple bases for estimating the realisable value of the assets, including based on an orderly realisation, a liquidation (or fire sale), or on a Going Concern basis.

There are three potential assumptions on which asset-based valuations can be undertaken. They are that a company is:

- a going concern
- undertaking an orderly realisation of its assets
- undertaking a "fire sale" of its assets.

Generally, the lowest asset values are derived from a "fire sale" assumption, while the highest asset values are derived from a "Going Concern" assumption.

The assumption chosen is critical, as it impacts each of the following estimates required under the asset-based approach:

- the value attributed to assets of the company
- liabilities payable by the company
- the costs of undertaking any realisation or sale process.

When valuing a company using a NAV Method, and it can be assumed that the company is a going concern, the value of the issued shares in the company is based on:

- the market value attributed to assets of the company if it is a going concern; less
- the market value of liabilities of the company if it is a going concern.

A going concern assumption implies that a company will continue to trade, albeit generating insufficient returns to investors in at least the short to medium term, and that no realisation of assets will occur.

The carrying value of an asset or liability is generally taken to be representative of its market value under this assumption. However, there may be situations where the market value of an asset exceeds its carrying value, such as when:

- an independent valuation of a freehold property or a specialised item of plant and equipment is available; or
- investments in shares of listed companies are carried at cost, rather than being "marked to market" on a regular basis.

In cases where a market value greater than carrying value is adopted for the valuation for a capital growth asset such as a freehold property or an investment in shares, allowance for income tax should also be made in the valuation. This allowance would be based on the tax payable if the asset was sold at the valuation date for its market value.

There may also be situations where it is appropriate to eliminate the carrying value of goodwill and any identifiable intangible assets, on the basis that the company is deriving insufficient earnings or cash flows to justify any premium in value over net tangible assets.

If a company is considered to be a going concern, no realisation of assets is assumed, so no allowance for realisation costs is made.

Appendix D: Discount rate estimate

Overview

The discount rates used in our valuation of the VAH Companies and Velocity have been estimated to reflect the expected returns demanded by a hypothetical investor and the risks associated with the businesses and forecast cash flows.

Best practice is for discount rates to be applied to cash flows that reflect the most probable outcome. There may be additional risks that need to be incorporated in the discount rate, however, if the risks are not sufficiently accounted for in the forecast cash flows. As indicated in Section 7.2. of this Report, we have made adjustments to the forecast cash flows to reflect certain risks. Our selected discount rates have been estimated to capture the residual risk in the forecast cash flows.

The table below summarises our concluded discount rate estimates under the Going Concern and the Distressed Sale scenarios.

Table 37: Summary discount rates (WACC)

Basis	VAH Companies		Velocity	
	Low	High	Low	High
Going Concern Valuation	11.5%	13.5%	11.0%	13.0%
Liquidation Valuation				
Distressed Sale scenario	17.5%	22.5%	14.0%	16.0%

Source: FTI Consulting analysis

The following analysis discusses the various components of the discount rate build up.

Cost of Equity

The cost of equity represents the rate of return required by equity investors. There are a number of theoretical risk and return models available to estimate the cost of equity and the Capital Asset Pricing Method (**CAPM**) is the most widely accepted and used method. The CAPM is based on the theory that a rational investor will value an asset such that the expected rate of return is equal to the risk-free rate of return plus a premium to compensate for the risk inherent in investing in the asset and that risk can be estimated by calculating the relationship between the volatility of the investment and the volatility of the market as a whole.

In our calculation of the cost of equity for VAH Companies and Velocity we have used the modified CAPM, which includes an additional premium, alpha, to reflect specific risks that are not correlated with the market. The modified CAPM formula is as follows:

Table 38: Modified CAPM formula

$Ke = Rf + \beta \times (Rm - Rf) + \text{Alpha}$	
Where:	
Ke	= required return on equity
Rf	= the risk-free rate
Rm	= the expected return of the market portfolio
(Rm – Rf)	= collectively termed the equity market risk premium
β	= beta is the systematic risk of a stock relative to the market
α	= alpha is the entity specific risk premium not captured in the beta

In calculating the cost of equity, we have considered the following inputs:

Risk-free rate

The risk-free rate is the return on a risk-free security. It compensates the investor for the time value of money and the expected inflation rate over the investment period. In practice, long term government bonds are used as a benchmark for a risk-free security.

Historically in Australia, the spot yield-to-maturity on a 10-year Commonwealth Government Bond (**CGB**) has been widely accepted as a proxy for the risk-free rate when determining the cost of equity. The market for the 10-year Commonwealth Government Bond is considered to be sufficiently liquid such that its yield represents the most appropriate indicator of the long term risk free rate.

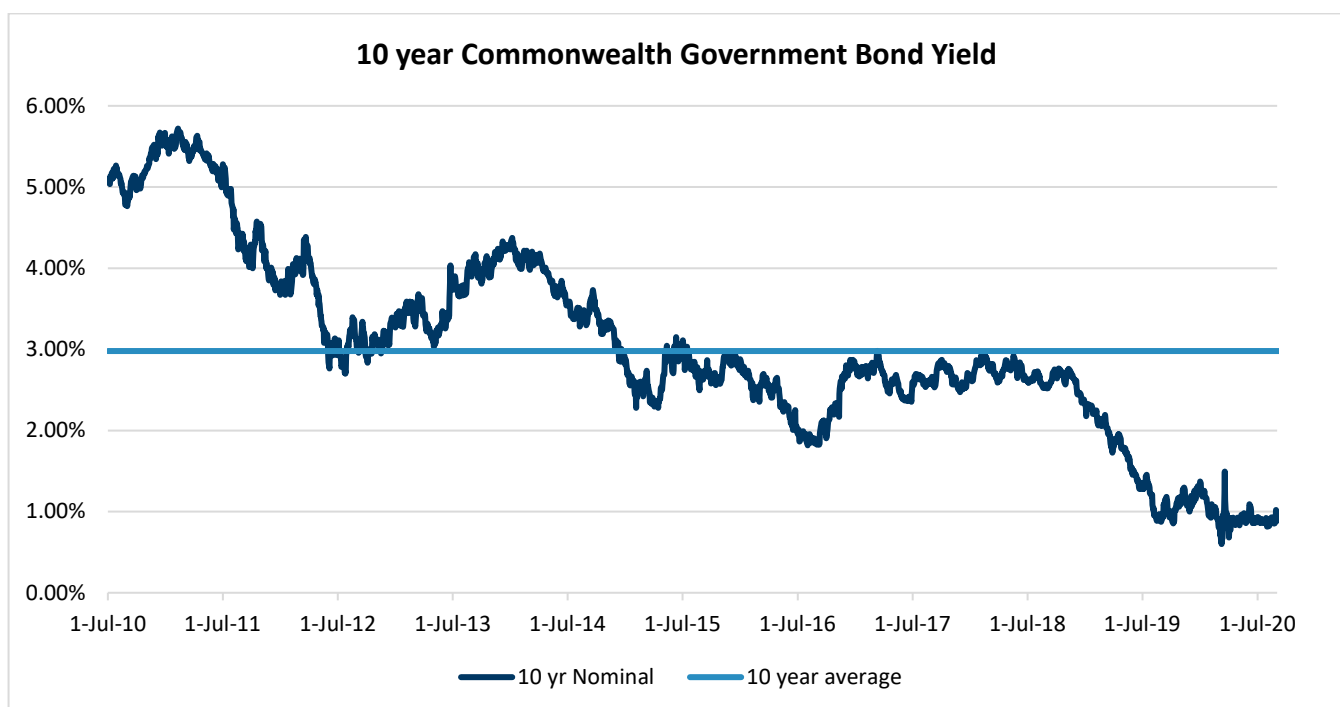
Since the global financial crisis in 2008, Government bond yields have remained low compared to long-term historical averages. Recent studies indicate that CGB yields and the market risk premium (discussed later) are inversely correlated, therefore, any assessment of the risk-free rate should be consistent with the selection of the MRP.

Initially, as COVID-19 spread, demand for government bonds increased. The 10-year Commonwealth Government Bond yield plunged to 0.61% in early March 2020 (from 1.25% in February 2020). The RBA cut rates and embarked on quantitative easing i.e. buying Government bonds with the intention of lowering long-term interest rates. In March 2020, the RBA bought \$5 billion of government bonds with maturities of two and eight years.

Long-term borrowing costs relative to short-term costs are double what they were before the COVID-19 crisis. It is the first time in history that the RBA has bought Government bonds and the 10-year Commonwealth Government Bond spot rate declined from 1.03% on 19 February 2020 (pre COVID-19 in Australia) to 0.98% as at 31 August 2020.

Figure 33 below shows the significant decline in the 10-year Commonwealth Government Bond yield since 1 September 2010.

Figure 34: 10-year Commonwealth Government Bond yield from September 2010 to August 2020



Source: FTI Consulting analysis and RBA website

Based on the above analysis, we have considered the following in our estimation of the risk-free rate:

- **The nominal spot rate:** The spot rate of 0.98% as at 31 August 2020 is at a historically low level. Further, as shown in Table 39 below, the 10-year CGB yield for HY20 is significantly below the 10-year CGB average nominal yield of 2.98% between 2010 and today.

Table 39: Average 10-year CGB nominal yield from 1 September 2010 to 31 August 2020

Year	2 yr	3 yr	5 yr	10 yr
2020	0.52%	0.51%	0.62%	0.99%
2019	1.54%	1.52%	1.64%	1.99%
2018	1.96%	2.09%	2.33%	2.70%
2017	1.73%	1.84%	2.08%	2.54%
2016	1.80%	1.79%	1.98%	2.45%
2015	2.13%	2.15%	2.35%	2.89%
2014	2.67%	2.88%	3.28%	3.92%
2013	2.65%	2.68%	2.90%	3.37%
2012	3.15%	3.12%	3.27%	3.71%
2011	4.78%	4.86%	5.01%	5.25%
Average	2.98%			

Source: FTI Consulting analysis and RBA website

- **The 10-year average of the nominal yield of the 10-year CGB as at 31 August 2020 is 2.98%.** We consider it appropriate to select a long-term average of the CGP as a proxy of the risk-free rate rather than the current historic low CGP spot rate in order to maintain consistency between the risk free and the market risk premium discussed below.

Based on the analysis summarised above, we have selected the 10-year average nominal yield of the 10-year CGB of 2.98%, representing the long-term risk-free rate for the calculation of the cost of equity for VAH Companies and Velocity.

Market Risk Premium

The market risk premium (**MRP**) is the expected return on a market portfolio that represents the return required by investors on equity securities. MRP is, therefore, the difference between the expected rate of return on the market portfolio and the risk-free rate. It represents the additional return that investors require to invest in the equity securities, as compared to a risk-free investment.

The MRP is the 'expected' premium and is therefore unobservable. For practical reasons, the historical premium is generally used as a proxy for the MRP on the basis that a long term average return of what has been earned from equity investments would be a fair indication of what investors would expect to earn for a medium to long term investment horizon.

In determining an appropriate MRP, we have considered academic studies on MRP by Morningstar Investment Management Australia, SIRCA, Hathaway, Duff & Phelps and Handley. We note that it is appropriate to use it with a normalised risk-free rate.

Prior to COVID-19 and the current economic environment as described in Section 3 of the Report, an MRP range of 5.0% to 7.0% has generally been accepted by most academics and valuers in Australia.

Given the current economic environment, we have reviewed a paper by Duff & Phelps dated 16 April 2020, which discusses the WACC considerations in light of the impact of COVID-19 and the current economic climate.⁴⁷ In their paper, Duff & Phelps considers multiple models to estimate the MRP in the United States. In doing so, for Ke calculated after 25 March 2020, Duff & Phelps recommend an unconditional MRP (over the business cycle) of 6.0% in the United States. While VAH operates in Australia, the factors relied upon by Duff & Phelps in selecting an appropriate MRP are consistent with the economic impact factors faced in Australia (as described in Section 3).

Based on the factors described above, we have selected an MRP of 6.0% as appropriate for the estimate of the cost of equity for VAH and Velocity, in conjunction with the normalised risk-free rate.

⁴⁷ Duff & Phelps paper titled 'Coronavirus: Cost of Capital Considerations in the Current Environment' dated 16 April 2020.

Beta

Beta is a measure of the systematic risk of a stock relative to the market portfolio. The expected beta cannot be observed; therefore, the historical beta is generally used as a proxy for the expected beta. Beta can be estimated by regressing the excess returns of the shares or comparable company shares against the excess returns of the index representing the market portfolio.

Unlevered Beta

Beta also reflects the financial leverage of a traded entity's capital structure. Since leverage is likely to be different between companies it is inappropriate to compare betas between companies without having regard to leverage. In practice, betas are often de-gearred (or 'de-levered') to remove the estimated impact of leverage, using an equation such as:

$$\text{Beta(ungeared)} = \text{Beta(gearred)} / (1 + (D / E) \times (1 - t))$$

Gearred Beta

The un-levered or 'asset' betas can then be analysed to determine an appropriate asset beta for the subject of the valuation, and it can be re-gearred (or 're-levered') to reflect the appropriate capital structure. Rearranging the above equation, we have:

$$\text{Beta(gearred)} = \text{Beta(ungeared)} \times (1 + (D / E) \times (1 - t))$$

We have elected to use the same beta for Velocity as for the VAH Companies, as the search of comparable companies for Velocity did not result in a reliable data set. The Frequent Flyer Group would be very closely correlated to the airline sector and as such in our view it is appropriate to use the same beta data.

In selecting the asset beta, we have selected a set of comparable listed airline companies. These companies were selected after a detailed review of a long list of full-service providers, low-cost carriers and combined globally.

In order to reflect the current market volatility but also to incorporate our view that volatility will normalise, we have selected an asset beta of 1.03, based on the three-year weekly median of the comparable companies.

A summary of the asset betas of the selected comparable listed companies is presented in the table below:

Table 40: Asset betas

Company	1-year Beta	2-year Beta	3-year Beta	4-year Beta	5-year Beta
Air Canada	1.49	1.22	1.22	1.10	0.98
Air New Zealand Limited	0.76	0.92	1.00	1.05	1.04
Qantas Airways Limited	1.10	1.11	1.14	1.11	0.99
Singapore Airlines Limited	0.49	0.56	0.63	0.30	0.32
Aegean Airlines S.A.	0.92	0.82	0.78	0.75	0.74
Finnair Oyj	0.96	1.00	1.07	1.06	1.02
Hawaiian Holdings, Inc.	1.21	1.19	1.15	1.17	1.20
SAS AB (publ)	0.59	0.64	0.73	0.76	0.72
Maximum	1.49	1.22	1.22	1.17	1.20
Mean	0.94	0.93	0.97	0.91	0.88
Median	0.94	0.96	1.03	1.05	0.99
Minimum	0.49	0.56	0.63	0.30	0.32

Source: S&P Capital IQ, FTI Consulting analysis

Company specific risk premium

The company specific risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as company size, depth and quality of management, product or customer concentration, reliance on key personnel, etc.

The CAPM assumes, amongst other things, that rational investors seek to hold efficient portfolios, that is, portfolios that are fully diversified. One of the tenets of the CAPM is that investors do not have regard to specific company risks. There are several empirical studies that seem to demonstrate that the investment market does consider specific company risks.

It is common practice to apply a specific risk premium or 'alpha' to capture specific risks that have not been covered in the cost of equity. Alpha is applied because the required return the CAPM model calculates does not capture unsystematic risks (company specific risks) associated with the particular investment. If these risks are not (or cannot) be reflected in the cash flows, an alpha is appropriate.

We have included a company specific risk premium based on our assessment of the risks associated with the operations of the VAH Companies and Velocity, accounting for their respective specifics and challenges, as well as taking into account the perceived risk in the cashflows relied upon in our valuation analysis in the context of the current environment.

VAH Companies

We have considered the following in our assessment of the company specific risk premium to be adopted in the discount rate applied to the cash flows of VAH Companies:

- the cash flows used in the DCF analysis include comparatively higher profit margins to those historically achieved by VAH as well as the profit margins of the comparable listed companies;
- there is significant uncertainty in relation to some of the key operating assumptions, including the number of flights, costs optimisation, fuel prices, load factors;
- there are synergies assumed in the cash flow projections of Velocity, which may or may not be realised;
- • in our view, the Model reflects a degree of optimism with regards to the assumed ramp-up towards a new normal state of operations, which does not reflect the real possibility of an additional delay to VAH's recovery of six to nine months indicated by Management.

Velocity

The following is a summary of factors considered in our assessment of the company specific risk premium for Velocity:

- the current economic climate due to COVID-19 has impacted the travel patterns as well as consumption priorities and as such there is a risk the forward-looking projections are optimistic with regards to the ramp up pattern as well as the longer term steady state operations;
- the Velocity business is at present heavily reliant on the airline industry and Virgin, in particular, and its ability to respond to the immediate challenges imposed on it as a result of the uncertainty related to VAH Group's anticipated recovery, which will indirectly impact the Velocity business;
- the forecast profit margins, which are currently supportable by the historical performance, are uncertain if the economic and industry challenges continue over a longer period; and
- there is a layer of additional uncertainty in relation to the impact of the VAH Companies being in administration and the possible outcomes for Velocity in various alternative developments for the VAH Companies exiting administration (included in our Distressed Sale scenario).

Cost of debt

VAH Companies

Whilst debt can be a 'cheaper' source of capital for a business, too much debt can result in higher than optimal financial risk, which is reflected in both a higher cost of debt and a higher cost of equity.

On one hand, we have undertaken a calculation for the cost of debt based on the required rate of return on debt for a number of companies in the current economic conditions which provide an upper limit to the cost of debt adjustment. On the other, we have looked at comparable companies with similar debt to equity ratios as the target ratio of VAH and derived their costs of debt on their portfolio of debt funding pre-COVID-19 as the low end of the cost of debt premium. In the long run, the cost of debt of a rehabilitated company should return to normal as the credit rating improves and as such, we have not considered it appropriate to penalise the cost of debt excessively.

The required rate of return on debt is estimated based on a credit spread over a base rate.

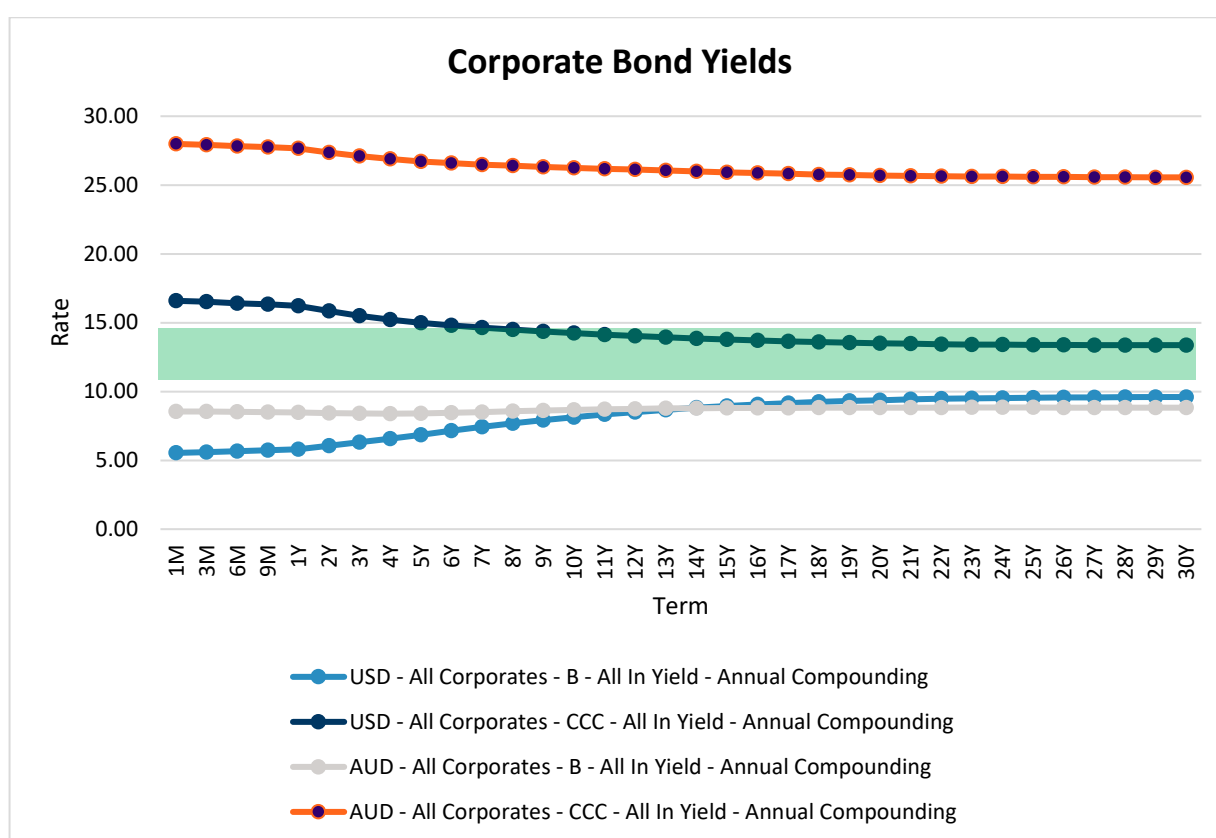
In determining the cost of debt for VAH, we have considered the following:

- **The base rate.** We have used the risk-free rate as a proxy for the base rate. The risk-free rate used to calculate the cost of debt should be the yield on the Valuation Date (spot rate). This differs to the risk-free rate used to calculate the cost of equity which is an average based on long-term data. For the cost of debt, we have estimated the base rate to be the spot rate (31 August 2020) on 10-year CGBs of 0.98% (as per Table 38 in discussion of risk-free rate).
- **The credit spread rate.** In selecting the range of spreads above the risk-free rate, we had regard to the following constraints on VAH's ability to raise debt capital, post restructuring:
 - **VAH Companies' present challenges.** Although VAH may face additional stress given its current financial position (which we are not reflecting in our Going Concern valuation), VAH's also faces all of the risks of other airlines during COVID-19, namely that future trading conditions are highly uncertain, with the lifting of restrictions on mobility highly dependent on the availability and efficacy of a vaccine. The length of the disruption would also place a significant strain on the cashflows of all airlines, which like VAH, would remain in a "sink or swim" state into the future, highly reliant on fiscal support. As such, VAH's ability to raise capital (and therefore the rate at which this capital is raised), would reflect this higher level of risk.
 - **VAH returning to a long-term debt-to-equity ratio of 2.5x to 3.0x.** This target debt-to-equity ratio provided to us by Management appears in excess of the ratio of the comparable listed companies, which is closer to 1.0x. This capital structure is not uncommon in the industry though, as some companies reach and exceed this level of debt. VAH's limited capacity to borrow and high financial risk would impact its cost of debt.
 - **Short term versus long term view.** In the short term VAH's ability to raise debt is limited, due to its poor historical financial performance. However, in the long run, a rehabilitated business should be able to borrow at more normal market rates. While the distress levels of funding can attract cost of debt at a credit spread rate up to 25.0% and even 45.0%, the current distressed state should not over-penalise the cost of debt, as it is expected that VAH may exit out of administration healthier and stronger, especially with finance backing by an acquirer.
 - **Incremental cost of debt versus weighted average.** Our research in relation to the distressed levels of funding above relates to more recent rounds of debt funding, which is typical for unsecured incremental cost of debt. The cost of debt in the discount rate is more akin to the weighted average cost of debt for the entire debt portfolio at the assumed target debt component.
 - **Borrowing in USD and AUD.** It has been assumed that VAH Companies have access to both AUD and USD denominated loans and as such we have also looked at the corporate yields over a period of five years for companies with CCC and B ratings as a point of reference.

As we cannot take the current cost of debt of VAH Group as a point of reference, due to its highly distressed state, we have looked at comparable companies to derive certain benchmarks. These benchmarks are more akin to distressed operations than the normal going concern operations. As such, having a reference to the comparable companies' historical cost of debt (pre-COVID-19) of around 3.5% to 10.5% and the peers of VAH Companies with lower credit rating in the vicinity of 20%+, we have decided to adopt a mid-way view, selecting a credit spread of 10.0% to 13.0%, which accounts for a longer term view, the higher debt to equity ratio and the higher risk profile of VAH Companies when compared to the pool of comparable companies, while not over-penalising for the current conditions, both economy-wide with regards to COVID-19 but also related to Business specific riskiness.

This selection is supported by the following chart, under the presumption that VAH Companies would be able to borrow in a mix of USD and AUD denominated loans (the shaded area in green below shows the range of the risk free rate of 0.98% plus our selected credit spread of 10.0% to 13.0%):

Figure 35: Corporate bond yield rates



Source: S&P Capital IQ

Velocity

In determining the cost of debt for Velocity, we have considered the following:

- **The base rate.** We have used the risk-free rate as a proxy for the base rate. The risk-free rate used to calculate the cost of debt should be the yield on the Valuation Date (spot rate). This differs to the risk-free rate used to calculate the cost of equity which is an average based on long-term data. For the cost of debt, we have estimated the base rate to be the spot rate (31 August 2020) on 10-year Commonwealth Government Bonds of 0.98% (Refer to Table 39).
- **The credit spread rate.** We have used the spot rate at 31 July 2020 (as at the date of this report there is no data as at 31 August 2020) of the BBB-rated spread to swap rate (5-year tenor target) of 170.0 basis points (1.70%).

- We have applied a margin to risk-free rate and credit spread rate of 2.0%. This represents the specific credit risk of the company.
- **Tax rate.** We have assumed a 30.0% corporate tax rate.

Based on our analysis above, we have selected a cost of debt for VAH and Velocity as follows:

Table 41: Summary post-tax cost of debt

Basis	VAH Companies		Velocity	
	Low	High	Low	High
Going Concern	7.7%	9.8%	4.7%	4.7%

Source: FTI Consulting analysis and professional judgement

Gearing

VAH

The calculation of the WACC requires the estimation of the optimal capital structure. We have considered the following in estimating an optimal capital structure for VAH Companies:

- in our view, the historical capital structure of VAH Group is somewhat of less relevance as it is changing as a result of the administration process and the pending transaction and is also reflective of a troubled state which is not in line with the Going Concern basis of assessment;
- the views of Management on the optimal / target capital structure;
- a reference to the capital structure of the comparable listed companies, recognising that these are somewhat larger and healthier companies with sustainable operations, as we have intentionally not selected to benchmark to companies which are borderline in distress;
- the fact that even though operations have not changed, the introduction of AASB 16 / IFRS 16 has an impact on the debt to equity ratio of the comparable companies, which is well in excess of other industries;
- the reality that in changing economic conditions, the views on both debt and equity funding change, so there may be a shift going forward, partly driven by the availability and appetite for providing debt and/or equity funding to companies within the industry.

Based on our discussions with Management regarding the long-term target debt to equity ratio, we have adopted as the optimal capital structure for VAH Companies of 70.0% debt and 30.0% equity. We note that this is at the high end of the debt to equity ratios of comparable companies, while appears reasonable in light of the starting position and expectations of the emergence of a healthier, recapitalised entity exiting from Administration.

Velocity

We have considered the following factors in estimating an optimal capital structure of Velocity:

- the historical capital structure of Velocity;
- discussions with Management on intended long term debt to equity ratio for Velocity as a part of the VAH Group; and
- the capital structure of the comparable listed companies.

Based on our research, the comparable companies are not heavily geared, on the contrary, the majority of the comparable companies, the cash balance exceeds their total debt. Maintaining high cash balances for the industry is not uncommon as a major part of the cash would be linked to current unearned revenue balances which are not surplus in nature but are part of working capital. The debt component of the comparable companies which had net debt of less than 10% of the enterprise value. Based on discussions with Management, it was acknowledged that Velocity may potentially follow into the debt to equity target of the entire VAH Group. We have placed higher reliance on the market data and maintained a relatively low debt component in the capital structure, which assumes stand-alone operations.

Based on the above, we have adopted as the optimal capital structure for Velocity to be 10.0% debt and 90.0% equity.

WACC Conclusion

VAH Companies

On the basis of the parameters and assumptions outlined above and assuming a corporate tax rate of 30.0%, the nominal WACC is calculated to be in the range 11.5% to 13.5% for VAH Companies. This is an after-tax discount rate to be applied to after tax cash flows.

Table 42: Summary WACC – VAH Companies

	Low	High
<i>Cost of equity</i>		
Risk free rate of return (Rf)	2.98%	2.98%
Market risk premium (MRP)	6.00%	6.00%
Asset beta (β_U)	1.03	1.08
Geared beta estimate (β_L)	2.71	2.84
CAPM based cost of equity	19.25%	20.04%
Specific company risk premium	1.00%	2.00%
Cost of equity (K_e)	20.25%	22.04%
<i>Cost of debt</i>		
Risk free rate of return (Rf)	0.98%	0.98%
Credit spread	10.00%	13.00%
Tax	3.29%	4.19%
Cost of debt (K_d)	7.69%	9.79%
<i>Capital structure</i>		
Debt ratio	70.0%	70.0%
Equity ratio	30.0%	30.0%
Debt-to-equity ratio	233.3%	233.3%
<i>WACC</i>		
Tax rate	30.0%	30.0%
Post tax Cost of Equity	6.1%	6.6%
Post tax Cost of Debt	5.4%	6.9%
WACC	11.5%	13.5%
Mid-point	12.5%	

Source: FTI Consulting analysis, S&P Capital IQ, RBA, Management

Velocity

On the basis of the parameters and assumptions outlined above and assuming a corporate tax rate of 30.0%, the after tax nominal WACC for Velocity as at 31 August 2020 was estimated in the range of 11.0% to 13.0%, with a mid-point of 12.0%, as presented in Table 43.

Table 43: Summary WACC – Velocity

	Low	High
<i>Cost of equity</i>		
Risk free rate of return (Rf)	2.98%	2.98%
Market risk premium (MRP)	6.00%	6.00%
Asset beta (β_U)	1.03	1.08
Geared beta estimate (β_L)	1.11	1.16
CAPM based cost of equity	9.64%	9.96%
Specific company premium	2.00%	4.00%
Cost of equity (Ke)	11.64%	13.96%
<i>Cost of debt</i>		
Risk free rate of return (Rf)	0.98%	0.98%
Credit spread	1.70%	1.70%
Premium / margin over spread	2.00%	2.00%
Cost of debt (Kd)	4.68%	4.68%
<i>Capital structure</i>		
Debt ratio	10.0%	10.0%
Equity ratio	90.0%	90.0%
Debt-to-equity ratio	11.1%	11.1%
<i>WACC</i>		
Tax rate	30.0%	30.0%
Post tax Cost of Equity	10.5%	12.6%
Post tax Cost of Debt	0.3%	0.3%
WACC	11.0%	13.0%
Mid-point	12.0%	

Source: FTI Consulting analysis, S&P Capital IQ, RBA, Management

Appendix E: Reasonableness tests

VAH Companies

Comparable transactions

In recent years there have been few transactions involving acquisitions of airlines. As the Australian domestic and international airline markets have distinct regulatory, consumer and competitive functions, the transactions identified provide only limited evidence of the prices that acquirers would be willing to pay for airlines in Australia as of the Valuation Date. In addition, typically transactions in the industry involve minority shares changing hands rather than whole businesses being acquired.

The time period when transactions occurred is an important determinant of implied multiples, since prices paid are likely to be influenced by the contemporaneous industry and economic conditions. Due to the impact of COVID-19 on the economy and the airline industry (as outlined in Sections 3 and 4), past transaction evidence may not be relevant and there has been little to no market evidence of transactions since February 2020, which would inevitably be distorted by the market conditions. As the market and industry conditions differ significantly since COVID-19, in performing our reasonableness tests, we have not relied upon historical comparable transaction multiples in the airline industry.

Comparable listed companies

The share trading prices of similar listed companies offer potential benchmarks for market prices of a business being valued. We have reviewed the share market evidence based on selected comparable listed companies in our implied multiples analysis.

We have had reference to comparable listed companies that are the primary airline in their geographic location, flag carriers or an international hub, that operate both internationally and domestically, as well as secondary and regional carriers that are smaller in size and operate both internationally and domestically, with a focus on domestic or regional flights. We have excluded LCCs (e.g. Ryanair, EasyJet) from our analysis as they primarily operate a low-cost model, which involves an alternative business model and structure, and have a different risk profile.

In selecting a subset from all the potentially comparable listed companies identified, we focused on companies which are relatively comparable in terms of operational parameters to VAH.

The table below summarises the key operating parameters of the selected comparable companies and VAH Companies for FY19, as this timeframe has not been distorted by recent events, recognising, however, that each airline would have taken different measures to deal with the current market challenges in their respective markets and as such their more recent operating parameters might differ significantly from the presented ones.

VAH Group is reasonably comparable to the selected narrow set of comparable companies in terms of operational parameters, having examined more than 20 companies which have somewhat similar operations to VAH Companies. On most operating parameters VAH Group approximates the median values, with the exception of the load factor where it is at the low end of the range within the set of comparable companies.

Table 44: Comparable operational indicators

Comparable Companies	Operational indicators - FY2019				
	ASK	RPK	RASK	CASK	Load Factor
VAH	51,203	40,145	10.4	11.3	80.2%
Air Canada	181,552	151,456	10.4	10.6	83.4%
Air New Zealand Limited	46,029	38,573	10.3	9.6	83.8%
Qantas Airways Limited	151,430	127,492	8.9	11.1	84.2%
Singapore Airlines Limited	123,486	102,572	8.7	8.6	83.1%
Finnair Oyj	47,188	38,534	8.4	9.9	81.7%
Hawaiian Holdings, Inc.	33,146	28,689	11.2	10.8	86.6%
SAS AB (publ)	52,371	39,375	n/a	11.7	75.2%
Maximum	181,552	151,456	11.2	11.7	86.6%
Mean	90,743	75,241	9.7	10.3	82.6%
Median	52,371	39,375	9.6	10.6	83.4%
Minimum	33,146	28,689	8.4	8.6	75.2%

Source: S&P Capital IQ

The table below summarises the historical profitability margins of the selected comparable companies and VAH Group.

Table 45: Comparable companies' margins

Comparable listed companies	EBITDAR margins			
	LTM / FY20	FY19	FY18	FY17
VAH Companies (excluding Velocity)	8.5%	13.1%	17.0%	16.0%
Air Canada	4.4%	16.0%	15.1%	17.6%
Air New Zealand Limited	7.4%	7.4%	19.5%	24.1%
Qantas Airways Limited	11.4%	11.4%	16.5%	23.4%
Singapore Airlines Limited	17.6%	17.6%	24.4%	27.4%
Finnair Oyj	3.4%	15.8%	17.5%	23.1%
Hawaiian Holdings, Inc.	14.4%	27.2%	28.2%	33.4%
SAS AB (publ)	(4.1%)	20.1%	19.6%	19.5%
High	17.6%	27.2%	28.2%	33.4%
Mean	7.8%	16.5%	20.1%	24.1%
Median	7.4%	16.0%	19.5%	23.4%
Minimum	(4.1%)	7.4%	15.1%	17.6%

Source: S&P Capital IQ, VAH Annual Reports

A brief description of the operations of our selected comparable listed companies is presented in Appendix F.

We summarise the Revenue and EBITDAR multiples for the past three financial years to the Valuation Date in Table 46.

Table 46: Summary comparable companies multiples – VAH Companies

Comparable Company	Revenue Multiple			EBITDAR Multiple		
	FY18	FY19	LTM/FY20	FY18	FY19	LTM/FY20
VAH	0.65x	0.61x	0.80x	3.84x	4.64x	9.32x
Air Canada	0.50x	0.48x	0.64x	3.35x	2.98x	14.51x
Air New Zealand Limited	0.84x	0.80x	0.96x	3.49x	4.10x	13.03x
Qantas Airways Limited	0.81x	0.77x	0.97x	3.46x	4.66x	8.52x
Singapore Airlines Limited	1.33x	1.29x	1.32x	4.86x	5.29x	7.49x
Finnair Oyj	0.23x	0.21x	0.28x	1.30x	1.31x	8.32x
Hawaiian Holdings, Inc.	0.39x	0.39x	0.54x	1.37x	1.42x	3.73x
SAS AB (publ)	0.41x	0.39x	0.58x	2.08x	1.95x	nmf
High	1.33x	1.29x	1.32x	4.86x	5.29x	14.51x
Mean	0.64x	0.62x	0.76x	2.84x	3.10x	9.27x
Median	0.50x	0.48x	0.64x	3.35x	2.98x	8.42x
Low	0.23x	0.21x	0.28x	1.30x	1.31x	3.73x

Source: FTI Consulting analysis and S&P Capital IQ

In relation to the above table, we note the following:

- The multiples are based on share market prices as at 31 August 2020, they have been adjusted to exclude the impact of AASB 16 for comparability purposes and have been calculated in the companies' local currency.
- We have presented the multiples with an indicative/illustrative 30.0% control premium. Our analysis of recent control premiums produced a very wide range, and also due to the current economic environment we believe the data based on historical transactions is not reliable. Therefore, we applied an illustrative control premium of 30.0%, as we of the view that a control premium is not necessarily warranted in the current environment as discussed in further detail below.
- LTM / FY20 multiples appear to be skewed due to impact of COVID-19 on the earnings and profitability of comparable companies, which is a function of the impact on the specific geography in which the companies operate, their operational and financial stability and strategic options and plans.

The implied multiples from our valuation analysis of the VAH Companies fall within the range of the comparable companies and are in excess of the median including the illustrative control premium.

Commentary on control premiums

The current situation with the aviation industry may not warrant a control premium for reasons outlined below:

- a market participant buyer of an airline would likely have significant bargaining power in the current economic and industry environment
- the position of control does not guarantee a better outcome or a higher return on investment as there are many factors which are outside of the control of the acquirer and the target, that a prudent investor may not consider it necessary to pay a control premium
- there would be a higher level of uncertainty as to the realization of anticipated synergies
- under the current economic and industry conditions, the appetite for acquiring an airline asset may be diminished at present due to the high level of uncertainty as to future recovery and offering a control premium can be avoided in negotiations, especially when there is an increased supply of potential targets
- the comparatively high levels of debt and high fixed costs in the industry are contributing to airlines facing financial distress, increasing the likelihood of other "anxious" sellers

- the comparable set of historical transactions from which control premium is typically derived comprises of transactions which have been agreed and completed in a substantially different industry and economic conditions (pre-COVID-19) and as such are less reliable for the derivation of a control premium as at present
- the selection of a control premium is based on subjective judgement, and a reasonable control premium may be difficult to estimate given the wide range of observed premiums in the aviation industry over the past 10 years, which vary between a significant discount and a substantial premium.
- transactions involving troubled airline operations have historically attracted a discount to the share price, which is typically an exception in a transaction scenario.

On the basis of our analysis above, it is our opinion the fair value of the VAH Companies derived under the DCF methodology is not unreasonable, as both the implied Revenue and EBITDAR multiple are within the range of the multiples of the comparable listed companies, in excess of the median and the average, inclusive of the illustrative 30.0% control premium.

The descriptions of the selected comparable listed companies are set out in Appendix F.

Velocity

Comparable transactions

We have undertaken research of comparable transactions for Velocity. We were unable to identify closely comparable transactions, because of the specific niche market, Velocity's interconnectedness with the Virgin Group and the fact that transactions with loyalty and frequent flyer programs are typically structured in a very unique way and that the perceived value of a loyalty program is tied to the quality of its membership base, local market specifics and its affiliations and direct marketing strength. The transactions we came across either had limited publicly disclosed information which would allow for a better understanding of market based versus buyer specific considerations, which makes the comparison less relevant, especially in times when the travel and airline industries are in distress. There are a couple of closely comparable transactions, including Aeroplan's acquisition by Air Canada and Multiplus S.A.'s acquisition by Tam Linhas Aereas S.A. which are both somewhat unique as Aeroplan is being "retired" and Multiplus is a minority acquisition, which was also intended at consolidation with the other loyalty program of LATAM, (which is currently under Chapter 11 proceedings).

In the absence of closely comparable listed companies, we have still analysed past transactions for a reasonableness check, noting, however, the limitations stated above.

We have summarised in the table below our analysis of recent transactions that involve loyalty and reward card companies as well as travel and e-commerce companies.

Table 47: Comparable transactions multiples – Velocity

Closed	Target	Country (Target)	Stake (%)	Transaction Value (\$AUD million)	EV / Revenue	EV / EBITDA	EV / EBIT
04-Feb-20	Smiles Fidelidade S.A.	Brazil	47%	853	3.8x	5.0x	5.2x
31-Oct-19	Edge Loyalty Systems Pty Ltd.	Australia	100%	32	n/a	10.8x	n/a
19-Sep-19	Ignite Travel Group Limited	Australia	51%	32	0.3x	n/a	n/a
30-Jul-19	MG LLC	United States	100%	1,938	5.1x	n/a	n/a
01-Jul-19	Epsilon Data Management, LLC	United States	100%	6,127	2.3x	8.2x	n/a
30-Apr-19	Multiplus S.A.	Brazil	27%	429	5.1x	7.5x	7.7x
19-Jul-18	Hogg Robinson Group plc	United Kingdom	100%	840	1.0x	8.8x	9.9x
20-Feb-18	SARE S.A. (nka:Digitree Group S.A.)	Poland	65%	13	1.1x	8.9x	11.3x
15-Jun-17	Travelopia	United Kingdom	100%	537	0.3x	n/a	n/a
17-Sep-15	Orbitz Worldwide, Inc.	United States	100%	2,407	1.8x	12.0x	20.2x
23-Jun-15	Oath Inc.	United States	100%	5,917	1.7x	9.8x	18.4x
10-Dec-14	Conversant LLC	United States	100%	2,688	4.0x	12.0x	14.9x
13-Nov-14	Wotif.com Holdings Limited	Australia	100%	652	3.8x	8.8x	9.3x
Low					0.3x	5.0x	5.2x
Median					2.1x	8.8x	10.6x
Average					2.5x	9.2x	12.1x
High					5.1x	12.0x	20.2x

Source: S&P Capital IQ, FTI Consulting analysis

The enterprise value of Velocity estimated under the DCF methodology of \$743 million (or in the range of \$712 million to \$776 million), implies a multiple of 7.33 times FY20 EBITDA. As shown in the table above, the implied multiple is within the range of the multiples paid in these broadly comparable transactions of between 5.5 times and 12.0 times EBITDA.

A brief description of each of the comparable transactions is set out in Appendix G.

Appendix F: VAH: Business Description of Comparable Listed Companies

Company	Exchange Ticker	Country	Business Description
Air Canada	TSX:AC	Canada	Air Canada provides domestic, U.S. transborder, and international airline services. It offers scheduled passenger services under the Air Canada Vacations and Air Canada Rouge brand name in the Canadian market, the Canada-U.S. transborder market, and in the international market to and from Canada, as well as through capacity purchase agreements on other regional carriers. As of December 31, 2019, the company operated a fleet of 188 aircraft under the Air Canada mainline brand name comprising 94 Boeing and Airbus narrow-body aircraft, 80 Boeing and Airbus wide-body aircraft, and 14 Embraer 190 regional jets; and 64 aircraft under the Air Canada Rouge brand name consisting of 22 Airbus A319 aircraft, 14 Airbus A321 aircraft, 3 Airbus A320 aircraft, and 25 Boeing 767-300 aircraft. It also provides air cargo services in domestic and U.S. transborder routes, as well as on international routes between Canada and markets in Europe, Asia, South America, and Australia. In addition, the company operates, develops, markets, and distributes vacation travel packages in the Caribbean, Mexico, the United States, Europe, Central and South America, South Pacific, Australia, and Asia; and offers cruise packages in North America, Europe, and the Caribbean. Air Canada was founded in 1937 and is headquartered in Saint-Laurent, Canada.
Air New Zealand Limited	NZSE:AIR	New Zealand	Air New Zealand Limited provides passenger and cargo transportation services on scheduled airlines primarily in New Zealand, Australia, the Pacific Islands, the United Kingdom, Europe, Asia, and the United States. The company also offers ground handling services; engineering and maintenance services, including aircraft and component maintenance, repair, and overhaul services; and aircraft leasing and financing services. It operates a fleet of 114 aircraft. The company was formerly known as Tasman Empire Airways Limited and changed its name to Air New Zealand Limited in April 1965. Air New Zealand Limited was founded in 1940 and is based in Auckland, New Zealand.
Qantas Airways Limited	ASX:QAN	Australia	Qantas Airways Limited provides passenger and freight air transportation services in Australia and internationally. The company also offers air cargo and express freight services; and customer loyalty programs. As of June 30, 2020, it operated a fleet of 314 aircraft under the Qantas and Jetstar brands. The company was founded in 1920 and is headquartered in Mascot, Australia.
Singapore Airlines Limited	SGX:C6L	Singapore	Singapore Airlines Limited, together with subsidiaries, provides passenger and cargo air transportation services under the Singapore Airlines, SilkAir, and Scoot brands in East Asia, the Americas, Europe, South West Pacific, West Asia, and Africa. It operates through Singapore Airlines, SilkAir, Budget Aviation, and SIAEC segments. The company also offers engineering services, air charters, and tour wholesaling and related services, as well as trains pilots and refurbishes aircraft galleys. In addition, it provides aircraft maintenance services, including technical and non-technical handling at the airport; maintenance, repair, and overhaul of aircraft and cabin components/systems; repair and overhaul of hydromechanical equipment; line maintenance and ground handling; aviation insurance; and airframe maintenance and component overhaul services, as well as manufactures aircraft cabin parts and tooling for the aerospace industry. Further, the company offers marketing cargo community systems; marketing and supporting portal services for the air cargo industry; and reservation service systems, as well as travel-related retail services. Additionally, it provides travel booking and related services through an online portal. As of March 31, 2020, it operated a fleet of 203 aircraft, which include 196 passenger aircrafts and 7 freighters. The company was founded in 1947 and is headquartered in Singapore. Singapore Airlines Limited is a subsidiary of Temasek Holdings (Private) Limited.
Finnair Oyj	HLSE:FIA1S	Finland	Finnair Oyj provides passenger and cargo airline services to various destinations between Asia and Europe. It also offers tours packages under its Aurinkomatkat and Finnair Holidays brands. As of December 31, 2019, the company operated a fleet of 59 aircraft, which included 32 owned by Finnair Aircraft Finance Oy, and 27 under lease. In addition, it provides technical, travel, catering, and financial business services. The company was founded in 1923 and is based in Vantaa, Finland.

Company	Exchange Ticker	Country	Business Description
Hawaiian Holdings, Inc.	NasdaqGS:HA	United States	Hawaiian Holdings, Inc., through its subsidiary, Hawaiian Airlines, Inc., engages in the scheduled air transportation of passengers and cargo. The company offers daily services on North America routes between the State of Hawai'i and Long Beach, Los Angeles, Oakland, Sacramento, San Diego, San Francisco, and San Jose, California; Las Vegas, Nevada; Phoenix, Arizona; Portland, Oregon; Seattle, Washington, and New York City, New York. It also provides daily service on Neighbor Island routes among the six islands of the State of Hawai'i; and international routes between the State of Hawai'i and Sydney, Australia, as well as Tokyo and Osaka, Japan. In addition, the company offers scheduled service between the State of Hawai'i and Pago Pago, American Samoa; Papeete, Tahiti; Brisbane, Australia; Auckland, New Zealand; Sapporo, Japan; and Seoul, South Korea, as well as various ad hoc charters. Hawaiian Holdings, Inc. distributes its tickets through various distribution channels, including its Website hawaiianairlines.com primarily for North America and Neighbor Island routes, as well as through travel agencies and wholesale distributors for its international routes. As of December 31, 2019, the company's fleet consisted of 20 Boeing 717-200 aircraft for the Neighbor Island routes; 24 Airbus A330-200 aircraft; and 17 Airbus A321-200 for the North America, international, and charter routes, as well as owns 4 ATR42 aircrafts. Hawaiian Holdings, Inc. was founded in 1929 and is headquartered in Honolulu, Hawaii.
SAS AB (publ)	OM:SAS	Sweden	SAS AB (publ), together with its subsidiaries, provides passenger flight transportation services in the Nordic and international route network. The company also provides air cargo and other aviation services, as well as offers in-flight sales, ground handling services, and technical maintenance services. It operates a fleet of 158 aircraft, including 16 long-haul aircraft, 109 short-haul aircraft, and 33 aircraft flown by regional production partners. The company was founded in 1946 and is headquartered in Stockholm, Sweden.

Source: S&P Capital IQ

Appendix G: Velocity: Comparable transactions description

Transaction Date	Target Company name	Transaction Description
04-Feb-20	Smiles Fidelidade S.A.	Gol Linhas Aéreas S.A. completed the acquisition of 47% stake in Smiles Fidelidade S.A. (BOVSPA:SMLS3) on February 4, 2020. Smiles Fidelidade S.A. provides loyalty programs to financial institutions, retail and entertainment customers, airline partners, and individuals. It focuses on the development and management of the program; the sale of redemption rights of awards; and the creation and management of an individual and corporate database. Smiles Fidelidade S.A. is a subsidiary of Gol Linhas Aéreas S.A. Gol Linhas Aéreas S.A. engages in the scheduled and non-regular air transportation of passengers, cargo, and mail bags for various destinations in Brazil, other South American countries, and the Caribbean. The company was incorporated in 2005 and is based in Rio de Janeiro, Brazil.
26-Nov-19	Velocity Frequent Flyer Pty Limited	Virgin Australia Holdings Limited (ASX:VAH) completed the acquisition of remaining 35% stake in Velocity Frequent Flyer Pty Limited from Affinity Equity Partners and Velocity management on November 26, 2019. Virgin Australia now has 100% stake in Velocity Frequent Flyer. Velocity Frequent Flyer Pty Ltd operates and manages customer loyalty programs. Velocity Frequent Flyer Pty Ltd operates as a subsidiary of Virgin Australia Holdings Limited. Virgin Australia Holdings Limited engages in the operation of domestic and international passenger and cargo airline business in Australia. Virgin Australia Holdings Limited was founded in 2000 and is based in Bowen Hills, Australia.
31-Oct-19	Edge Loyalty Systems Pty Ltd.	Blackhawk Network (Australia) Pty Ltd completed the acquisition of Edge Loyalty Systems Pty Ltd. from Village Roadshow Limited (ASX:VRL) on October 31, 2019. Edge Loyalty Systems Pty Ltd. specializes in the management of sales promotions and loyalty programs which incentivize customer behaviour. It offers promotions platforms that include ULOAD, a platform for market research, staff rewards, and customer complaints; and claims management, rewards select, POS reward, roving reward, and loyalty platforms. As of October 31, 2019, Edge Loyalty Systems Pty Ltd. operates as a subsidiary of Blackhawk Network (Australia) Pty Ltd. Blackhawk Network (Australia) Pty Ltd offers third party gifts cards, prepaid products, and payment services to consumers through retail and business-to-business (BSB) distribution. The company was founded in 2006 and is based in Milsons Point, Australia.
19-Sep-19	Ignite Travel Group Limited	Flight Centre Travel Group Limited (ASX:FLT) acquired remaining 51% stake in Ignite Travel Group Limited on September 19, 2019. Ignite Travel Group Limited offers travel-based marketing and promotion solutions for corporate clients, retail customers, and tourism partners in Australia. As of September 19, 2019, Ignite Travel Group Limited operates as a subsidiary of Flight Centre Travel Group Limited. Flight Centre Travel Group Limited provides travel retailing services for the leisure, corporate, and wholesale travel sectors in Australia, New Zealand, Europe, the Middle East, Africa, the Americas, Asia, and Internationally. Flight Centre Travel Group Limited was incorporated in 1987 and is headquartered in South Brisbane, Australia.
30-Jul-19	MG LLC	Willis Towers Watson Public Limited Company (NasdaqGS:WLTW) completed the acquisition of MG LLC from Clayton, Dubilier & Rice, Inc. and others on July 30, 2019. MG LLC, doing business as TRANZACT, provides end-to-end customer acquisition solutions using platforms, marketing techniques, case management practices, and sales execution strategies for the distribution of direct-to-consumer insurance products in America. As of July 30, 2019, MG LLC operates as a subsidiary of Willis Towers Watson Public Limited Company. Willis Towers Watson Public Limited Company operates as an advisory, broking, and solutions company worldwide. Willis Towers Watson Public Limited Company was founded in 1828 and is based in London, the United Kingdom.
01-Jul-19	Epsilon Data Management, LLC	MMS USA Investments, Inc. and Publicis Groupe Holdings B.V. completed the acquisition of Epsilon Data Management, LLC from Alliance Data Systems Corporation (NYSE:ADS). Epsilon Data Management, LLC provides marketing solutions that integrate data, creativity, and technologies for advertisers. As of July 1, 2019, Epsilon Data Management, LLC operates as a subsidiary of Publicis Groupe Holdings B.V. and MMS USA Investments, Inc. Publicis Groupe Holdings B.V. is based in Amstelveen, the Netherlands.

Transaction Date	Target Company name	Transaction Description
30-Apr-19	Multiplus S.A.	TAM Linhas Aereas S.A. completed the acquisition of 27.26% stake in Multiplus S.A. (BOVESPA:MPLU3) in April 2019. Multiplus S.A. operates a network of loyalty programs in Brazil. Multiplus S.A. allows its participants to accumulate Multiplus points on purchases and redeem the points for rewards through coalition partner programs. TAM Linhas Aereas S.A. provides passenger airline services in Brazil. The company was founded in 1961 and is based in São Paulo, Brazil.
19-Jul-18	Hogg Robinson Group plc	GBT III B.V. completed the acquisition of Hogg Robinson Group plc (LSE:HRG) from Dnata, Boron Investments NV and others on July 19, 2018. Hogg Robinson Group plc provides travel management services in Europe, North America, and the Asia Pacific. It offers corporate travel management services comprising bookings for airlines, rail, and hotels. Hogg Robinson Group plc operates as a subsidiary of Global Business Travel Holdings Limited. GBT III B.V., doing business as American Express Global Business Travel, offers business travel services. The company was founded in 2016 and is based in Amsterdam, the Netherlands.
20-Feb-18	SARE S.A. (nka: Digitree Group S.A.)	Polinvest 7 S.a.r.l completed the acquisition of 65.45% stake in SARE S.A. (WSE:SAR) from WS Investments Limited, Petrovasko LTD, Damian Rutkowski and other shareholders on February 20, 2018. SARE S.A. (Digitree Group S.A.) provides email marketing services worldwide. Digitree Group S.A. offers email marketing solutions for use in customer loyalty programs, advertising campaigns, internal communications, investor relations, public relations, and other activities. Digitree Group S.A. is a subsidiary of Polinvest 7 S.a.r.l. Polinvest 7 S.a.r.l is based in Luxembourg.
15-Jun-17	Travelopia	KKR European Fund IV L.P. managed by KKR & Co. L.P. (NYSE:KKR) completed the acquisition of Travelopia from TUI AG (XTRA:TUI1) on June 15, 2017. Travelopia offers travel services, including sailing adventures, safaris, sports tours, arctic expeditions operation and management. KKR & Co. Inc. is a private equity and real estate investment firm specializing in direct and fund of fund investments. The firm typically holds its investment for a period of five to seven years and more and exits through initial public offerings, secondary offerings, and sales to strategic buyers. KKR & Co. Inc. was founded in 1976 and is based in New York.
17-Sep-15	Orbitz Worldwide, Inc.	Expedia Inc. (NasdaqGS:EXPE) completed the acquisition of Orbitz Worldwide, Inc. (NYSE:OWW) on September 17, 2015. Orbitz Worldwide, Inc. operates as an online travel company worldwide. It uses technology that enables leisure and business travelers to research, plan, and book a range of travel products and services, including hotels, flights, vacation packages, car rentals, rail tickets, cruises, travel insurance, destination, services and event tickets. Orbitz Worldwide, Inc. operates as a subsidiary of Expedia Inc. Expedia Group, Inc. operates as an online travel company worldwide. Expedia Group, Inc. was founded in 1996 and is headquartered in Seattle, Washington.

Transaction Date	Target Company name	Transaction Description
23-Jun-15	Oath Inc.	Verizon Communications Inc. (NYSE:VZ) completed the acquisition of AOL Inc. (NYSE:AOL) from Kingdom Holdings Company (SASE:4280), Iridian Asset Management LLC, Fidelity Management & Research Company, D. E. Shaw Investment Management, L.L.C. Bessemer Venture Partners VII, L.P., Bessemer Venture Partners VII Institutional L.P. fund of Bessemer Venture Partners, Dodge & Cox and others on June 23, 2015. Oath Inc. was formerly known as AOL Inc. Oath Inc. develops content for consumers and advertising solutions for brands and publishers across the globe. Oath Inc. operates as a subsidiary of Verizon Communications Inc. Verizon Communications Inc. offers communications, information, and entertainment products and services to consumers, businesses, and governmental entities worldwide. Verizon Communications Inc. was founded in 1983 and is headquartered in New York, New York.
10-Dec-14	Conversant LLC	Alliance Data Systems Corporation (NYSE:ADS) completed the acquisition of Conversant, Inc. (NasdaqGS:CNVR) on December 10, 2014. Conversant, Inc. provides various digital marketing solutions. Conversant LLC recognises and reaches consumers; tracks online actions to build various individualized profile, including Web browsing, application usage, video plays, email activity, cross-screen engagement, life events, hobbies, advertisement interactions, and product interests. Alliance Data Systems Corporation provides data-driven marketing and loyalty solutions in the United States, Canada, Europe, the Middle East, Africa, the Asia Pacific, and others. It operates through two segments, LoyaltyOne and Card Services. Alliance Data Systems Corporation was founded in 1996 and is headquartered in Columbus, Ohio.
13-Nov-14	Wotif.com Holdings Limited	Expedia Inc. (NasdaqGS:EXPE) completed the acquisition of Wotif.com Holdings Limited (ASX:WTF) from a group of investors on November 13, 2014. Wotif.com Holdings Limited provides online travel booking services in Australia, New Zealand, Asia, and internationally. It allows customers to search and book holiday packages, hotels, car hire, flights, etc. Wotif.com Holdings Limited operates as a subsidiary of Expedia Australia Investments Pty Ltd. Expedia Group, Inc. operates as an online travel company worldwide. It operates through four segments: Core Online Travel Agencies, Trivago, Vrbo, and Egencia. Expedia Group, Inc. was founded in 1996 and is headquartered in Seattle, Washington.

Source: S&P Capital IQ

Appendix H: Additional assumptions

We describe some of the key revenue and cost assumptions underpinning the Model and the corresponding forecasts to FY25 below, being mindful of the underlying confidentiality requirement.

Revenue assumptions

There are three significant drivers of revenue in the Model and the forecasts of VAH Companies in the discrete period of projections to FY25. These value drivers include: (1) the number of flights and available seat capacity, (2) the load factor (percentage of available seats filled by paying passengers) and (3) the average fare per route. We describe each of these material assumptions below:

- **Typical base schedule of flights / available seat capacity:**

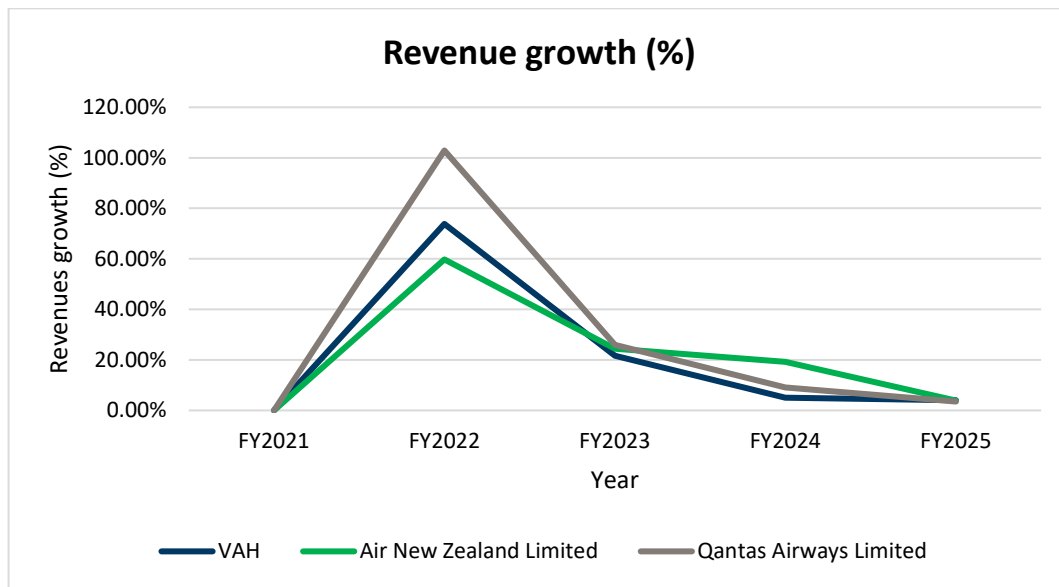
A key driver of revenue in the airline industry are the available seat kilometers (ASKs), which are driven by the number of flights and available seat capacity on these flights. The Model is designed in such a way that the foundation is a "typical base schedule" of flights per route, which remains constant year-on-year as this is driven based on the number of routes and aircraft available. The typical base schedule of flights on certain routes and flight plans was then adjusted by Management in the short to medium term (to FY23) to reflect the impact of travel restrictions due to COVID-19. The number of flights operated and ASKs are forecast to be below historical levels, with VAH's focus on reducing the number of aircraft and routes, to focus on the most profitable routes.

- **Load factor:** The load factor is another key driver which impacts revenue and the revenue per available seat kilometre (RASK). The load factor (the percentage of available seats filled by paying passengers) per route for VAH is estimated to be below historical levels during FY21 and FY22 due to the impact of COVID-19 and the restructure of the Company. The load factor is estimated to return to 100% of the typical load factor in FY23 (consistent with VAH's original budget for FY21), with an increase in the load factor of 0.365% per annum from FY23 onwards.
- **Fare:** The average fare per route for VAH is estimated to be impacted by COVID-19, resulting in the average fare price declining in FY21 and FY22. The average fare is estimated to return to 100% of the standard fare in FY23 (namely the fare assumed in VAH's original budget for FY21), with an increase in the average fare of 3.0% per annum from FY23 to FY25 (at the upper end of the RBA's target inflation rate for that period).
- **Ancillary / other revenue:** Passenger ancillary revenue (baggage fees, lounge, in-flight food and service) is estimated to increase by approximately 3.0% per annum for Domestic flights and approximately 1.8% to 2.0% per annum for International flights. Other revenue is estimated to increase by 2% per annum (AUD / passenger). Other earned revenue is forecast to remain constant at 1.95% of total revenue.

We discuss below the assumptions in the Model, that we have identified as being the key value drivers to the extent possible and not disclosing commercially sensitive information.

- We compared the revenue growth assumptions in the Model to peer operators. The revenue growth assumptions of the peer operators are based on the mean consensus brokers report estimates as sourced from S&P Capital IQ for each financial year. The table below summarises the comparison. It is evident that the expected recovery profiles of Air New Zealand and VAH are similar, which provides additional comfort for the reasonableness of the revenue growth as adopted by Management.

Figure 36: Revenue projections profile comparison between selected peer airlines for VAH Group



Source: S&P Capital IQ and Model

Cost assumptions

In the Model, the cost assumptions are based on the FY21 budget and either remain constant throughout the forecast period (to FY25) or escalate slightly year-on-year. Refer below for further details.

The cost assumptions from the FY21 budget which remain constant throughout the forecast period are as follows:

- Airport-specific terminal and approach fees;
- Block hours per flight;
- Burn (L/flight);
- Foreign exchange rates;
- Fuel excise rate; and
- Fuel price based on hedging agreement (AUD/BBL).

The following key costs are based on the FY21 budget rate with year-on-year escalation factors, ranging between 2.0% to 3.0%, with a 5.0% escalation for freight:

- Aircraft fuel costs including fuel handling;
- Airport fees including security;
- Cabin crew and flight crew meals and accommodation (AUD / block hour);
- Cabin crew and flight crew employee cost (AUD / block hour);
- Catering costs including inflight and lounge;
- Insourced and outsourced ground handling (AUD / turnaround);
- Freight per flight and freight cost of sales;
- Landing fees;
- Line maintenance (insourced and outsourced);
- Lounge entry / costs (AUD per passenger);

- Loyalty program – participation fee;
- Navigation fees;
- Supply costs and turnaround costs including wet lease, block hours and flight (AUD or USD / block hour);
- Wet lease and aircraft rentals; and
- Wi-Fi and other overhead costs.

The tables below summarise the key operating metrics achieved historically and compared to the assumptions in the Model.

Table 48: Historical operating metrics

Historical operating metrics of VAH				
	FY17	FY18	FY19	FY20
Available Seat Kilometres (millions)	46,833	48,575	51,203	37,604
Revenue Passenger Kilometres (millions)	37,560	38,860	41,065	29,760
Revenue Load Factor (%)	80.2%	80.0%	80.2%	79.1%
RASK (Total Revenue) (cents)	10.77	11.15	11.38	12.01
EBIT CASK (cents)	10.52	10.70	11.22	13.06
EBIT CASK excl. Fuel (cents)	8.60	8.68	8.89	10.55

Source: VAH financial statements

Table 49: Forecast operating metrics

Forecast operating metrics of VAH						
		FY21	FY22	FY23	FY24	FY25
ASK	MM	18,781	32,964	39,987	40,906	41,214
RPK	MM	14,231	26,454	32,824	33,737	34,128
Flights Operated	#	86,365	128,029	147,225	147,399	147,399
Block Hours	#	182,363	296,154	346,343	348,798	348,798
Guests Carried	MM	11,354	17,801	21,032	21,245	21,463
Seats Available	MM	15,200	22,640	26,164	26,321	26,486
RASK (Flown Revenue)	A¢	11.65	11.56	11.62	11.92	12.32
RASK (Total Revenue)	A¢	13.16	13.03	13.07	13.41	13.86
Revenue Load Factor %	%	75.8%	80.3%	82.1%	82.5%	82.8%
Yield (Flown revenue / RPK)	A¢	15.38	14.41	14.16	14.46	14.88
Yield (Total revenue / RPK)	A¢	17.37	16.24	15.92	16.26	16.73
CASK (EBITDA)	A¢	12.48	10.68	10.27	10.38	10.55
CASK (EBITDA excl. Fuel and Hedging)	A¢	10.41	8.71	8.34	8.48	8.66
CASK (EBIT)	A¢	13.82	11.44	10.93	11.11	11.40
CASK (EBIT excl. Fuel and Hedging)	A¢	11.75	9.47	9.00	9.21	9.52

Source: Model

A key value driver is the impact on costs by the restructuring of the Business that we have identified in the Model.

Many of the revenue enhancements and cost savings have already been delivered or are contracted. These include:

- Simplified operating model and optimised employee costs, include:
 - Head office right sizing;
 - Tiger and VAH NZ redundancies;
 - Velocity optimisation; and
 - A320 exits.

- (b) Product optimisation;
- (c) Distribution optimisation;
- (d) Cargo strategy and handling;

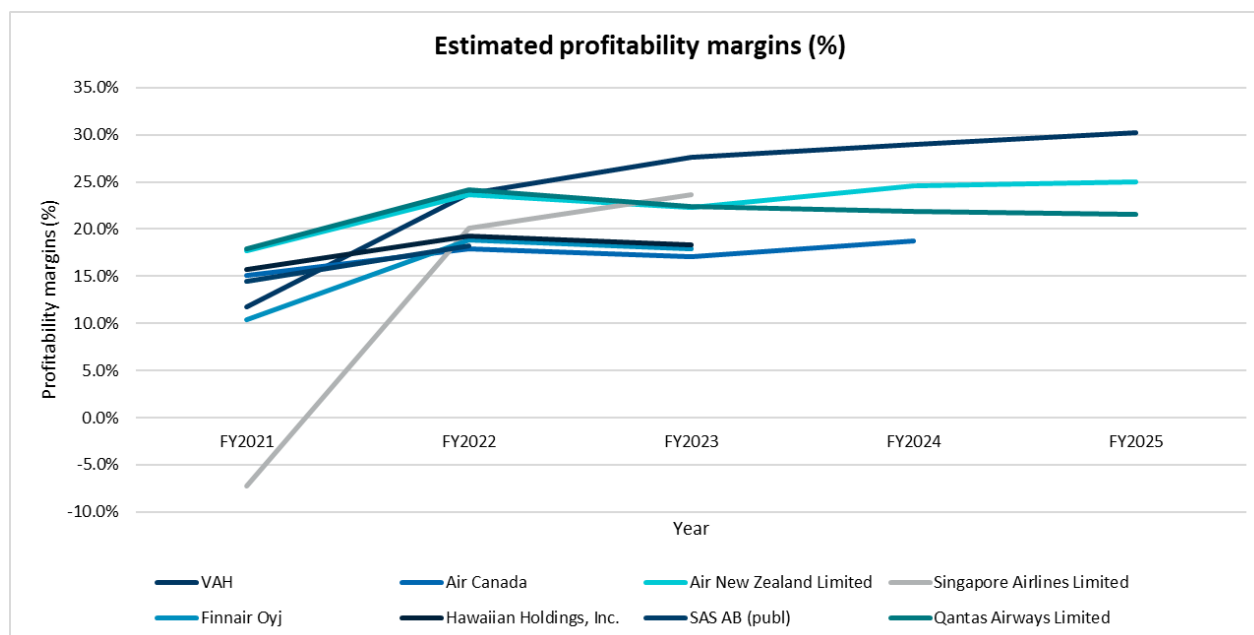
There are also a number of network adjustments and costs savings that will result from actionable capacity adjustments as per the network plan:

- (e) Fleet network and optimisation, including:
 - (i) Flown revenue (ASK reduction);
 - (ii) Flown revenue (load and yield) enhancement;
 - (iii) Fuel capacity;
 - (iv) DOC reduction; and
 - (v) Aircraft rentals and maintenance.

The relative impact of the anticipated cost savings, when fully implemented by FY23 is around 6.5% of the revenue of that year and over 20.0% an improvement to the EBITDAR margin (compared to pre restructuring) in that year. In our valuation, we have applied a 50% probability of this improvement not taking place, due to possible unforeseen delays or other business specific circumstances.

The Model's EBITDAR margins (pre-AASB 16), which include the impact of the above proposed restructuring initiatives compared to projected EBITDA margins of the comparable companies (post AASB 16), shows that the margins in the Model are optimistic, which supports our probability adjustment. The projected EBITDA margins of the comparable companies for FY21 to FY25 are based on the mean consensus brokers report estimates as sourced from S&P Capital IQ for each financial year. There are some missing data points from some of these comparable companies due to an absence of brokers report estimates. In situations where there is missing data, this data has been excluded from our analysis. The graph below summarises our analysis.

Figure 37: Margin projections profile comparison between selected peer airlines for VAH Group



Source: S&P Capital IQ and Model

Appendix I: DavAir's valuation report on aircraft fleet

DAVAIR GROUP

INDEPENDENT AVIATION ADVICE



(File Photograph Only)

Desktop Valuation Report Of: 64 x Various Commercial Passenger Transport Aircraft

In the matter of: Virgin Australia Holdings Limited

Located at: On The Desktop, Sight Unseen

Effective Date of Appraisal: 30 June 2020

Basis of Appraisal: Fair Market Value - \$USD
Orderly Liquidation Value - \$USD

Client: FTI Consulting

Intended Users: Stakeholders of Virgin Australia Holdings Limited for the Purposes of a S444GA Application of The Corporations Act (2001) (Cth)

Appraiser: David Crick ASA

Report Reference: 16649

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Letter of Transmittal

19 October 2020

John-Henry Eversgerd
FTI Consulting
Level 15, 50 Pitt Street
Sydney, NSW, 2000

As requested we submit a Desktop Valuation Appraisal Report for the ascribed asset(s) which is USPAP compliant.

All three approaches to value have been considered by the appraiser and the market approach to the ascribed assets has been chosen and applied, assuming Fair Market Value - \$USD and Orderly Liquidation Value - \$USD as at the Effective Date of this report.

30 June 2020 is the Effective Date of this report.

All values indicated in this report are GST EXCLUSIVE and stated in US Dollars.

It is beyond the scope of this report to make any comments or to provide expertise regarding electrical, mechanical or maintenance issues with respect to these aircraft, our report is based purely on information provided by the client only.

It is the undersigned appraisers' independent, unbiased and professional opinion, using the appraisal approaches and methods, subject to the assumptions and limiting conditions described in this report, that the aggregated estimated Fair Market Value - \$USD and Orderly Liquidation Value - \$USD is:

	Fair Market Value - \$USD MM	Orderly Liquidation Value (6 Months) - \$USD MM	Orderly Liquidation Value (12 Months) - \$USD MM
1 x A320-232 Aircraft	4.00	1.84	2.36
2 x B737-700HGW Aircraft	18.40	9.02	11.22
43 x B737-800HGW Aircraft	847.10	533.24	666.53
4 x B777-300ER Aircraft	186.50	108.82	128.06
14 x F28-100 Aircraft	30.22	13.95	17.79
64 x Various Commercial Passenger Transport Aircraft (Rounded)	\$1,086	\$667	\$826

This appraisal has been prepared in conformity with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice.

We have acknowledge receipt, and have read, *ASIC Regulatory Guide 111 Content of Expert Reports* and *Regulatory Guide 112 Independence of Experts*. We understand that our valuation report will be relied upon by FTI Consulting for the purposes of preparing their Independent Expert Report in the subject of Virgin Australia Holdings Limited. We understand that this report will be attached to the FTI Consulting Independent Expert Report, and if required, DavAir Group (DavAir) agree to provide any and all support to FTI Consulting in relation to this specialist valuation report, including but not limited to attending Court, to attest to the conclusions of this valuation.

In addition, DavAir acknowledges that it has been engaged by FTI Consulting:

- As an aviation valuation specialist for the sole purpose of completing a valuation of the Virgin Australia Holdings Limited aircraft assets for their Independent Expert Report;
- Under a documented scope of works, completed under a letter of engagement, with clear instructions and documented outcomes; and
- Having conducted a review of past relationships, DavAir confirms it is independent of, and is perceived to be independent of, FTI Consulting and any other interested party.

DavAir confirms, that in addition to the sole purpose of the report being to assist FTI Consulting in the completion of its Independent Expert Report, the contents of this report and its findings, may be subject to additional enquiry by ASIC or any other interested party, and if so, the signatory to this valuation report will be available to respond to such queries.

In addition to the ASIC Regulatory Guide compliance, this report has been prepared in accordance with the Expert Witness Code of Conduct under the Uniform Civil Procedures Rules (2005) (NSW).

This transmittal letter forms an integral part of the report and must remain attached. Authorised reports are only printed on the official stationery of the Davair Group. Copies not printed on official stationery and/or unsigned are unauthorised and incomplete. The client and intended users are advised to read the entire report in order to fully comprehend how the opinions of value were determined.

Thank you for the opportunity to be of service in this matter. If you have any questions regarding the method of approach, value concept or indicated values please do not hesitate to contact the undersigned Appraiser.

Yours Respectfully



David Crick ASA
Accredited Senior Appraiser

Executive Commentary

The purpose of the appraisal is to provide the client and intended users with opinions of value for the purposes of Asset Realisation.

In this assignment appraisals were requested by the client, FTI Consulting, on the basis of Fair Market Value - \$USD and Orderly Liquidation Value - \$USD. The values are current as at the Effective Date of the Report.

There are two Orderly Liquidation Values ascribed to each aircraft, one on the basis of a six month market exposure period and one based on a twelve month market exposure period. In the global pandemic circumstances with the inventory of aircraft available for transactions being inflated compared to the pre - COVID-19 environment, an extended period of market exposure may be required. Assumptions include that in the extended period of time, market conditions show improvement and the inventory of available aircraft decreases.

30 June 2020 is the Effective Date of this report.

All values indicated in this report are GST EXCLUSIVE and stated in US Dollars.

The exchange rate used if required was as at 30 June 2020 where \$AUD1.00 equalled \$USD0.6863 as per the Reserve Bank Of Australia daily exchange rate.

General Methodology Comments

The valuation basis used for this Desktop Valuation is the Fair Market Value (FMV) to ascertain the current market value of the aircraft as well as an Orderly Liquidation Value (OLV) to determine the value of the aircraft if the compulsion to dispose of the assets was introduced.

The definition for these valuation bases is below and also contained within this report in Appendix Two.

Fair Market Value (FMV) is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

Orderly Liquidation Value (OLV) is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis as of a specific date.

As part of this assessment we have been asked to ascertain a likely current Fair Market Value and Orderly Liquidation Value as the assets are utilised in their subject configuration. Our base assumptions for this type of assessment includes, but are not limited to:

- The interior and paint are reportedly in average condition for the age of the aircraft;
- There is no evident corrosion and any damage history has been appropriately documented with no ongoing airworthiness limitations;
- Our assessment utilises the actual airframe hours (as supplied at 30 June 2020);
- The subject aircraft are typically equipped for their role as commercial passenger transport configured aircraft and that they do not have equipment or characteristics that would materially affect their value for their operational profile;

- The aircraft will continue to be certified and operated under the auspices of CASA or a major aviation authority as assumed for transaction conditions;
- The aircraft are kept and maintained under the manufacturer's recommended maintenance program using factory authorised maintenance facilities;
- All major modifications have been properly documented;
- The aircraft have no outstanding Airworthiness Directives or deferred maintenance;
- The aircraft are in half-life condition and they have complete set of records with back to birth traceability;
- The aircraft are airworthy and have no components missing;
- The aircraft have been well protected and maintained whilst being parked at various locations in Australia, in most cases in outdoor parking ramps;
- The values include the capitalisation of heavy maintenance per industry practice;
- The assets in this report (airframe and engines) would comply with Cape Town Convention guidelines.

Further assumptions based on our investigations of the subject aircraft include, but are not limited to:

- The values ascribed to the subject aircraft are exclusive of any fees, administration costs, taxes, commissions and other amounts – the values represent a price of transaction and do not include the various costs of that transaction.
- For the Fokker F100 aircraft, two aircraft in the fleet are advised to have been decommissioned at the Effective Date of the report. Our valuation assessment assumes that the aircraft with the following registration have different parameters for our consideration (compared to half-life aircraft):

VH-FZO has been decommissioned in Australia and the aircraft is now fully disassembled and ready for scrapping. 900+ selected parts have been removed and the engines already extracted and in use.

VH-FNN has been decommissioned in Singapore and has been disassembled and ready for scrapping. 293+ selected parts have been removed and the engines extracted and in use.

Methodology

A table was created to identify key aspects of the aircraft including Serial Number, Registration, Year of Manufacture, Type of Aircraft, Date in Service, Physical Location, Status of Aircraft, Aircraft Total Time and Total Cycles as well as the Aircraft Utilisation profile. The aircraft were then separated into groups; Fokker F100's, Boeing and Airbus narrow body aircraft and Boeing wide body aircraft.

Inspections

The aircraft were not sighted nor were any Maintenance or Certification records of the aircraft for the purposes of this report. We were able to review information and summary documents about the aircraft.

All information presented about the aircraft (including Aircraft Total Time and Cycles) has been provided by the client. As this report is an unsighted desktop appraisal, a complete verification of records has not occurred. However, we have no reason to believe that the information stated about the aircraft is erroneous. The information has been used in good faith and assumed as true and accurate, however, we do not warrant its accuracy.

The aircraft have been valued on an as-is-where-is basis with the assumption that they are compliant with Australian Civil Airworthiness (CASA) requirements and have had recent and required maintenance completed.

Aircraft Appraisal Process

When considering this assignment and the asset(s) to be valued, three distinct appraisal methodologies have been evaluated. Each methodology is discussed below.

1. **Income Approach** - The potential income of the asset(s) to the entity is considered over the life of the assets and a conclusion is determined as to its likely current value. A determination of income was not an appropriate calculation under this report because an individual income stream could not be attributed to each individual asset(s). Consequently, the Income Approach Method was discounted as invalid for this particular report.
2. **Cost Approach** - The cost approach is based on the premise that an informed purchaser would pay no more for an asset than the cost of producing a substitute with the same utility as the subject asset. The cost of a new asset(s) is determined and then depreciated for:
 - (a) Physical deterioration (wear & tear, corrosion etc),
 - (b) Functional obsolescence (whether there are better products in the marketplace that are more efficient, more cost effective, have a better environmental footprint etc) and;
 - (c) Economic obsolescence (are there market forces that have caused this asset to be less desirable).

For this report the asset(s) may not be able to be replaced with the same make and model, or in the same format. To determine a replacement value, our process included taking Methodology 3 (Market Comparison Approach, below) into account.

3. **Market Comparison Approach** - This methodology entails researching the marketplace for asset(s) that are similar and comparing them to the subject asset(s). Often the condition and status will be different to the asset(s) being valued however they can be compared and ranked so as to determine an appropriate value on the subject asset(s) in the marketplace.

To arrive at the valuation conclusions, interviews were held with industry participants (financiers, asset managers, operators and leasing and sales personnel) and included questions regarding fleet conditions & status, market issues & conditions, likely projections and current concerns.

A baseline was determined for the market value of a mid time aircraft that is similar to the aircraft in the Virgin Australia fleet. This 'mid-time' took into account the D Checks, the C Checks, and the Time Between Overhaul for standard engines. Aircraft within the fleet were then ranked by age and type and a financial adjustment was made to the value being ascribed to each aircraft depending on the individual aircraft age and their assumed half life.

The data was then ranked to determine which aircraft had the optimal overall age, hours and cycles with all of them at assumed half-life. This gave an overall weighted ranking for each aircraft in the fleet by age. The ranking considers whether they were operational, whether they had additional advantages compared with others in the fleet (for example, heavy duty landing gear, larger fuel tanks, winglets etc.) and whether there is any other attribute that would warrant a variation to the half-life assessment.

The next step in the valuation process was to communicate directly (by phone and electronically) with credible and personnel considered as experts in the aircraft sales industry. This was specifically about Airbus A320's, Boeing 737's, Boeing 777-300 ER's & Fokker F100's on an international basis. Aircraft fleet managers and sales brokers were canvassed along with international aircraft consultants and appraisers. The list of personnel contacted includes senior consultants and advisors from the USA, Europe, the United Kingdom, Asia and Australia.

As part of the international data compiled, information has been collected and reviewed that includes Order Book History, Delivery Streams, Operator Demand, Leasing Demand, International Geographic Distribution, Engine Demand, International Quantities & Availability, Current & Projected Base & Market Values.

Using all available information and applying recognised industry methodologies we have taken into account our discussions with other industry experts and confirmed that there have only been a small numbers of actual recorded sales of similar aircraft this calendar year. In our opinion there has been a decrease in value of these types of aircraft of 15-30% for a mid time airframe compared to pre COVID-19 market values.

To achieve these outcomes, it is expected that a protracted remarketing period would be required.

Valuation and Market Assumptions

Why a Half-Life Assumption is an Appropriate Approach and Used Industry Wide

An aircraft is collection of parts, which includes the airframe, structural items (metal and composite), avionics, interior panels, engines, APU and landing gear etc. Some of these parts have life limits and some have a predetermined overhaul/repair time limit and some are assessed and maintained 'On Condition'. Collectively these components make up the value of the aircraft. Some of these assets such as the engines, APU, landing gear and the airframe major inspections (or 'heavy checks') make up as much as 50% of the value of a new aircraft and as much as 95% of the older aircraft.

Appraising an aircraft requires knowledge of these components, their value and their condition, which is not always readily available. Therefore, a commonly used method is to assume that a commercial aircraft and its components are in half-life condition. It provides a standard for all aircraft values, which can be used as a benchmark to adjust values higher or lower if the actual condition of these major parts is known.

Historically, for a fleet of aircraft that are in service with continuous maintenance; there will be some aircraft within the fleet that are due maintenance and some within that fleet that have just completed maintenance and many that are on a spectrum in between those two points. The effective half-life assumption captures the main value of the fleet with 'unders' and 'overs' being captured by a mid-time or mid-life assumption.

Why FMV and OLV are Ascribed

The Fair Market Value (FMV) is used to ascertain the current market value of the aircraft as well as an Orderly Liquidation Value (OLV) to determine the value of the aircraft if the compulsion to dispose of the assets was introduced.

The definition for these valuation bases are contained within this report in Appendix Two.

Liquidation Value Considerations

Fair Market Value (FMV) is the Appraiser's opinion of the most likely trading price that may be generated for an aircraft under the market circumstances that are perceived to exist at the time in question. It assumes that an aircraft is valued for its "highest and best use", that the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length, single-sale basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers. The FMV can be further categorised as Half-life, Full-life or condition adjusted.

In contrast the Orderly Liquidation Value (OLV) is the Appraiser's opinion of the price at which an aircraft could be sold under abnormal conditions, such as an artificially limited marketing time period, the perception of the seller being under duress to sell, a liquidation, commercial restrictions, legal complications, or other such factors that significantly reduce the bargaining leverage of the seller and give the buyer a significant advantage that can translate into heavily discounted actual trading prices. Apart from the fact that the seller is uncommonly motivated, the parties to the transaction are otherwise assumed to be willing, able, prudent and knowledgeable, negotiating at arm's-length, normally under the market conditions that are perceived to exist at the time, not an idealised balanced market.

An orderly liquidation is likely to apply:

- To aircraft which have been parked by an operator or designated as 'surplus';
- Where pressure is being exerted for the early sale of aircraft;
- As the result of aircraft early-returns to the lessor;
- As a result of expiring leases;
- As a result of operator failure;
- As a result of over-capacity forcing withdrawal from service.

Such a sale may take up to six months to complete and the realisable price would be considerably discounted from the values classed as normal.

Timeline to Sell Aircraft and Manner of Sale

Depending on the market conditions and liquidity of an asset, the timeline to sell an aircraft could be between one and twelve months in a normal and equalised market. For aircraft with a fluid transaction history a typical timeline is about three months. For other less popular aircraft, it can take between nine and eighteen months. However, when market conditions are tough, such as the current market where demand has dropped across all segments of the market and both the airlines and the lessors are contemplating selling aircraft to raise funds and increase liquidity, timelines require reassessment and extension. In the space of few months, the market has shifted from a balanced market to buyer's market with transactions that may take 24 months being touted as likely.

In the current market, aircraft which were considered liquid and an investor's favourite such as the Boeing 737-800 and Airbus A320-200 can take up to at least six months to sell and more likely twelve months, and that is if they are sold with leases attached or it is a sale and leaseback transaction. For wide body aircraft such as the Airbus A330-300 and Boeing 777-300ER, a revised timeline for a standard sale would be over twelve months. Again, aircraft with leases or sale and leaseback transactions will be seen as favourable, whilst naked sales (aircraft with no income stream or operator attached) could take closer to 24 months.

During historical periods of severe distress for the global aviation sector (for example 9/11 in 2001 and the Global Financial Crisis in 2008), the market values for commercial aircraft saw a significant and sudden decline of approximately 25% for narrow body aircraft and approximately 30% for wide body aircraft. As the aviation sector recovered, the market for the preferred narrow body aircraft type rebounded to pre-distressed levels relatively quickly when compared to wide body aircraft types. Given the fleet of aircraft being assessed, all but four of the fleet are the narrow body type and we would expect market values of these narrow body aircraft to appreciate relatively quickly as the market itself recovers. The narrow body aircraft will best benefit when domestic travel requirements are expanded.

In normal market circumstances and requirements, a liquidation can be concluded within a very short timeframe (for example 30 to 45 days) however this will be classed as fire sale or Forced Liquidation sale (see definitions) and whilst there will be buyers who would consider this an opportunity, the aircraft will be sold at substantially distressed values. Keeping in mind that orderly liquidation implies that it is a distressed sale of a naked aircraft, the length of time is a key factor. A longer timeline for a sale result will be closer to a retail timeframe and the corresponding transaction expectation higher. Any reduction in timeframe will result in deeper discount expectations however the balance to that discount will be less holding costs.

Market Drivers That Lead to Value Conclusions

Demand and supply – A well-known economics concept: when demand is high and supply is limited, the prices trend upwards. Commercial aircraft trading is very much driven by this concept. However, due to transaction risk standards set by banks, institutions and capital markets, instead of increases in market values, the other factors in the transaction are reduced to make it competitive, for example reduced lease rate factors, cost of finance, lease term, redelivery conditions etc.

The demand and supply, is also a key factor in maintaining value over a longer period. For example, Boeing 737-800 and Airbus A320-200 aircraft tend to hold their values over longer periods, typically 20-25 years. On the other hand, for regional jets this period is about 15-18 years. Usually referred to as the useful economic life of an aircraft, which is defined as the period of time over which it is physically and economically feasible to operate the aircraft in its intended role.

During the last six months we have witnessed the large-scale parking of aircraft and owners/operators have been keen to reactivate their idle aircraft. One sector that was struggling with demand was airfreight, and hence many saw this as an opportunity and started converting their narrow and wide body aircraft into freighters. As a result many Boeing 737-800 aircraft younger than 15 years since manufacture were converted and many are waiting at conversion stations to be converted in the next 6 – 12 months.

Can this be considered as shortening of useful economic life for the Boeing 737-800? We think it has still not reached this at a stage where they are classed as inefficient, ageing and economically unfeasible to operate. However, aircraft such as the Boeing 747-400, the 777-200, the 767-200 and Airbus A340-500/600 have been retired in significant numbers or converted for other uses. These types were already suffering from oversupply and operators were planning to phase them out over the next few years. However, the COVID downturn seems to have accelerated the retirement timeline of some models. It appears that many have reached their useful economic life as the percentage of aircraft available for sale, parked and stored is higher than the in operation aircraft.

The Illiquid Nature of the Market at the Effective Date

As discussed earlier, airlines are dealing with multiple challenges, many are fighting for their survival, some have already failed and it is inevitable that many more will fail. They are not only dealing with restrictions on travel but also the hesitation of travellers. Consequently aircraft utilisation and capacity might have improved but passenger load factors have not and many operators have had to reduce their capacity for the second time after reviving frequencies before the 'second wave'. The inability to generate revenue over many months whilst costs were still adding up has left many airlines in a situation where the only options were to either request state aid or extend their credit lines with banks. Airlines at the same time reached out to lessors and banks to either defer or reduce their monthly obligations. Airlines that owned any aircraft reached out to the market to sell and lease back or finance/lease their aircraft in order to raise funds.

This not only resulted in a more than usual number of aircraft for sale and leaseback but also a higher availability as many airlines decided to sell some of their aircraft. Even greater and additional pressure has come from bankruptcies. Lessors have had unprecedented numbers of requests to defer the monthly lease payments; they also resorted to raising cash by selling their portfolios. Operators have also been responding by leasing their spare parts portfolios in order to obtain cash flow.

This has resulted in an imbalanced market, where there are many unwilling sellers and also a limited number of buyers, finding debt is also proving very difficult. At the same time investors have been expecting aircraft to be sold at knock down prices. Clearly pointing to an illiquid market, which has showed no signs of improvement since the end of June.

With respect to the illiquid market conditions, there is a definite impact on future values. The value assessments assume that there will be some form of market recovery to some degree to increase market demand and allow for transaction capability. If the market were to remain the same in future periods as experienced at 30 June 2020, the assumed realisation scenarios will be difficult to envisage as market demand would not change.

The market that the property/asset is transacted and/or valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.

This valuation is current at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report reassess this valuation periodically.

As of the date of this report, the world continues to struggle with the Covid-19 pandemic and subsequently many of these fundamental elements relating to transactions (including sales and lease calculations) are unknown. Although there are some similarities, there are also broad differences between today's realities and those of the Global Financial Crisis in 2008. There is little doubt that commercial aviation will be similarly if not more deeply affected, with the only question being: by what degree.

The COVID-19 crisis is already the most fundamental shock – the Black Swan of swans. At an industry level, there are fundamental and even existential questions regarding recovery and utilisation. In the aftermath of COVID-19, does the... aviation industry survive and recover from this shock? If so, what will the recovery look like? Will we return to levels of demand we have seen in the past, and if so, when?

On the demand side, the fundamental drivers of new aircraft sales – GDP growth, stock indices, oil prices, corporate profits, wealth creation, international trade, capital investment, business and customer confidence – have basically plummeted, as key economies plunge into recession. With the U.S. dollar and exchange rates discouraging international sales despite unheard-of low interest rates, investors and business leaders are primarily focused on capital preservation, not that next new aircraft.

On the supply side, new or refreshed aircraft models and offer prices are clearly alluring, but trade-in valuations are down, continuing to discourage sales as they have in most of the post-2008 recession recovery period. Air travel restrictions, supply chain and production disruptions, and factory furloughs are already widespread and the lack of a clear pathway out of COVID-19 pummels life in the national economies vital to civil aerospace production – including the U.S., Canada, Brazil, Mexico, U.K., France, Germany, Italy, Switzerland, Japan, and many others.

Contributing Economic Factors at the Effective Date

During the second quarter of 2020 with the global COVID-19 pandemic, commercial airlines have had continuing maintenance costs, staffing and other fixed costs and, at the same time, had limited or no revenue streams. The mounting payments due to the aircraft lessors are part of the significant outgoings and required some form of remedial action.

With the cost of capital being high and with limited capital available, values of aircraft have seen a decline as debt purchases increased in importance. Lease rates themselves required upward adjustments to reduce residuals, also leading to reduced values.

The operating fleets have also reported low passenger utilisation on the basis of government regulations with border management. Passenger fears based on the uncertainty of operator timetables and schedules have negatively affected passenger numbers. Load factors and Revenue Per Seat Kilometre (RPK) ratios have required major modifications to previous modelling, as have Available Seats Per Kilometre (ASK) ratios.

High capital costs, lease rate factors, reduced load factors, inventory of parked and available aircraft and mounting on-going costs have all led to reductions in value of the commercial aircraft available.

Likely Holding Costs for Similar Aircraft

There are a number of practical implications of having aircraft in storage and the associated costs. These costs include induction and preservation, storage and parking costs, maintenance costs, reactivation costs and periodical inspections and ground runs.

From industry information, the parking of commercial aircraft has charges that apply that would average out on a monthly basis. For narrow body aircraft that average is \$US10,000 per month and for wide body aircraft the average is approximately \$US15,000 per month. For both aircraft types an additional \$US1,000 per month would be required for the use of consumables.

The current locations of parked aircraft are at airports that are usually active and busy (primarily in Sydney, Melbourne and South East Queensland). Being eastern seaboard locations, with a high prevalence of humidity and saline, the environments will have long-term detrimental effects on the maintenance of the aircraft, particularly with respect to corrosion. For longer-term preservation alternatives that may be a lower corrosion risk and have lower hardstand costs, many owners of Australian operated commercial aircraft are contemplating relocation of their assets to aircraft storage facilities in Alice Springs in the Northern Territory and Wellcamp (western Toowoomba) in Queensland.

The costs above assume the location of the storage to be a purpose designed storage facility with appropriate tooling and resources to carry out the required activities (compared with an active commercial airport where storage is often remote from resources and parking rates increased due to active runways and taxiing). The monthly cost estimates are also exclusive of the costs of ferrying the aircraft to and from the storage facilities.

Practical Implications of Storage and Associated Costs

Short-term storage during an aircraft transition is common and can even occur for more popular liquid assets such as Boeing 737-800 and Airbus A320-200 aircraft (for example when being redelivered). However, the longer the aircraft stays in storage the more challenging it becomes to reactivate the aircraft out of storage and find placement with an airline. This is especially relevant in the current environment where availability of these aircraft will be high and a buyer may be able to secure a sale before a redelivery directly with an operator. In addition to pre-agreed monthly costs of storage, there are also costs associated with calendar items such as airframe heavy checks, coming due between 24 and 36 months. These can cost between \$150,000 and \$1,500,000 each depending on the sequence for a narrow body aircraft or \$300,000 to \$3,000,000 for a Boeing 777-300ER aircraft.

Indicative Costs and Issues of Realisation

Our understanding is that the 'reasonable' complete sales cycle for aircraft of this size and nature can typically take significant time, which can increase or decrease depending on market conditions and the amount of aircraft available when compared to demand for acquisition.

A potential purchaser will pay more for the aircraft when they already run a fleet of similar aircraft due to the economies of scale achieved when having spare parts, tooling and maintenance facilities. The price paid for these aircraft in the marketplace reflects whether the purchaser has support assets (tooling, spare engines, APU's etc). A lack of these economies can leave a valuable asset stranded and inoperable whilst waiting for replacement parts.

For transactions involving commercial aircraft, the costs of the transaction depend on whether it is a sale or a leasing transaction. The rates are variable and have factors such as the size of the transaction, the type of aircraft, the age and condition of the aircraft and the volume of the transaction involved. Another factor is whether the sales agent is managing the sales process or just sourcing the counter-party. For a sale transaction it is within expectation that a cost of 1% - 3% of the selling price is levied. For a leasing transaction it is more complex however can be up to 10% of the first year leasing amount (not generally referred to as an 'arms length retail transaction').

Impact to Aircraft Valuation of Extended Delays in a Sale Process

In the context of the current COVID crisis, as time continues on, there may be more aircraft available for sale, which means more choice for buyers. The sellers will also be motivated to sell as quickly as possible to reduce their downtime, their on-going costs and the risk of realising a lower sale value in future, which means many aircraft will be sold at substantially discounted prices. The result of this dynamic will by default set a new bar for higher and lower value ranges.

A fundamental assumption for the values ascribed is that over time, the overall global conditions and specifically the aviation commercial passenger aircraft sector will improve. We have seen that even domestically Regular Passenger Transport (RPT) operators anticipated a downturn with near zero capacity travel demand both domestically and internationally for several months from the beginning of the COVID-19 pandemic. By June and then definitely July 2020 the capacities would have increased and restrictions to travel decreased, ensuring some form of rebound to wards pre-COVID levels.

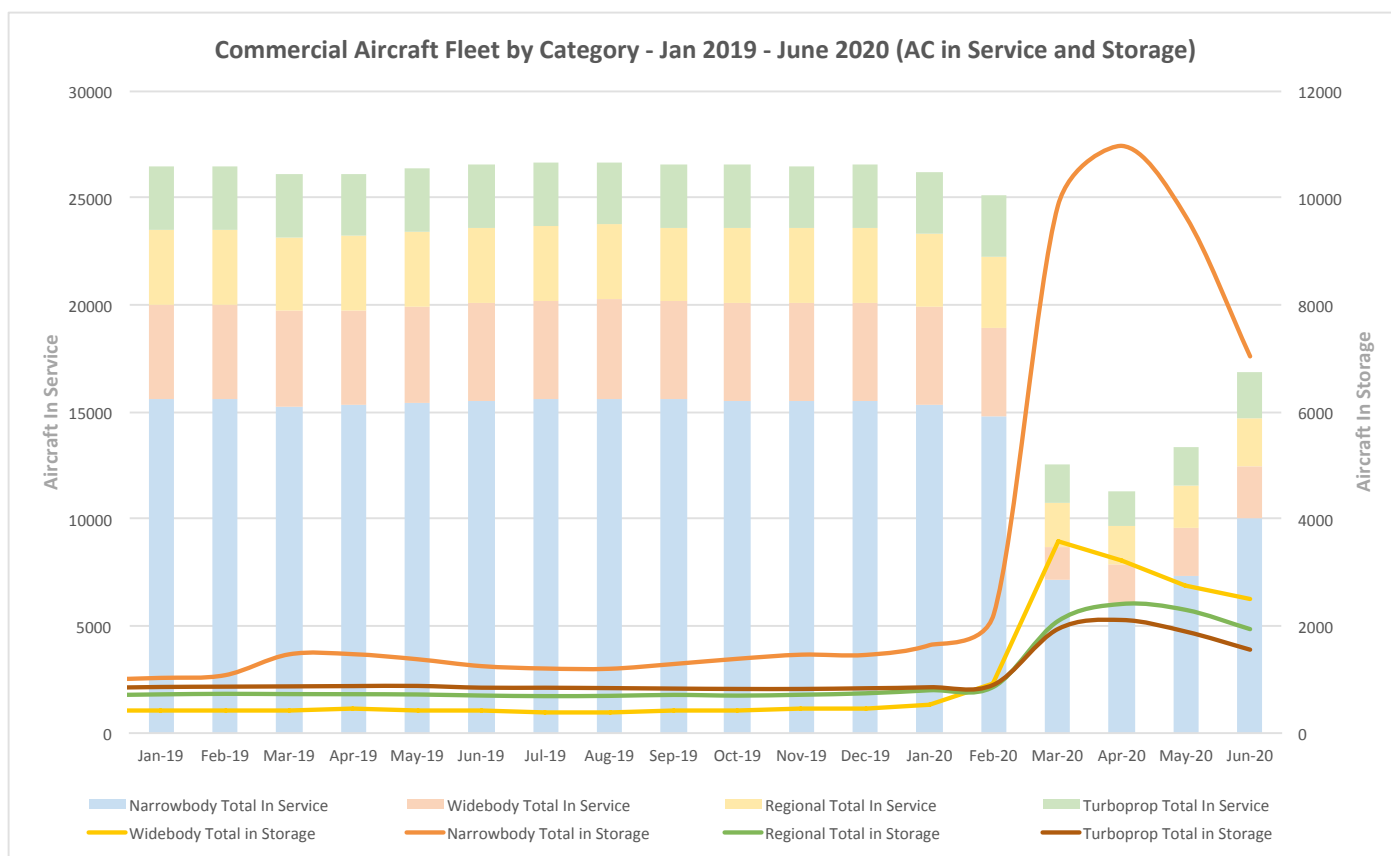
Australia's two main RPT carriers, Qantas and Virgin Australia both reported improvements in passenger take-up and fleet utilisation in May and June 2020 once travel and border restrictions were relaxed by government guidelines. International travel was still banned with no change in the long haul fleet dynamics as expected. Once further pandemic restrictions were implemented for July and August 2020 the forecast recovery by the RPT providers was recalculated with the best information available. Even if airlines are flying, it is typical that passenger utilisation is yet to reach pre-COVID pandemic levels.

With respect to our assessment of realisation amounts, the forward looking timeframes to engage traction in the marketplace are dependant on the market showing signs of air travel recovery with increases in the utilisation of the various aircraft fleets. In essence, if the market remains in a place of status quo and there is no improvement in market drivers, then the values of the aircraft will require reassessment on the basis that narrow body and wide body commercial aircraft markets would remain stunted to the point of being illiquid as were the conditions as at 30 June 2020.

MARKET OVERVIEW

Global Commercial Aircraft Fleet Dynamics and the Impact of COVID-19

At the end of 2019, the total commercial passenger fleet stood at 26,561 aircraft in service and 3,509 in storage. In January 2020 COVID started spreading in China and by the end of February 2020 it had emerged in neighbouring countries as well as in Europe. By the end of March 2020 most the world was in its full grip, which affected the movement of people and with that, the wide-scale parking of aircraft. By the end of April, the in-service fleet dropped to 11,267 aircraft, 37% of the total fleet. By the end of June, the situation started improving and the worldwide active fleet reached 56% active aircraft. However, there were still 13,067 aircraft parked/stored, 9,500 more than the December 2019 level. This is demonstrated by the figures and graph below, which shows active and stored fleets from January 2019 to June 2020.



The worst affected types were the wide body aircraft (usually associated with long-range international routes), at the lowest point in March 2020, 71% of the wide body aircraft were parked compare to around 64% for the narrow body at their lowest point in April 2020. By the end of June 2020 the parked fleet of narrow body aircraft reduced to 41% of the fleet, in contrast to the wide body parked fleet, which was languishing at around 51%. We know that by then the domestic markets were opening up and more capacity was introduced in China, Asia Pacific and parts of Europe whilst international travel was still restricted which resulted in lower utilisation of the wide body fleet.

General Overview as at 30th June 2020

Overall in the global passenger transport aircraft fleet, more than 13,067 Commercial Aircraft are currently parked (44% of the in service total).

	<u>Active % of fleet</u>		<u>Parked % of fleet</u>	
Narrow Body	9,996	33%	7,041	24%
Wide Body	2,462	8%	2,524	8%
Regional Jets	2,259	8%	1,943	6%
Turbo Props	2,131	7.5%	1,559	5.5%
	<u>16,848</u>		<u>13,067</u>	<u>29,915</u> Total Fleet

and it is estimated that by the end of 2020 approximately 4,000 of these will still be surplus.

Boeing 737-700 Aircraft (View as at 30th June 2020)

Fast Facts:

	<u>June 2020</u>	<u>December 2019</u>
Total In Service:	708	970
Number In storage:	285 (28.7%)	31 (3.1%)
	<u>993</u>	<u>1,001</u>
Decline in Values:	12 - 18%	
Potential decline in next 3 months:	20 - 25%	
Lease rate drop	7 – 18%	

Boeing delivered 1,286 of the 737-700 aircraft variant over a 22-year period. By September 2020 at the time of this report, 990 (772 in-service and 218 parked) currently remain in operation with 53 operators around the world. So far, 119 have been retired and 4 written off. The average age of the active fleet is 14.8 years, and for the parked fleet the age is 17.2 years.

There are currently 501 active and 122 parked 737-700 in North America, 157 active and 13 parked in Asia Pacific, 61 active and 26 parked in Europe, 31 active and 31 parked in Latin America, 21 active and 23 parked in Africa, 1 active and 3 parked in the Middle East. The largest country base is the United States where 476 of the 737-700 variant are active and 95 are parked, followed by China where 133 are active and 4 parked, Canada with 25 active and 27 parked, Netherlands 22 active and 1 parked and Brazil with 20 active and 3 parked.

The largest operator in the world is Southwest airlines with 432 active and 61 parked aircraft, followed by China Eastern Airlines (35 active, 2 parked), United Airlines (28 active, 21 storage), China Southern (26 active, 0 parked) and Westjet (25 active, 27 parked).

Market Update

The Boeing 737-700, although a niche aircraft type, is considered a success in terms of production numbers and market penetration. It clearly has its place in the market but higher concentrations in the USA and China makes it vulnerable to changes in these two countries, which is evident during the COVID downturn. Market values fell by around 12% during February, March and April. By the end of June this decline was extended to 18%. Lease rates experienced similar declines, in fact many of the offers to purchase and leaseback were based on new discounted lease rates.

The variant is also feeling the pressure of the decline in values of other narrow body aircraft (the more popular and newer 737-800 market and A320-200 market), which are generally considered less risky than the 737-700 version. The availability has increased with the increases in parked aircraft.

In the first two quarters of 2020, operators such as SAS were already thinking of phasing out their 737-700 aircraft and eyeing off the newly manufactured A220 as a replacement. It is likely that the SAS aircraft will be phased out earlier than envisaged. Another operator (LOT Polish) returned its last 737-700 aircraft to the lessor and Turkish Airlines phased out its last remaining 737-700 in the fleet. A similar trend was observed in Latin America where Aeromexico phased out two aircraft in Quarter 1 and COPA airlines advanced its plans to sell 14 of the 737-700s, resulting in an impairment charge of USD 186.8 million (approximately USD 13 million each), indicating that it may not be able to sell the fleet for the ascribed book value. GOL was also looking to reduce its fleet of 737-700s by 23 units. In the USA, Southwest returned 7 of its 737-700s at the end of lease adding to the availability. At the same time, it has been encouraging to notice that many operators across the world were reactivating their 737-700 fleets as soon as it is feasible to resume scheduled flight services.

There are currently 30 available for sale listed on various online databases. It is estimated that at least another 30 are likely to be available, according to MyAirTrade (myairtrade.com). The retirements and availability will continue to increase, adding more pressure to value and lease rates.

737-800 Aircraft (View as at 30th June 2020)

Fast Facts:

	<u>June 2020</u>	<u>December 2019</u>
Total In Service:	3,285	4,772
In storage:	1,570 (32.3%)	108 (2.2%)
	<u>4,855</u>	<u>4,880</u>
Decline in Values:	6 – 12%	
Lease rate drop	5 – 10%*	

**Overall fleet weighted average drop 1997 – 2020*

YOB	Potential decline in next 3 months		
	% Increase/Drop	CMV Range	Lease Rate
2000 – 2005	25% ↓	\$8 – 14 m	105K – 115K
2006 – 2010	28% ↓	\$15 – 20 m	120K – 225K
2011 – 2015	22% ↓	\$20 – 28 m	155K – 200K
2016 – 2020	15% ↓	\$30 – 39 m	215K – 310K

Boeing delivered 4,917 of the 737-800 passenger aircraft variant over a 23-year period. By September 2020 at the time of this report, 4,850 (3,963 in-service and 887 parked) still remain in operation with 210 operators around the world. So far 46 have been retired and 22 written off. The average age of the active fleet is 8.8 years and for the parked fleet the average age is 11.7 years.

There are currently 1,736 active and 262 parked 737-800 aircraft in Asia Pacific, 1,185 active and 199 parked in Europe, 756 active and 177 parked in North America, 125 active and 131 parked in Latin America, 114 active and 75 parked in Africa and 47 active and 43 parked in the Middle East. The largest country base is China where 1,168 of the 737-800 model are active and 11 are parked, followed by United States where 712 are active and 153 parked, Ireland with 272 active and 54 parked, Turkey with 171 active and 23 parked and Russia with 149 active and 20 parked.

The largest operator in the world is American Airlines with 285 active and 19 parked aircraft, followed by Ryanair (272 active, 1 parked), Southwest Airlines (207 active, 0 parked), China Southern (163 active, 0 parked) and Hainan airlines (136 active, 2 parked).

Market Update

The Boeing 737-800 is considered the most liquid aircraft model in history, it has remained popular with the mainline carriers, low-cost carriers and charter operators. The regional distribution is balanced and remains popular with investors and lessors.

However, the nature of the COVID-19 crisis is such that it was also not spared from the ramifications of the pandemic and a decline in both values and lease rates have been observed. Market values have declined by as much as 12% and lease rates have reduced by around 10% for a mid-life aircraft of this model (compared to pre-COVID-19 levels). For younger aircraft the decline in values was less aggressive at around 6%. The estimated decline assumes further pressure due to the 737MAX recertification currently in progress.

It was noted that many operators were planning to replace their 737-800 aircraft with 737MAX aircraft and have had to defer their plans, which helped the 737-800 to remain in operation much longer than planned. The availability historically has remained low and part-outs were rare. However, COVID has changed the market completely, and consequently the reduced values were attractive enough for freighter conversions, at the same time demand was high for narrow body freighters, resulting in many being converted or in the process of conversion. The conversion order book stands at 115 units including future conversions for lessors such as GECAS, BBAM, Amazon and China.

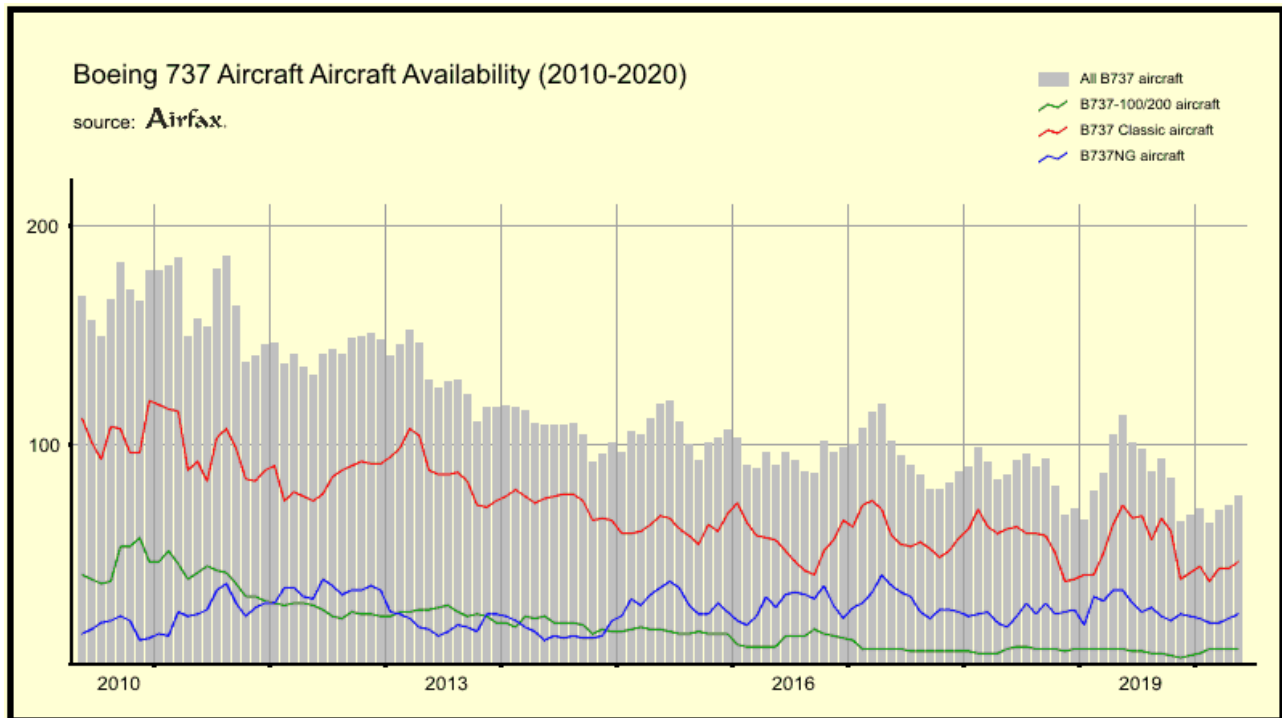
Most of the activity was recorded in the first quarter, a total of 36 sales were registered including 17 purchases with a lease attached and two sale & leasebacks. In addition, 21 new leases were signed by operators in the quarter.

American Airlines plans to retire 76 of their 737-800 fleet due to COVID capacity cutbacks. We have also researched the upcoming lease expiries and estimated that another 70 leases will expire between July 2020 and the end of this calendar year. This will of course add more pressure to the values and lease rates. We are also aware of several RFPs in the marketplace such as Turkish Airlines trying to sell 10 of its Boeing 737-800 aircraft for approximately \$USD160 million. We are also aware of some Lessor portfolios that contain a mix of airlines and also different aircraft types, which includes Boeing 737-800 aircraft as well. Apart from scheduled end of lease returns and a few early lease terminations (such as AeroMexico) no other returns were registered.

There are currently 38 Boeing 737-800 aircraft publicly listed as available for sale/lease on MyAirTrade, which appears to be similar in number to the period in June/July 2020.

An issue, which was noticed during recent 737-800 freighter conversions, is referred to as pickle-fork cracks, this is an area where the wings are joined with the fuselage. The FAA immediately issued an Airworthiness Directive that requires an immediate inspection of all aircraft with more than 30,000 cycles and inspections within the next 1,000 cycles for all aircraft between 22,000 and 30,000 cycles. The inspection only takes 1-2 hours, however if cracks are discovered then the repairs are estimated to take 3 weeks. The costs are estimated in the low hundred thousands of dollars, but some lessors believe that it can be as much as \$US1 million, as it requires stripping down the aircraft interior before the pickle-forks can be replaced. The uncertainty of the exposure due to this issue is also driving values and potential market appeal.

Graph Showing B737 Availability Over the Last Ten Years



A320-200 Aircraft (View as at 30th June 2020)

	<u>June 2020</u>	<u>December 2019</u>
Total In Service:	2,379	4,072
In storage:	1,842 (43.6%)	169 (4.0%)
	<u>4,221</u>	<u>4,241</u>
Decline in Values:	7 – 21%	
Lease rate drop	5 – 20%*	

**Overall fleet weighted average drop 1995 – 2020*

CMV Range and forecast for potential decline in value:

	Potential decline in next 3 months		
YOB	% Increase/Drop	CMV Range	Lease Rate
2000 – 2005	30% ↓	\$7.5 – 12 m	90K – 100K
2006 – 2010	26% ↓	\$13 – 18 m	105K – 130K
2011 – 2015	18% ↓	\$20 – 26 m	135K – 195K
2016 – 2020	15% ↓	\$29 – 39 m	200K – 295K

Airbus delivered 4,696 of the A320-200 model of passenger aircraft over a 32-year period. By September 2020 at the time of this report, 4,216 (2,960 in-service and 1,256 parked) still remain in operation with 217 operators around the world. So far 441 have been retired and 39 written off. The average age of the active fleet is 10 years, and of the parked fleet is 12.7 years.

There are currently 1,366 active and 366 parked A320-200 in Asia Pacific, 819 active and 349 parked in Europe, 419 active and 217 parked in North America, 152 active and 122 parked in the Middle East, 150 active and 161 parked in Latin America and 54 active and 40 parked in Africa. The largest country base is China where 773 of the A320-200 aircraft are active and 34 are parked, followed by the United States where 392 are active and 202 parked, India has 139 active and 49 parked, Austria 123 active and 38 parked and Russia with 103 active and 30 parked.

The largest operator in the world is Easyjet plc with 156 active aircraft and 13 parked followed by China Eastern Airlines (138 active, 1 parked), JetBlue Airways (113 active, 17 parked), China Southern (110 active, 5 parked) and IndiGo (98 active, 25 parked).

Market Update

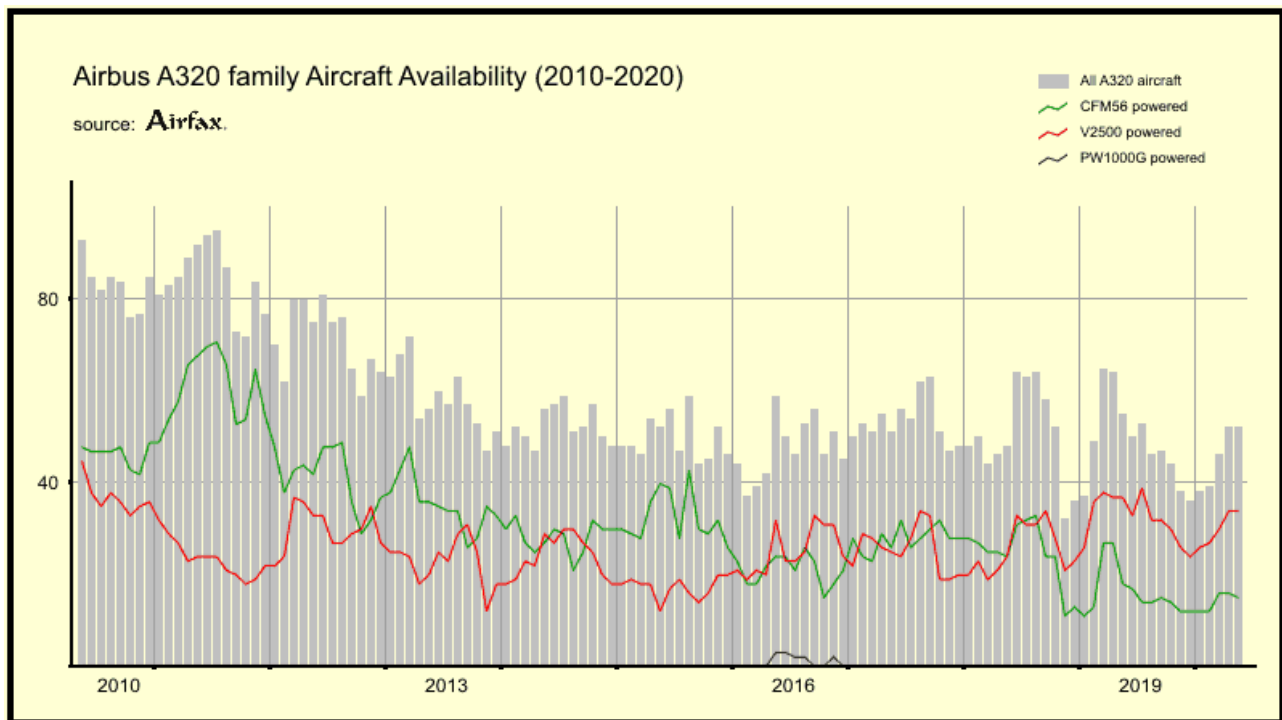
The Airbus A320-200 is considered as the workhorse of the domestic and regional airline market. The two engine options have proved popular with the airlines and investors alike, as competition between the two OEMs meant competitive pricing as well as improvements in engine efficiency over the last two decades. Similar to the Boeing 737-800, the regional and operator distribution is balanced and as an aircraft type for market appeal is historically considered a very liquid aircraft.

Iberia has informed the market that they are not renewing their A320-200 leases. Indigo which operates a large number of A320-200 aircraft, has initially requested to defer its aircraft lease payments by six months, there are also indications that the airline might retire their older generation A320-200 aircraft in favour of A320neos. Sri Lankan airlines plan to return one A320-200 in July. Lufthansa announced in December that the airline will retire 11 of their A32-200 aircraft in response to overcapacity. Early in February 2020, Cathay Dragon returned one A320-200 aircraft to the lessor. Solomon airlines returned one aircraft early this year, but since then has added another (newer) A320-200 to their fleet which is on lease from Carlyle aviation.

Another operator, HiSky leased an A320-200 from ALC, Laudamotion added two A320-200 aircraft from GECAS. AFG Aviation Ireland purchased one A320-200 from Vermillion aviation, the aircraft was previously returned by Gulf Air and was in storage in Germany. There have been portfolio sales as well, in February Avolon Aerospace concluded a sale of 21 aircraft, which included six A320-200 aircraft to Sapphire Aviation Finance. Czech airlines leased one A320-200 from BBAM in February 2020.

The Airbus A320-200 is already seen as a popular freighter conversion program to ageing passenger aircraft. It is clear that the cargo market in general will have increased capacity requirements as more and more retail shopping will move to online platforms and the need for package freighters in China, Europe and the USA will drive the demand for more freighter availability. Values of midlife aircraft have dropped to a level where the conversion economics becomes attractive.

Graph Showing A320 Availability Over the last Ten Years



777-300ER Aircraft (View as at 30th June 2020)

Fast Facts:

	<u>June 2020</u>	<u>December 2019</u>
Total In Service:	577	796
In storage:	217 (27.3%)	16 (2%)
	<u>794</u>	<u>812</u>

Decline in Values:	8 – 20%
Lease rate drop	20 - 25%

Potential decline
in next 3 months

<u>YOB</u>	<u>% Increase/Drop</u>	<u>CMV Range</u>	<u>Lease Range</u>
2003 – 2007	27% ↓	\$27 - \$38 million	305 – 400K
2008 – 2012	17% ↓	\$41 - \$60 m	420 – 480K
2013 – 2017	25% ↓	\$65 – 92 m	500 – 740K
2018 – 2020	27% ↓	\$95 – 120 m	750 – 950K

Overall fleet weighted average drop 2003 – 2020

Boeing delivered 790 of the 777-300ER passenger aircraft variant over an 18-year period. By September 2020 at the time of this report, 789 (628 in-service and 161 parked) still remain in operation with 46 operators around the world. So far only one has been retired. The average age of the active fleet is 7.5 years and for the parked fleet the average age is 8.8 years. There is backlog of 18 aircraft on order and at a current delivery rates that average at two aircraft per month, the production line will end in 12-18 months after the deliveries are completed.

There are currently 220 active and 13 parked 777-300ER aircraft in the Middle East, 212 active and 107 parked in Asia Pacific, 130 active and 18 parked in Europe, 46 active and 14 parked in North America, 14 active and 4 parked in Africa and 6 active and 4 parked in Latin America. The largest country base is the UAE where 137 of the 777-300ER aircraft are active and 5 are parked, followed by China where 57 are active and 3 parked, Qatar with 46 active and 2 parked, Taiwan with 42 active and 1 parked and the United States having 38 active and 6 parked aircraft.

Emirates remains the largest operator with 121 active and 2 parked aircraft, followed by Air France-KLM (48 active, 8 parked), Saudi Arabian Airlines (27 active, 6 parked), CNAC (24 active, 1 parked) and ANA (23 active, 5 parked).

Market Update:

The Boeing 777-300ER aircraft is considered a core long-haul aircraft worldwide, because of its competitive cost per seat mile and efficient engines. The large belly cargo capacity has been helping during the COVID pandemic, allowing many operators to use the aircraft in all-cargo configuration. At the same time, the cargo conversion program was launched by IAI, with the first conversions expected to be completed in 2022. This will eventually support the residual value of the aircraft type.

In the short term, the Boeing 747-400 and Airbus A380 types being placed into early retirements/storage may help the 777-300ER type. Looking into the future, lease rates will stabilise as orders for the 777X program are anticipated to be slow and entry into service likely delayed by 2-4 years. This will help the current 777-300ER to remain in service for longer than previously envisaged although at reduced lease rates. Further long term (in approximately 10-15 years), it is potentially a very good freighter conversion candidate, and an upgrade for operators of both the 767-300ERF and 747-400F platforms.

Market values and lease rates were already under some pressure because of the collapse of the Indian Low Cost Carrier Jet Airways, which resulted in 10 aircraft coming onto the market. Aircraft size and transition costs are a big concern at the moment, as any new operator may need the aircraft in different configuration, so cabin refurbishment costs can pose some challenges. The higher dependency on Emirates and other top five operators who operate close to 50% of the worldwide fleet is also a concern. At present many were able to deploy their aircraft on all-cargo flights and hence the parked fleet is at a much smaller percentage than the other types. How long this will last is difficult to predict at this stage.

There were two publicly listed transactions and a few engine part-outs, which lead to the reduction of overall values in the market for the type during the period. The typical reductions were between 15% and 25% depending on the age of the airframe. Cathay Pacific entered into a sale and leaseback arrangement of six 777-300ER aircraft, which is in line with the earlier view that instead of filling their requirements with new 777-9 orders and incurring capital and introduction costs, airlines will be much more inclined to extend the current leases.

Data houses are showing over 180 777-300ERs as parked (under 3 months) or stored (over 3 months). It is a common view that some of these will not return to their current operators and will remain in storage until their leases expire or they are sold. Many others that are in operation will be returned at the end of their lease period unless a vaccine is developed and/or international travel returns to something near normal.

We have seen no transactions this year and there are very few for sale: only six that we're aware of. This would indicate that most operators are in a wait-and-see mode hoping that international traffic rebounds and making no major fleet moves beyond what they have already announced. This, of course, doesn't apply to the Airbus A380 and Boeing 747 (both being four engine aircraft that have a reputation as high operating cost aircraft compared to two engine aircraft), which were already on the ropes and couldn't survive the COVID-19 global dynamics.

Boeing's delay in delivering the first 777X until 2025 is good news for the existing 777 fleet as is the slowdown in the Airbus A350 production. With nothing forcing the disposal of the 777-300ER, owners and lessors may be able to find new opportunities and buy some time in hopes that the current crisis subsides and travel returns.

All of this said, the large concentration of this 777 model of aircraft looms large with over 155 aircraft at Emirates which has announced plans to retire the type – although only nine are believed to be remarketed for sale or lease this year and 57 at Qatar which is reportedly retiring its fleet in "three or four years". This will put tremendous pressure on 777-300ER values even if the rosier scenarios for travel come true.

A little relief might appear in the form of a freighter version with the first 777-300ERF coming out strong with 15 orders and the same number of options. Unfortunately, the values have to drop fairly low to make this an attractive alternative for current operators. It might, however, siphon off some inventory and take the pressure off the rest of the fleet.

Fokker F100 Aircraft

Fast Facts:

Fokker delivered 271 of the F100 passenger aircraft type between 1988 and 1997. Of these 110 (77 in-service and 33 parked) still remain in operation with 18 operators around the world. So far 137 have been retired and 24 written off. The average age of the active fleet is 27.9 years and for the parked fleet it is 27.8 years.

There are currently 59 active and 16 parked Fokker 100 aircraft in Asia Pacific, 13 active and 7 parked in the Middle East, 5 active and 5 parked in Europe, 1 parked in Africa and 4 parked in Latin America. The largest country base is Australia where 53 Fokker 100 are active and 6 are parked, followed by Iran where 13 are active and 7 parked, Papua New Guinea with 6 active and 1 parked, Germany 2 active and 0 parked and Romania 1 active and 2 parked.

The three largest operators in the world are all within Australia and include Alliance Airlines with 24 active and 3 parked aircraft, Network Aviation (16 active, 1 parked) and Virgin Australia (11 active, 2 decommissioned) followed by Air Niugini (6 active, 1 parked) and Iran Aseman Airlines (6 active, 1 parked).

Market Update:

Several baseline facts that impact the perception and quality of the F100 aircraft fleet values include that it is likely that the airframe and related components without the engines would likely yield a realisation of approximately \$1.0MM.

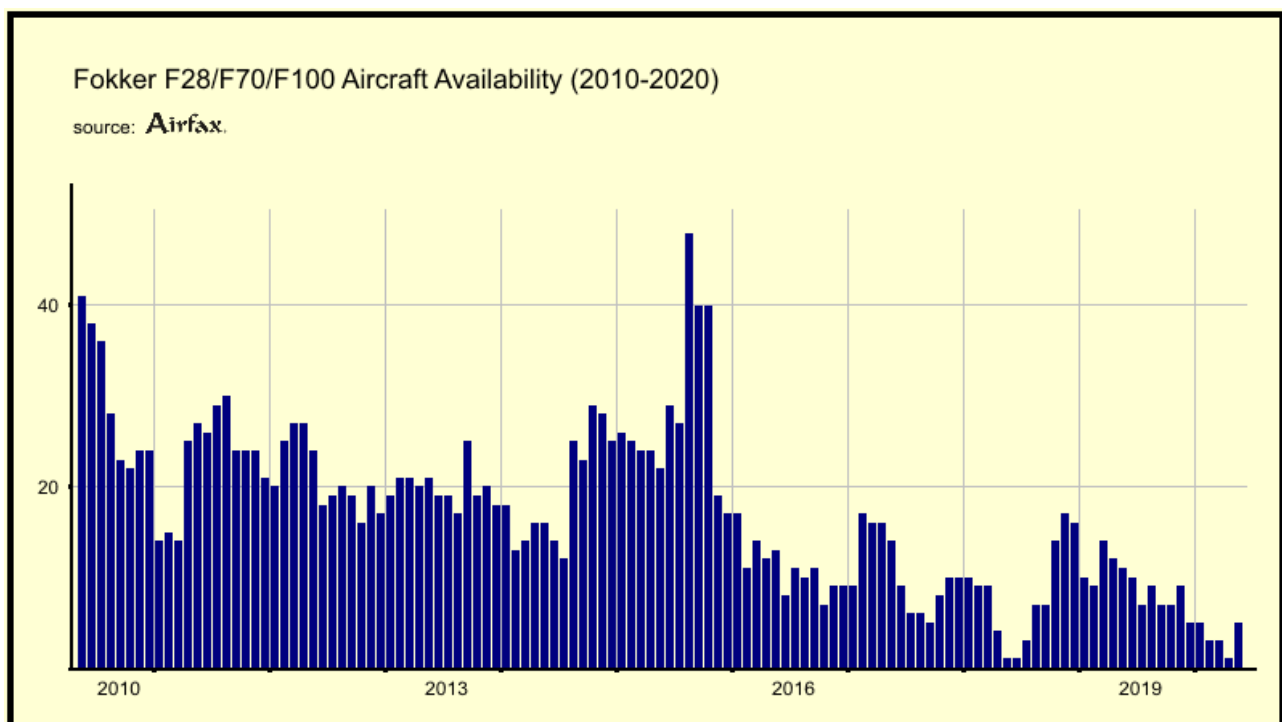
With the aircraft having a service life of 90,000 cycles and the highest use in fleet being up to 50,000 cycles, the useful life of the model is extensive. Value will increasingly be determined by maintenance status & condition rather than depreciation from ageing.

Fokker F100 re-marketers advised that if an aircraft was in the marketplace with fresh 168 month and 5,000 hour checks completed as well as engines freshly overhauled, it would likely achieve around \$USD3,500,000 in a willing buyer/seller environment. If the same aircraft was available in a mid-time configuration (engine times and overhaul statistics), it would likely achieve a sale figure of approximately \$USD2,500,000. At the low end of the market for aircraft in poorer condition with little time remaining, expectation is that a transaction would likely occur for approximately \$USD1,500,000.

These realisation amounts are not dependant on the age of the aircraft as the global fleet is all approaching the 30 years of age mark. At this point in the life-cycle of a commercial aircraft, value is not so much tied to chronological age but to maintenance condition and status as traditional age/life depreciation has already been accounted for throughout the life cycle of the aircraft.

Market values for older aircraft like these are increasingly driven by maintenance condition rather than age or vintage, indicating that due to the age of the worldwide fleet, depreciation factors contribute less to values than previously.

Graph Showing F100 Availability Over the last Ten Years



Certification

I certify to the best of my knowledge and belief:

- 1 The statements of fact contained in this report are true and correct.
- 2 The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- 3 I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 4 I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 5 I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 6 My engagement in this assignment was not contingent upon developing or reporting pre-determined results.
- 7 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 8 My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the American Society of Appraisers.
- 9 I have not made a personal inspection of the property that is the subject of this report.
- 10 Mr Usman Ahmed, CEO of Aircore Aviation provided significant personal property appraisal assistance to the person signing this certification.

Non-Discrimination

In arriving at the estimated reasonable value, the writer has not been improperly influenced in any matter by the race, religion, or national origin of any person.

This appraisal has been prepared in conformity with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice.

We have acknowledge receipt, and have read, *ASIC Regulatory Guide 111 Content of Expert Reports* and *Regulatory Guide 112 Independence of Experts*. We understand that our valuation report will be relied upon by FTI Consulting for the purposes of preparing their Independent Expert Report in the subject of Virgin Australia Holdings Limited. We understand that this report will be attached to the FTI Consulting Independent Expert Report, and if required, DavAir Group (DavAir) agree to provide any and all support to FTI Consulting in relation to this specialist valuation report, including but not limited to attending Court, to attest to the conclusions of this valuation.

In addition, DavAir acknowledges that it has been engaged by FTI Consulting:

- As an aviation valuation specialist for the sole purpose of completing a valuation of the Virgin Australia Holdings Limited aircraft assets for their Independent Expert Report;
- Under a documented scope of works, completed under a letter of engagement, with clear instructions and documented outcomes; and
- Having conducted a review of past relationships, DavAir confirms it is independent of, and is perceived to be independent of, FTI Consulting and any other interested party.

DavAir confirms, that in addition to the sole purpose of the report being to assist FTI Consulting in the completion of its Independent Expert Report, the contents of this report and its findings, may be subject to additional enquiry by ASIC or any other interested party, and if so, the signatory to this valuation report will be available to respond to such queries.

In addition to the ASIC Regulatory Guide compliance, this report has been prepared in accordance with the Expert Witness Code of Conduct under the Uniform Civil Procedures Rules (2005) (NSW).



David Crick ASA
Accredited Senior Appraiser

Purpose of the Appraisal

The purpose of the appraisal is to provide the client and intended user with estimated values for the ascribed asset(s) for Asset Realisation calculations and considerations.

Definitions of Value

The client has engaged Davair Group to undertake two distinctive valuation bases for the subject assets; Fair Market Value - \$USD and Orderly Liquidation Value - \$USD. The definition for these valuation bases are included in Appendix Two of this report.

Identification & Description Of Property Appraised

The appraisal comprised of the ascribed asset(s) located On The Desktop, Sight Unseen.

A detailed description of the assets can be found later in the report in the Appendices and further definitions may also be found in Appendix Two.

Effective Date of the Appraisal

The effective date of the appraisal is the date at which the appraisal opinion applies and only for the stated purpose. Only known or knowable information available as of the effective date of the appraisal is to be considered in the development of an opinion of value.

It is important to understand that the effective date may be quite different to the date the report was produced.

This is true for appraisals that are retrospectively or prospectively based. For example an appraisal for an aircraft destroyed by fire may be required retrospectively for insurance purposes. Clearly the effective date of the report in that case would be earlier than the actual report date.

The Effective Date of this report is 30 June 2020

The reporting date is 19 October 2020

The appraisal is based on the assumption that the assets are, or are capable of being, utilised as assets of a profitable undertaking at the date of the appraisal. Asset values may be subject to significant fluctuations due to external market forces and no allowance has been or could be allowed for future market or economic changes. The values expressed in this report are current as at the Effective Date of this report however, if after that date there is a significant change in the national or world economy that impacts on the market for assets of the type valued, or a change in the physical condition of the asset, values may need to be reviewed.

Any assets in this report that have been valued 'sight unseen' have values attributed to them as an indication of possible worth only. The values ascribed may vary upon physical inspection.

Limiting Conditions, Hypothetical Conditions & Extraordinary Assumptions

This plant, machinery and equipment appraisal is made subject to the following:

(A) General limiting conditions

All facts and data set forth in this report are true and correct to the best of the appraisers knowledge.

All values indicated in this report are GST EXCLUSIVE and stated in US Dollars.

The fee for this appraisal report is not contingent upon the values reported.

Neither the appraiser nor any officer, employee or contractor of Davair Group has any financial interest in the assets valued.

The appraisal is made solely for the use of the client and intended users to whom it is addressed and no other. No responsibility to any third party is, or will be, accepted for any part of the appraisal.

Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else without the written consent of the Davair Group.

Physical condition in most instances has been determined by observation or indication by others. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever which may affect value, nor for any expertise required to disclose such conditions.

No investigation of legal title to the assets, unless explicitly stated otherwise, has been made and the claim to the assets has been assumed to be valid.

No additional values have been made in regard to such intangibles as patents, trademarks or goodwill.

Information, estimates and opinions furnished by the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct.

Matters of a legal nature or with tax consequences have not necessarily been considered in this report. The reader should consult a competent legal advisor and/or a qualified tax accountant for information and opinions in those areas.

Machinery and equipment appraisers are called on for appraisal and verification for equipment from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavoured to use basic sound, accepted methodologies in any assignment. When applicable conversations with those dealing daily in a specific field were conducted, and all final evaluations are founded on prudence and best effort on the part of the appraiser. Conclusion is arrived at from many years of experience in the sale and appraisal of machinery and equipment. The final form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.

Due to the complexities and variables on the many items of fixed assets, itemised values become the guideline for justification rather than individual summaries for each conclusion.

The appraiser has endeavoured to use due diligence in all market comparisons. If possible, multiple comparisons of similar items sold within a reasonable and applicable time period usually provide substance for a credible value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, the appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, auctioneers, manufacturers, wholesalers for example) in arriving at the final value estimate.

Each item in the appraisal has been individually assessed with regard to a total package at sale. The values shown are not intended for the piecemeal selling of separate items. In the event that any item included in this appraisal is separately sold or is withdrawn from sale or is to be sold either at a time different to the other items or from a different location then a re-valuation of the remaining items will be necessary.

In most cases, equipment is itemised, although certain areas require a group estimate, in which case the listings are shown in the quantity column as 'Lot'. This is usually applied in nominal value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would have required additional time not justified by the items being valued.

It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machinery might include: guards, electrical starters, switch-gear, safety equipment, wiring, conduit/piping and electrical, pneumatic or hydraulic controls systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the investigation.

Descriptions of items made as part of this report are believed correct to the best ability of the appraiser. Any errors or omissions were unintentional and should not affect the value assignment.

The subject equipment may or may not conform to local OHS standards. The sole responsibility for conforming rests with the owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.

The appraisal has been prepared in good faith on the basis that full disclosure of all information and salient points which may affect the appraisal.

The appraisal is valid only as of the effective date of the report and for the purposes outlined in the section "Purpose of Appraisal".

The appraisal concept used in this report is one accepted by the client.

(B) Extraordinary assumptions specific to the assignment:

None assumed other than those articulated in the executive comments.

(C) Hypothetical conditions specific to the assignment:

None assumed other than those articulated in the executive comments.

Asset Condition

Unless otherwise stated, all items listed herein are valued with the assumption that they are in complete working order as specified by the manufacturer. Should any asset be found not to comply with this, the values attributed to that asset and any linked assets will require review.

Third Party Property

Although in certain cases they may have been listed in our report, we have not assessed the value of any assets identified as being the property of third parties. These include but are not limited to:

- a) The property identified as that of Directors;
- b) The property identified as that of staff;
- c) Assets identified as rented equipment or items on loan;
- d) Plant and equipment considered to form part of the land and buildings.

Costs Of Sale

We have made no deduction from the Valuation Report for either the cost of disposal or tax liability that may arise on the sale of assets.

Workplace Health & Safety Act 2011

We have not made any investigations into the company's compliance with the Workplace Health & Safety Act 2011 in any applicable State or Territory or its regulations. We would recommend that as a minimum, a safety review be undertaken of the company's operations and plant and equipment.

The values of any assets found not to comply with workplace health and safety regulations will require review.

Computer Software

Unless otherwise listed herein the values attributed to computer systems does not include the software installed as these packages are generally under license and are only transferable in certain circumstances.

Purpose written software packages have not been assessed unless we have been specifically requested to do so or they form part of a working piece of plant and equipment. In those cases, the value of the software is included with the item of plant.

Methodology and Scope of Work

In forming an opinion of value for the ascribed assets in this report various investigations and background research was undertaken including the following:

Identification of the problem to be solved. The basis and purpose of the valuation was determined from communications with the client. In this case two values were required. The value basis for the ascribed asset(s) required was Fair Market Value - \$USD and Orderly Liquidation Value - \$USD.

Site visit and data collection: The appraiser did not visit the ascribed asset(s) location and recorded pertinent information relating to the asset(s). Digital photographs were also not taken. Discussions were held with the client representatives to obtain relevant details.

Application of approaches to value: In order to determine value by the three accepted methods (see below for a detailed explanation) research was undertaken where appropriate to:

- (a) determine the replacement cost new of the plant and equipment and establish reasonable estimates of applicable depreciation;
- (b) collect valid and recent sales on comparable plant and equipment on an appropriate basis and
- (c) collect sufficient financial information for applicable plant so that future net incomes could be projected and their current worth be calculated in order to determine the assets value.

In order to produce a credible appraisal information on the subject asset has been gathered from as many sources as practically possible including, where applicable, the original equipment manufacturer, equipment dealers, brokerage houses, the internet and industry professionals that could help provide meaningful data for the assignment.

Calculations, final opinion of value and reporting: After applying the most applicable method a value was determined or calculated for the ascribed assets. A report of the final values highlighting any limitations in approach or assumptions made during the process was then completed and submitted.

Appraiser's Experience

A summary of the Appraiser's experience is included as Appendix Three of this report.

Approaches To Value

When considering this assignment and the asset(s) to be valued, three distinct appraisal methodologies have been evaluated. The validity of each methodology is discussed below.

1. Income Approach - The potential income of the asset(s) to the entity is considered over the life of the assets and a conclusion is determined as to its likely current value. A determination of income was not an appropriate calculation under this report because an individual income stream could not be attributed to each individual asset(s). Consequently, the Income Approach Method was discounted as invalid for this particular report.
2. Cost Approach - The cost approach is based on the premise that an informed purchaser would pay no more for an asset than the cost of producing a substitute with the same utility as the subject asset. The cost of a new asset(s) is determined and then depreciated for:
 - a. Physical deterioration (wear & tear, corrosion etc),
 - b. Functional obsolescence (whether there are better products in the marketplace that are more efficient, more cost effective, have a better environmental footprint etc) and;
 - c. Economic obsolescence (are there market forces that have caused this asset to be less desirable).

For this report the asset(s) may not be able to be replaced with the same make and model, or in the same format. To determine a replacement value, our process included taking Methodology 3 (Market Comparison Approach, below) into account.

3. Market Comparison Approach - This methodology entails researching the marketplace for asset(s) that are similar and comparing them to the subject asset(s). Often the condition and status will be different to the asset(s) being valued however they can be compared and ranked so as to determine an appropriate value on the subject asset(s) in the marketplace.

Many sources were utilised in order to arrive at the valuations contained within this report.

These sources included but were not limited to:

Davair Group's domestic and international databases including internet, websites, manuals and print media - all which are utilised as well as personal communication with relevant dealers and brokers.

For this specific report, the Market Comparison Approach was utilised.

Appendix One - Asset Details

Report Reference: 16649

Under Instructions From: FTI Consulting
 In The Matter of: Virgin Australia Holdings Limited
 Location: On The Desktop, Sight Unseen

64 x Various Commercial Passenger Transport Aircraft

Asset #	Type	DOM	MSN	Reg (VH)	FMV \$USD MM	OLV \$USD MM 6M	OLV \$USD MM 12M
1	A320-232	5 Jul 1993	429	FNP	4.00	1.84	2.36
2	B737-700HGW	1 Jul 2005	34323	VBV	9.20	4.51	5.61
3	B737-700HGW	1 Aug 2005	34322	VBZ	9.20	4.51	5.61
4	B737-800HGW	1 Mar 2004	33799	VOR	12.40	7.03	8.79
5	B737-800HGW	1 Aug 2004	33996	VOY	12.40	7.03	8.79
6	B737-800HGW	1 Sep 2004	34013	VUB	12.40	7.03	8.79
7	B737-800HGW	1 Nov 2004	34015	VUD	12.40	7.03	8.79
8	B737-800HGW	12 Jul 2010	37822	BZG	20.50	12.73	15.91
9	B737-800HGW	1 Aug 2003	33758	VOK	11.30	6.31	7.89
10	B737-800HGW	1 Aug 2003	33759	VOL	11.30	6.31	7.89
11	B737-800HGW	1 Sep 2003	33794	VOM	11.30	6.31	7.89
12	B737-800HGW	1 Sep 2003	33795	VON	11.30	6.31	7.89
13	B737-800HGW	1 Sep 2003	33796	VOO	11.30	6.31	7.89
14	B737-800HGW	1 Oct 2003	33797	VOP	11.30	6.31	7.89
15	B737-800HGW	1 Oct 2003	33798	VOQ	11.30	6.31	7.89
16	B737-800HGW	1 Mar 2004	33800	VOS	12.40	7.03	8.79
17	B737-800HGW	1 May 2004	33801	VOT	12.40	7.03	8.79
18	B737-800HGW	1 Aug 2004	33997	VUA	12.40	7.03	8.79
19	B737-800HGW	1 Oct 2004	34014	VUC	12.40	7.03	8.79
20	B737-800HGW	1 Jul 2007	36602	VUK	16.30	9.68	12.09
21	B737-800HGW	1 Aug 2007	36603	VUL	16.30	9.68	12.09
22	B737-800HGW	1 Feb 2008	36601	VUO	17.70	10.66	13.33
23	B737-800HGW	1 Jun 2008	36604	VUP	17.70	10.66	13.33
24	B737-800HGW	19 Mar 2010	36609	VUU	20.50	12.73	15.91
25	B737-800HGW	9 May 2010	37821	VUV	20.50	12.73	15.91
26	B737-800HGW	26 Sep 2010	37823	VUX	20.50	12.73	15.91
27	B737-800HGW	14 Jul 2016	41037	YFW	30.40	20.67	25.84
28	B737-800HGW	31 Aug 2017	41005	YFZ	32.40	22.34	27.93
29	B737-800HGW	28 Jul 2011	37824	YIA	21.90	13.81	17.26
30	B737-800HGW	31 Aug 2011	37825	YIB	21.90	13.81	17.26
31	B737-800HGW	1 Dec 2011	38709	YID	21.90	13.81	17.26
32	B737-800HGW	21 Dec 2011	38708	YIE	21.90	13.81	17.26

Asset #	Type	DOM	MSN	Reg (VH)	FMV \$USD MM	OLV \$USD MM 6M	OLV \$USD MM 12M
33	B737-800HGW	25 Jan 2012	38710	YIF	23.40	14.98	18.72
34	B737-800HGW	14 Sep 2017	41042	YWA	32.40	22.34	27.93
35	B737-800HGW	17 Nov 2017	41020	YWD	32.40	22.34	27.93
36	B737-800HGW	29 Jan 2018	41015	YWE	34.50	24.18	30.22
37	B737-800HGW	9 Feb 2012	38711	YIG	23.40	14.98	18.72
38	B737-800HGW	13 Jun 2012	38712	YIH	23.40	14.98	18.72
39	B737-800HGW	31 Jul 2012	38713	YIL	23.40	14.98	18.72
40	B737-800HGW	26 Jul 2012	38716	YIM	23.40	14.98	18.72
41	B737-800HGW	7 Aug 2012	38714	YIO	23.40	14.98	18.72
42	B737-800HGW	27 Aug 2012	38715	YIQ	23.40	14.98	18.72
43	B737-800HGW	1 Oct 2012	38717	YIT	23.40	14.98	18.72
44	B737-800HGW	17 Sep 2014	40700	YIW	26.70	17.60	22.00
45	B737-800HGW	5 May 2015	40701	YIY	28.50	19.08	23.85
46	B737-800HGW	29 Aug 2014	40702	YIZ	26.70	17.60	22.00
47	B777-300ER	30 Jan 2009	37938	VPD	45.50	26.44	31.12
48	B777-300ER	17 Feb 2009	37939	VPE	45.50	26.44	31.12
49	B777-300ER	30 Sep 2009	37940	VPF	45.50	26.44	31.12
50	B777-300ER	18 Nov 2010	37943	VPH	50.00	29.50	34.70
51	F28-0100	2 Apr 1991	11334	FNC	2.50	1.15	1.48
52	F28-0100	1 Dec 1993	11489	FNJ	2.50	1.15	1.48
53	F28-0100	14 Feb 1991	11326	FNN**	0.12	0.08	0.05
54	F28-0100	1 Jun 1994	11488	FNR	2.50	1.15	1.48
55	F28-0100	27 Jul 1995	11461	FNT	2.50	1.15	1.48
56	F28-0100	23 Dec 1991	11373	FNU	2.50	1.15	1.48
57	F28-0100	2 Nov 1994	11484	FNY	2.50	1.15	1.48
58	F28-0100	7 Apr 1993	11450	FSQ	2.50	1.15	1.48
59	F28-0100	9 Apr 1992	11391	FSW	2.50	1.15	1.48
60	F28-0100	24 Nov 1990	11316	FWH	2.50	1.15	1.48
61	F28-0100	30 Nov 1990	11318	FWI	2.50	1.15	1.48
62	F28-0100	1 Mar 1991	11303	FZH	2.50	1.15	1.48
63	F28-0100	1 Apr 1990	11333	FZI	2.50	1.15	1.48
64	F28-0100	19 Mar 1991	11305	FZO**	0.10	0.07	0.04

** Aircraft Advised As Decommissioned

\$USD MM

**64 x Various Commercial Passenger Transport
Aircraft (Rounded)**

\$1,086

\$667

\$826

Appendix Two - Definitions

All definitions except for 'encumbered' and 'unencumbered' extracted from "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets", The American Society of Appraisers, Third Edition, 2011, pages 57-58 and 502-567. "Encumbered" and "Unencumbered" are taken from the Farlex Financial Dictionary.

Encumbered A property or asset owned by one party on which a second party reserves the right to make a valid claim, e.g., a bank's holding of a mortgage encumbers property.

Excellent (E) this term describes those items that are in a near new condition and have had very little use.

Extraordinary Assumption is an assumption, directly related to the specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

The most common extraordinary assumption would be where a piece of machinery or plant is assumed to be in working order but was not actually observed by the appraiser to be operating or functioning.

Fair (F) this term describes those items of equipment which because of their condition are being used at some point below their full designed and specified utilization because of the effects of age and/or application and that may require general repairs and some replacement of minor elements in the foreseeable future to raise them to be capable of being utilised to or near their original specifications.

Fair Market Value (FMV) is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

Fair Market Value - Installed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.

Fair Market Value in Continued Use with Assumed Earnings is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

Fair Market Value in Continued Use with an Earnings Analysis is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and supported by the earnings of the business.

Fair Market Value - Removed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.

Forced Liquidation Value (FLV) is an opinion gross amount, expressed in terms of money, that typically could be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

It must be noted that if any of the assets that are the subject of this report are removed and/or relocated, the values of all items may be affected.

Good (G) this term describes those items of equipment which are in good operating condition. They may or may not have been modified or repaired and are capable of being used at or near their fully specified utilization.

Hypothetical Condition is that which is contrary to what exists but is supposed for the purpose of analysis.

An example of a hypothetical assumption is where a appraiser might, for insurance purposes, be requested to provide an opinion of value for a piece of plant that has been destroyed by fire on the basis that it is still operational.

Insurance Value Depreciated is the insurance replacement or reproduction cost less accrued depreciation considered for insurance purposes, and as defined in the insurance policy or other agreement, as of a specific date.

Liquidation Value in Place (LVIP) is an opinion of the gross amount, expressed in terms of money that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.

New (N) this term describes new items that have not been used before.

Orderly Liquidation Value (OLV) is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis as of a specific date.

Poor (P) this term describes those items of equipment which because of their condition can be used only at some point well below their fully specified utilization, and it is not possible to realize full capacity in their current condition without extensive repairs and/or the replacement of major elements in the near future.

Replacement Cost New (RCN) is the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.

Reproduction Cost New is the cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.

Salvage Value (SV) is an opinion of the amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.

Scrap Value (X) is an opinion of the amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

Very Good (VG) This term describes an item of equipment in excellent condition capable of being used to its fully specified utilization for its designed purpose without being modified and without requiring any repairs and abnormal maintenance at the time of inspection or within the foreseeable future.

References

1 Appraisal Standards Board USPAP publication Effective: 1 January 2020 - 31 December 2021.

2 - 5 The American Society of Appraisers "Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets", Third Edition, 2011

Appendix Three - Appraiser's Experience

Aircraft Valuation Curriculum Vitae **David Crick B.Sc. ASA (MTS & Aircraft Specific)**

Qualifications:

- ☒ Accredited Senior Appraiser, Aviation Specific (AS) Member of the American Society of Appraisers successfully completing the aviation specific appraisal courses for the Principles of Valuation
- ☒ Accredited Senior Appraiser (ASA) Member of the American Society of Appraisers successfully completing all courses for the Principles of Valuation for Machinery and Technical Specialties, Ethics and USPAP (Universal Standards of Professional Appraisal Practice).
- ☒ Machinery, Plant and Equipment Valuer since 1996 commissioned for valuations in Australia, the U.S.A. and various Asian, Pacific Rim, European and Middle East countries.
- ☒ Bachelor of Science Degree (Marine Biology) University of NSW, 1989.

Industry Associations:

- ☒ Current International Vice President, American Society Of Appraisers (ASA) International Board of Governors
- ☒ Current member of the National Business Aviation Association (NBAA)
- ☒ Current member of the Helicopter Association International
- ☒ Recent Chair of the Budget & Finance Committee of the American Society of Appraisers (ASA)
- ☒ Recent Chair of the Investment Committee of the American Society of Appraisers (ASA)
- ☒ Recent International Secretary/Treasurer, American Society Of Appraisers (ASA) International Board of Governors
- ☒ Recent MTS Discipline Governor, American Society Of Appraisers (ASA) International Board of Governors
- ☒ Recent President, Australian Chapter of the ASA
- ☒ Recent Chair of the Helicopter Association International – Finance & Leasing Committee

Industry Experience:

- ✔ Specialising in technical and complex Machinery, Plant and Equipment valuation assignments with a growing focus in the last 19 years on aircraft valuation;
- ✔ Personally valuing in excess of \$15 Billion of assets to the end of 2019;
- ✔ Over fifteen years of aircraft appraisals include in excess of 4,500 aircraft – both fixed wing & rotary in Australia, Asia Pacific, Europe & the USA including over 2,500 fixed-wing aircraft from two seater piston engines to fleets of Regular Passenger Transport (RPT) turbofan aircraft & Corporate Jets for various operators and clients;
- ✔ Experienced with various aircraft manufacturers including Airbus, ATR, Beechcraft, Bombardier, Cessna, Dassault, de Havilland, Embraer, Fokker, Gulfstream, Hawker and SAAB;
- ✔ Other fixed-wing aircraft valued include Air Tractors, American Champions, Ayres, Cirrus, Commanders, Diamonds, Mooneys, Pipers, Tecnams & various Warbirds;
- ✔ Valuation experience also includes in excess of 2,000 rotary-wing aircraft from small two seaters up to fleets of 16+ seaters internationally for various operators and clients;
- ✔ Extensive in experience in the valuation of fixed-wing & rotary-wing aircraft associated equipment including EMS, Search & Rescue, Firefighting, Law Enforcement, Film, Power-line Management, Agricultural Spraying, Sea Pilot Ferry & Military assets;
- ✔ Valuation of Oil and Gas specific and offshore configured helicopters for global helicopter operators and lessors;
- ✔ Valuation, inspection and advisory services provision for international aviation lessors, financiers, bankers and stakeholders;
- ✔ Extensive appraisal experience with aviation and aerospace associated assets including simulators, various training devices, inventories of spare parts and ancillary equipment;
- ✔ Appraisal and advisory support for military asset conversions and special mission specific aviation assets worldwide;
- ✔ Valuation of aircraft in passenger, freighter, medical repatriation, search & rescue and utility configuration in multiple jurisdictions and regulatory authorities;
- ✔ Litigation and legal support as Expert Witness for both Fixed Wing and Rotary Wing aircraft on a wide range of issues in the Australian, USA, UK and Canadian jurisdictions.

Industry Presentations:

- ✓ Lecturer at the Embry-Riddle Aeronautical University in Florida, USA and Farnborough, UK on Aircraft Appraisal methodology and processes.
- ✓ Actively participating in the development of industry specific continuing education relevant to the aviation finance sectors – including: the National Aircraft Finance Association (NAFA), the International Aircraft Dealers Association (IADA) and many OEM specific events.
- ✓ Presenter at aviation & financier forums in Europe, the USA & Asia Pacific.
- ✓ Subject expert presentations at:
 - ✓ The annual CAA aviation conference in Wellington, New Zealand;
 - ✓ The Helicopter Association International Finance and Leasing Committee Full Day Seminar addressing issues around helicopter acquisitions and transactions in the USA and globally (multiple presentations);
 - ✓ Guest speaker and panellist at the Corporate Jet and Helicopter Financiers Conference in London, USA, Hong Kong, Beijing & Singapore (multiple presentations);
 - ✓ The Australian Property Institute Annual Plant & Machinery Conference;
 - ✓ The Australian Property Institute Annual Regional Conference;
 - ✓ The ASA Australian Chapter Annual Plant and Machinery Conference (multiple presentations);
 - ✓ The International Annual Conference of the American Society Of Appraisers (multiple presentations);
 - ✓ The International Conference of the Valuation of Plant Machinery & Equipment (ICVPME) – having presented in Russia, Australia and New Zealand;
 - ✓ The European Business Aviation Convention & Exhibition (EBACE) annual aircraft financiers seminar in Geneva, Switzerland;
 - ✓ The annual Malta Air Finance Seminar, convened in Malta;
 - ✓ The Bombardier Business Aircraft Annual Product Update and Valuation Seminar – having presented in the USA (Wichita and Fort Lauderdale), Montreal, Canada and Shanghai, China (multiple presentations);
 - ✓ The Gulfstream Aerospace Corporation Annual Business Aircraft Update in Georgia, USA;
 - ✓ The Jetnet IQ annual Aviation Financiers Summit, New York, USA (multiple presentations);
 - ✓ The Airbus Helicopters annual Appraisers and Investors Conference in France and Germany (multiple presentations);
 - ✓ The ISTAT Americas annual Aircraft Appraisers conference.

Appendix J: Sources of information

In preparing this Report we have been provided with and considered the following sources of information

Publicly Available Information

- ABS 2020 (5206.0 - Australian National Accounts: National Income, Expenditure and Product, Mar 2020)
- ABS 2020 (6160.0.55.001 - Weekly Payroll Jobs and Wages in Australia, Week ending 25 July 202)
- ABS 2020 (6401.0 - Consumer Price Index, Australia, June 2020)
- Accounting Professional & Ethical Standards Board Limited professional standard APES 225 'Valuation Services' March 2018
- Accounting Professional & Ethical Standards Board Limited professional standard APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' November 2018
- ASIC Consultation Paper 326, Chapter 6 relief for share transfers using s444GA of the Corporations Act, January 2020
- ASIC Regulatory Guides, RG74, RG111, RG112
- Australian Accounting Standards Board, AASB9 and AASB16
- Bain DOCA proposal for the Virgin Group – 23 August 2020
- Consolidated audited financial statements for the period FY17, FY18, FY19 and interim statements for FY19 and FY20
- Damodaran (http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)
- Deloitte, Report to Creditors pursuant to section 75-225 of the Insolvency Practice Rules (Corporations) (25 August 2020)
- Duff & Phelps paper titled 'Coronavirus: Cost of Capital Considerations in the Current Environment' dated 16 April 2020.
- Economist Intelligence Unit 2020, Economic Outlook Report Australia August 1st 2020
- Herbert Smith Freehills, Virgin Australia Holdings Limited (Administrators Appointed) & Ors DOCA Proposal (23 August 2020)
- Industry, Company and Competitor Analyst Reports (Source IBIS World, Bloomberg and S&P Capital IQ)
- International Air Travel Association (IATA) Air Passenger Market Analysis (June 2020)
- International Valuation Standards Council, IVS 104: Bases of Value, January 2020
- IMF World Economic Outlook (April 2020)
- NSW Government Legislation, Schedule 7 Expert witness code of conduct, Uniform Civil Procedure Rules 2005.
- Our World in Data COVID-19 dataset (<https://ourworldindata.org/policy-responses-COVID>).
- Oxford Coronavirus Government Response Tracker (OxCGRT) published by researchers at the Blavatnik School of Government at the University of Oxford. See Anna Petherick Beatriz Kira Noam Angrist Thomas Hale Toby Phillips, Samuel Webster, 2020, "Variation in Government Responses to COVID-19", Blavatnik School Working Paper, University of Oxford (Downloaded from <https://www.bsg.ox.ac.uk/research/publications/variation-government-responses-COVID-19> 17 August 2020).
- Reserve Bank of Australia website
- Various Company ASX announcements

Non-public Information

- Board minutes and board papers from 23 July 2019 to 20 April 2020
- Confidential information including the Forecast Financial Models and documents provided via datarooms
- Corporate structure, debt and equity related documentation
- Monthly management accounts from July 2016 to June 2020
- Monthly CEO reports to the board for April 2019 to April 2020
- CEO Report June 2020 – DRAFT V0.6
- Consolidated Intercompany Matrix as at 30 Jun 20 GL
- Interest Bearing Liabilities as at 30 June 2020
- June 2020 Combined VAA FA Register Report – OBIA post impairment
- Trial balance on an account-by-account and entity-by-entity basis as at 30-Jun-20;
- Summary Consolidated Group P&L, Balance Sheet, and Cash Flow for FY20;
- Summary segment P&L for FY20 (showing Group as well as the split between VA Domestic, VA International, Tigerair, and Velocity);
- We have had discussions with Management and the Administrators in relation to the DOCAs, the operations of the business, financial results and financial position and outlook for VAH.

Appendix K: Glossary

Term	Definition
\$m	Millions
1H	First Half of Financial Year
2H	Second Half of Financial Year
2HFY20 YTD	Second Half of Financial Year to date (January to April 2020)
AAL	American Airlines
AASB 16	Australian Accounting Standard AASB 16 Leases
AASB 9	Australian Accounting Standard AASB 9 Financial Instruments
ACCC	Australian Competition and Consumer Commission
the Act	the Corporations Act 2001 (Cth)
Administrators	Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes from Deloitte.
Administrators Report	Report dated 25th August 2020, prepared by the Administrators and setting out the key elements of the sale, Bain's DOCAs, the ASA, the return to creditors and the Administrators' recommendation to creditors.
AFCA	Australian Financial Complaints Authority
AFS	Australian Financial Services
AICPA	American Institute of Certified Public Accountants
Ancillary Revenue	Passenger ancillary revenue e.g. baggage fees, lounge, in-flight food and service
ANZ	Australia and New Zealand Banking Group
AOC	Air Operator's Certificate
APES 110	Accounting Professional and Ethics Standards Board <i>Code of ethics for professional accountants</i>
APES 225	Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuation services
ASA	Asset Sale Agreement
ASIC	The Australian Securities and Investments Commission
ASK	Available Seat Kilometres - Measure of passenger capacity
Asset Sale	Assets valued on a break-up, asset by asset basis
Asset Sale Scenario	A piecemeal sale of the separate assets
ASX	Australian Securities Exchange
ATR	ATR is a leader in regional aircraft manufacturing based in Southern France.
AUD or A\$	Australian Dollar
Avg.	Average
Bain or Bain Capital	BC Hart Aggregator, LP
Bain Transaction	On the 26th June, the Administrators signed binding transaction documents for the sale of the Business to Bain
Bbl	Barrel of Oil

Term	Definition
Bn	Billion
Bondholders	Holders of listed and unlisted unsecured bonds or notes issued by VAH
Business	Business of the VAH Companies
c	cents
CAA	Civil Aviation Act 1988
CAANZ	Chartered Accountants Australia and New Zealand
CAPM	Capital Asset Pricing Model
CASA	The Civil Aviation Safety Authority
CASK	Cost per Available Seat Kilometre
CFME	Capitalisation of Future Maintainable Earnings
CGB	Commonwealth Government Bond
Clayton Utz	Clayton Utz, Solicitors acting for the Administrators
CNY	Chinese Yuan
Code	Harmonised Expert Witness Code of Conduct
Company	Virgin Australia Holdings Limited
Court	Federal Court of Australia
COVID-19	2019 Novel Coronavirus Pandemic
CP 326	Consultation Paper 326 - Chapter 6 relief for share transfers using S444GA of the Corporations Act
CPI	Consumer Price Index
Creditors' Trust	Proposed Creditors' Trust created to deal with the claims of and pay a distribution to the VAH Group creditors
Cyrus	Cyrus Capital Partners LP
DANS	Domestic Aviation Network Support Program
DavAir	DavAir Group
DavAir Report	DavAir provided an opinion on technical matters and a valuation opinion of the fair market value and orderly liquidation value of the Fleet Assets as at the Valuation Date.
DCF	Discounted Cash Flow
Distressed Sale	Applied various discounts and adjustments to the going concern valuation, having regard to the relevant circumstances, funding requirements and risks of the VAH Companies, assuming the Proposed DOCAs are not implemented and there is an alternative acquirer.
Distressed Sale scenario	A distressed sale of the business as a whole
DOCG	VAH Group's Deeds of Cross Guarantee for the domestic and international groups dated 18 June 2007 and 18 June 2012, respectively.
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EBITDAR	Earnings before Interest, Taxes, Depreciation, Amortisation and Rent costs.
EIU	The Economist Intelligence Unit

Term	Definition
EMRP or MRP	Equity market risk premium
EU	European Union
EV	Enterprise Value
Explanatory Statement	Explanatory statement prepared by the Administrators and to Shareholders prior to the Court hearing expected to occur on or before 31 October
Fair Value	The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious [Vendor], acting at arm's length. Conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment, there is no indisputable value.
FCF	Free Cash Flows
FIFO	Fly-in-Fly-out
Fleet Assets	Owned aircraft of VAH Companies.
Flygskam	or 'flight-shaming' is an environmental movement across Europe which is encouraging people to stop taking flights as a means of transport.
FMV	Fair Market Value
Frequent Flyer Group	Velocity Frequent Flyer Holdings Pty Ltd
FSCs	Full-Service Carriers
FSG	Financial Services Guide
FTE	Full-time Equivalent
FTI Consulting or Us/We/Our	FTI Consulting (Australia) Pty Ltd
FTK	Freight Tonne Kilometres - Measure of demand for Airfreight traffic
FX Rates	Foreign Exchange Rates
FY	Financial Year
GDP	Annual Gross Domestic Product
GFC	Global Financial Crisis
Going Concern	Under the going concern basis of accounting used for the preparation of financial statements, going concern assumes the entity will continue its operations for the foreseeable future and will be able to realise its assets and discharge its post administration liabilities in the normal course of business.
Going Concern Valuation	Valuation on a Going Concern basis
GPN-EXPT	FCA Expert Evidence Practice Note
GST	Goods and services tax
HFY	Financial Half Year
Holidays	Virgin Australia Holidays Pty Ltd ACN 118 552 159 (Administrators Appointed)
Houlihan Lokey	Houlihan Lokey Inc
IATA	The International Air Transport Association
ICAO	International Civil Aviation Organisation
IER or Report	Independent Expert's Report

Term	Definition
International Flying Rights Group	Virgin Australia International Holdings Pty Ltd ACN 155 860 021 (Administrators Appointed)
ITM	In the Money
IVS 104	International Valuation Standards Council IVS 104: Bases of Value
JOLCO	Japanese Operating Lease with Call Option
Kd	Pre-tax cost of debt
Ke	After-tax cost of equity
LATAM	LATAM Airlines Group S.A
LCC	Low Cost Carrier
LHI	Long Haul International Flight
Liquidation	Assumes the current situation faced by VAH, whereby it does not have sufficient funds in place to pursue its normal operations into the foreseeable future.
Liquidation Value	The amount that would be realised when an asset or group of assets are sold on a piecemeal basis, that is without consideration of benefits (or detriments) associated with a going-concern business.
Liquidation Valuation	Valuation on a Liquidation basis
Load Factor	The percentage of available seats filled by paying passengers per route
LTM	Last Twelve Months
Management	Management of VAH
Model	The financial model to FY25 prepared by Management
MOFA	Multi Option Facility Agreements - working capital facility provided by ANZ and HSBC
MTOW	Maximum Take-off Weight
NAV	Net Asset Value
NPAT	Net Profit After Tax
NWC	Net Working Capital
NZ	New Zealand
OECD	Organisation for Economic Cooperation and Development
Offers	Recent genuine offers received by the target for any business units or assets
OLV	Orderly Liquidation Value
OTA	Online Travel Agents
OTM	Out of the Money
Owned Fleet	The aircraft owned by the VAH Companies that formed the basis of the valuation instructed for the purposes of the Independent Expert Report.
PBT	Profit Before Tax
PBTH	Power by the Hour
PP&E	Property, Plant & Equipment

Term	Definition
Primary DOCA	Deed of company arrangement proposed by Bain for ACN 098 904 262, Tiger, VA Holidays, VAA, VAAH, VAC, VAH, VAH Newco 1, VAH Newco 2, VARA, VB Investco, VB Leaseco, VB Ventures, VT, VAIO, 737 20121, 737 20122, SH20161, SH20162, SH20171, VA Holdco, VA Leaseco, VA20131, VARL, VB PDP, VBLH20081, VBLH20082, VBNC5
Proposed DOCAs or the DOCAs or DOCA Proposal	Two proposed Deeds of Company Arrangements in respect of the VAH Group
Proposed Transfer	Proposed transfer of the shares in VAH
QFF	Qantas Frequent Flyer
QMP	Quoted Market Price
RANS	Regional Airline Network Support Program
RASK	Revenue per Available Seat Kilometre
RBA	Reserve Bank of Australia
Rf	Risk-free rate
RG	Regulatory Guide
RG 6	ASIC's Regulatory Guide 6 <i>Takeovers: Exceptions to the general prohibition</i>
RG 111	ASIC's Regulatory Guide 111 <i>Content of expert's reports</i>
RG 112	ASIC's Regulatory Guide 112 <i>Independence of expert's reports</i>
RG 74	ASIC's Regulatory Guide 74 <i>Acquisitions approved by members</i>
Rm	Expected return of the market portfolio
RPK	Revenue Passenger Kilometres - Measure of passenger traffic
RPT	Regular Public Transport
S444GA	Section 444GA of the Corporations Act 2001
S444GA Application	The prospective application to the Court by the Administrators pursuant to Section 444GA
S606	Section 606 of the Corporations Act 2001
S655A	Section 655A of the Corporations Act 2001 ASIC's power to exempt and modify
Second Creditors Meeting	Second meeting of creditors occurred on 4 September 2020.
the Shareholders	Shareholders of the VAH Group
SHI	Short Haul International Flight
Slots	Airport Slots
SME	Small and medium-sized enterprises
Solicitors for the Administrators	Clayton Utz
Special Value	The amount that a potential acquirer may be prepared to pay for an asset in excess of the fair value who can achieve synergistic or other benefits from the acquisition
SPV	Special Purpose Vehicle
Subsidiary DOCA	Deeds of company arrangement proposed by Bain for SH20141, SH20142, SH20172, SH20181, VA20191, VA20192, VB Leaseco2, VB 800, SH20173. Titled sequentially as Subsidiary DOCA 1 to 8
Sum of the Parts	Sum-of-Parts' A combination of valuation methodologies used together.

Term	Definition
t	Australian statutory corporate tax rate (30%)
Tiger 1	Tiger International Number1 Pty Ltd ACN 606 131 944 (Administrators Appointed)
Tigerair or Tiger	Tiger Airways Australia Pty Limited ACN 124 369 008 (Administrators Appointed) operating and employing entity for Tigerair
ULCCs	Ultra-Low-cost Carriers
USD or US\$	United States Dollar
VA Leaseco or Leasing	VA Lease Co Pty Ltd ACN 165 507 291 (Administrators Appointed)
VAA	Virgin Australia Airlines Pty Ltd ACN 090 670 965 (Administrators Appointed)
VAC or Virgin Australia Cargo or Cargo	Virgin Australia Cargo Pty Ltd ACN 600 667 838 (Administrators Appointed)
VAD	Virgin Australia Domestic
VAH	Virgin Australia Holdings Limited ACN 100 686 226 (Administrators Appointed) - ultimate parent and ASX listed entity
VAH Companies	The companies in Administration and included in the DOCAs
VAH Group	Virgin Australia Holdings Limited and subsidiaries
VAH International	Virgin Australia International
VAH Newco 1	VAH Newco No.1 Pty Ltd ACN 160 881 345 (Administrators Appointed)
VAH Newco 2	VAH Newco No. 2 Pty Ltd ACN 160 881 354 (Administrators Appointed)(In Liquidation)
Valuation Date	The valuation date is 30th June 2020, being the date of the most recent available financial information of VAH. Including, to the extent possible and practical, any information that was made available and is considered important up to 31st August 2020.
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.
VARA	Virgin Australia Regional Airlines Pty Ltd ACN 008 997 662 (Administrators Appointed)
VB Investco	VB Investco Pty Ltd ACN 101 961 095 (Administrators Appointed)(In Liquidation)
Velocity or Velocity Frequent Flyer	The loyalty program business ultimately owned by the Velocity Group and not subject to voluntary administration
Velocity Group	The entities that own and operate the Velocity Frequent Flyer business, not subject to voluntary administration
Velocity Group Loan	\$460m secured loan facility provided by VRPL as trustee for The Loyalty Trust to VAA
Voluntary Administrators	Vaughan Strawbridge, John Greig, Salvatore Algeri & Richard Hughes
VRPL	Velocity Frequent Pty Ltd - trustee of the Loyalty Trust
WACC	Weighted Average Cost of Capital
Wetlease	An aircraft lease that includes crew, maintenance and insurance.
WIP	Work-in-progress
YTD	Year to date (1 July 2019 to 30 April 2020)
YTM	Yield to Maturity

Term	Definition
α	alpha is the entity specific risk premium not captured in the beta
β	beta is the systematic risk of a stock relative to the market

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Attachment 2 - Primary DOCA



HERBERT
SMITH
FREEHILLS

Deed

Primary DOCA

Deed of company arrangement

Vaughan Strawbridge, Salvatore Algeri, John Greig
and Richard Hughes in their capacity as joint and
several administrators of the Deed Companies

Virgin Australia Holdings Ltd (Administrators
Appointed) ACN 100 686 226 and each other
company listed in Schedule 1

BC Hart Aggregator, L.P.

Exchanged and effective at 4:15pm (AEST) on 25 September 2020



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Deed of Company Arrangement

Date ► 25 September 2020

Between the parties

Deed Administrators **Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes**, each in their capacity as joint and several administrators of the Deed Companies, of c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000

Email: vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Attention: Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes

Deed Companies **Virgin Australia Holdings Ltd (Administrators Appointed) ACN 100 686 226 and each other company listed in Schedule 1**, of c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000

Email: vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Attention: Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes

Deed Proponent **BC Hart Aggregator, L.P.**, of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Email: blyons@baincapital.com, sgarfield@baincapital.com

Attention: Barnaby Lyons and Scott Garfield



Recitals

- 1 On the Appointment Date, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes were appointed as administrators of the Deed Companies pursuant to Part 5.3A of the Corporations Act.
- 2 At a meeting held on 4 September 2020 and convened pursuant to section 439A of the Corporations Act (**Second Meeting**), the Creditors of the Deed Companies resolved that the Deed Companies execute the deed of company arrangement proposed by the Deed Proponent under section 444B(2)(b) of the Corporations Act.
- 3 The Deed Companies, the Deed Administrators, and the Deed Proponent have agreed to execute this Deed to give effect to the resolution referred to in recital 2.
- 4 The Deed Administrators have consented to be the administrators of this Deed.
- 5 Subject to the terms of this Deed, this Deed binds all creditors of the Deed Companies, in accordance with section 444D of the Corporations Act and also binds the Deed Companies, and their Officers and Members in accordance with section 444G of the Corporations Act.

This deed witnesses as follows:

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Deed are set out below.

Term	Meaning
Administration Debt	any: 1 debt referred to in section 443A(1) of the Corporations Act which was incurred by the Administrators during the Administration Period; 2 liability to the Commissioner of Taxation referred to in section 443BA(1); and 3 other debts or liabilities referred to in section 443D(aa) of the Corporations Act, in respect of which the Administrators are entitled to be indemnified under section 443D of the Corporations Act.
Administration Period	in respect of a Deed Company, the period of time commencing on the Appointment Date for that Deed Company and concluding on the Commencement Date.
Administrators	jointly and severally, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as administrators of the Deed Companies and any successor to that office appointed pursuant to the Corporations Act.
Administrator Trading Liabilities	means the Liabilities which are incurred by the Administrators in trading the businesses carried on by the Deed Companies as at 30 June 2020 (and all associated and incidental activities) and for which the Administrators are personally liable under sections 443A, 443B or 443BA of the Corporations Act.
Aircraft Excluded Contract	means any contract (including any lease): 1 set out in Part 4 of Schedule 7 in respect of an aircraft leasing or financing transaction provided that the Deed Proponent confirms in the Excluded Contracts Designation Notice that the relevant Deed Company has entered into an amendment agreement in respect of the contracts relating to that aircraft leasing or financing transaction with the relevant counterparties prior to Completion, and any conditions to the effectiveness of the amendments contemplated by the amendment agreement have been satisfied or waived (or will be satisfied)

Term	Meaning
	simultaneously with Completion); or 2 otherwise designated in the Excluded Contracts Designation Notice. A reference to a contract set out in Schedule 7 is a reference to that contract as amended or supplemented from time to time, including any amendment or supplement entered into after the Appointment Date.
Aircraft Protocol Agreement	any aircraft protocol agreement entered into between the Administrators and any party to an Aircraft Excluded Contract in accordance with orders made by the Federal Court of Australia on 15 May 2020, including any amendment or substitution of that agreement.
Approved Budget	the budget for the operation of the business of the Group Companies during the Administration Period as agreed by the Administrators and the Deed Proponent.
Appointment Date	1 in respect of the Deed Companies excluding VB Investco and VAH Newco No.2, 20 April 2020; and 2 in respect of VB Investco and VAH Newco No.2, 3 August 2020.
Asset Sale Agreement	the asset sale agreement entered into or to be entered into between, among others, the Administrators, the Deed Companies and a Related Body Corporate of the Deed Proponent in accordance with the Sale and Implementation Deed.
ASIC	the Australian Securities and Investment Commission.
ASIC Relief	such exemptions and modifications from Chapter 6 of the Corporations Act granted by ASIC pursuant to section 655A of the Corporations Act as are necessary to permit the transfer of all the Shares to the Purchaser.
BC Hart Company	the New SPV referred to in item 3 of the definition of 'New SPV'.
Business Day	1 for the purposes of clause 3 – has the meaning given to that term in the Corporations Act; and 2 otherwise, a day other than a Saturday, Sunday or public holiday and on which banks are open for business generally in

Term	Meaning
	Brisbane, Sydney and New York.
Chapter 15 Order	an order under Chapter 15 of the US Bankruptcy Code recognising and giving full force and effect to this Deed, including but not limited to the release of Claims under this Deed, which permanently enjoins any proceedings in respect of a released Claim being continued or commenced, and rendering unenforceable any released Claim, in each case within the territorial jurisdiction of the United States or with respect to any assets of the Deed Companies in the United States, together with ancillary relief typically granted in connection with such recognition orders.
Claim	a debt payable by, and all claims against, a Deed Company (present or future, certain or contingent, ascertained or sounding only in damages), being a debt or claim that would be admissible to proof against a Deed Company in accordance with Division 6 of Part 5.6 of the Corporations Act, if the Deed Company had been wound up and the winding up is taken to have commenced on the Appointment Date, and any fine or penalty to which a Deed Company is subject or liable to be subject arising out of circumstances occurring prior to the Appointment Date that would be so admissible but for the operation of section 553B of the Corporations Act. 'Claim': 1 includes a Claim of a Secured Creditor; and 2 includes a Claim arising under the DOCG (including, for the avoidance of doubt, any Claim against a Deed Company under the DOCG in respect of a Liability incurred by another party to the DOCG after the Appointment Date); but 3 does not include an Excluded Claim.
Commencement Date	the date that this Deed is executed by the Deed Administrators, the Deed Companies, and the Deed Proponent.
Committee of Inspection	the committee of inspection formed: 1 in accordance with Divisions 75 and 80 of the IPS and Division 75 of the IPR, as amended by the Court Orders; and 2 by resolution of creditors dated 12 May 2020.
Completion	completion of the Implementation Steps.
Conditional Credit	a conditional travel credit made available to eligible customers pursuant to a scheme implemented by the Administrators and

Term	Meaning
	certain Group Companies in accordance with orders made by the Federal Court of Australia on 13 May 2020.
Conditions	each of the conditions in clause 4.1.
Contingent Value Entitlement	any amount that may become payable to the Trustees pursuant to the Contingent Value Entitlement Deed Poll.
Contingent Value Entitlement Deed Poll	the deed poll to be executed by the Deed Proponent or the Purchaser in favour of the Trustees, substantially in the form of that contained in Schedule 2.
Continuing Employees	those Employees who were employed by a Deed Company as at the Commencement Date and who remain Employees as at Completion.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Costs	includes costs, charges, fees, government charges, taxes and expenses, including those incurred in connection with advisers, incurred in connection with the performance of the Administrators' and Deed Administrators' duties, obligations and responsibilities under the Corporations Act and this Deed during the Administration Period and the Deed Period and includes any Administration Debt.
Court	the Supreme Court of New South Wales or the Federal Court of Australia.
Court Orders	the Orders made by Justice Middleton on 24 April 2020 in Federal Court of Australia proceeding no. NSD464/2020.
Creditor	a person who has a Claim.
Deed	this deed of company arrangement as amended from time to time.
Deed Administrators	jointly and severally, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as administrators of the Deed and any successor to that office appointed pursuant to the



Term	Meaning
	Corporations Act.
Deed Company	each of the companies listed in Schedule 1.
Deed Period	means the period commencing on the Commencement Date and ending on the Termination Date.
Directors	the directors of the Deed Companies from time to time.
DOCG	the deed of cross guarantee dated 18 June 2007 entered into in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and in respect of which VAH is the head company.
Employee	any person who was an employee of a Deed Company as at or prior to the Appointment Date and any person who made an advance of money to a Deed Company for which section 560 of the Corporations Act would apply if the Deed Company was taken to be in liquidation as at the Appointment Date.
Encumbrance	any: 1 security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any 'security interest' as defined in sections 12(1) or (2) of the PPSA; or 2 right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or 3 right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or 4 third party right or interest or any right arising as a consequence of the enforcement of a judgment, or any agreement to create any of them or allow them to exist.
Enforcement Process	has the meaning given to that term in the Corporations Act.
Excluded Cash	the unrestricted cash at bank in the VA Account on 30 June 2020

Term	Meaning
	plus the cash proceeds of any Receivables received by the Administrators (including any JobKeeper payments referable to wages paid for the period up to (but excluding) the Financial Responsibility Date), less: 1 the Administrator Trading Liabilities incurred prior to the Financial Responsibility Date and paid after that date; 2 except as otherwise agreed in writing by the Deed Proponent, any Administrator Trading Liabilities incurred after the Financial Responsibility Date that were not provided for, or exceed the amount provided, in the Approved Budget, or which the lenders under the Interim Funding Facility Agreement are not obliged to fund under the Interim Funding Facility.
Excluded Claim	any: 1 Claim of: a. a Continuing Employee; or b. any Employee who ceased to be employed by a Deed Company between 1 July 2020 and Completion, in respect of an amount referred to in section 556(1)(e), (g) or (h) of the Corporations Act, including any annual or long service leave accrued from the Appointment Date to Completion (but not including Claims in respect of Historical Underpayments); 2 Claim of an Employee under the workers' compensation self insurance scheme in which the Deed Companies are participants; 3 Claim in respect of a Staff Travel Entitlement; 4 Insured Claim; 5 Intra-Group Claim; 6 Claim arising under an Excluded Contract other than an Excluded Contract Released Claim; 7 Claim arising under an Aircraft Excluded Contract other than a Claim in respect of any obligations, duties and liabilities which have arisen under such contracts before Completion or which relate to the period before Completion (but without limiting the rights of a party to an Aircraft Excluded Contract to receive any payment to which that party is entitled under any Aircraft Protocol Agreement); or 8 other Claim that the Deed Proponent nominates in writing to the Deed Administrators as an Excluded Claim before Completion.
Excluded Contract	means any contract (including any lease but not including any Aircraft Excluded Contract): 1 set out in Part 1 of Schedule 7;

Term	Meaning
	2 set out in Part 2 of Schedule 7 provided that either: - the Creditor has waived or waives, prior to or with effect from Completion, any event of default or breach by the relevant Deed Company which occurred on or prior to the Commencement Date or which may occur during the Deed Period or on Completion insofar as the Creditor would be entitled to terminate the contract or (where applicable) take possession of or otherwise recover from a Deed Company property leased under that contract; or - the Deed Proponent confirms in the Excluded Contracts Designation Notice that the contract is an Excluded Contract notwithstanding that the Creditor has not satisfied the requirements of paragraph (a); 3 set out in Part 3 of Schedule 7, provided that the Deed Proponent confirms in the Excluded Contracts Designation Notice that any conditions to the inclusion of that contract as an 'Excluded Contract' for the purposes of this Deed identified in Part 3 of Schedule 7 for that contract have been satisfied or waived (or will be satisfied simultaneously with Completion); or 4 otherwise designated in the Excluded Contracts Designation Notice. A reference to a contract set out in Schedule 7 is a reference to that contract as amended or supplemented from time to time, including any amendment or supplement entered into after the Appointment Date.
Excluded Contracts Designation Notice	the notice to be delivered by the Deed Proponent to the Deed Administrators pursuant to clause 10.1(b) specifying the designations and confirmations (if any) referred to in: - items 2b, 3 and 4 of the definition of Excluded Contract; and - item 2 of the definition of Aircraft Excluded Contract.
Excluded Contract Released Claim	in relation to a Deed Company and an Excluded Contract, any Claim under or in respect of that Excluded Contract that relates to: - an amount that was due and payable by a Deed Company before the Appointment Date or relates to a period up to the Appointment Date whether or not due and payable at that date; - goods or services supplied to a Deed Company prior to the Appointment Date; - amounts payable under any Excluded Contract that are referable to a period prior to the Appointment Date; - any failure of a Deed Company to perform obligations or duties under an Excluded Contract prior to, or in respect of the period

Term	Meaning
	prior to, the Appointment Date; 5 amounts payable under any Excluded Contract that are referable to the Administration Period or which relate to goods or services supplied by a Deed Company or failure to perform obligations or duties under an Excluded Contract during the Administration Period (but without limiting any right that a Creditor has to be paid any amount in respect of an Administration Debt); and 6 any other liability of a Deed Company that arose by reason of the appointment of the Administrators or Deed Administrators to a Deed Company including any obligations to pay charges or default interest and any liability under any indemnity provisions in the relevant Excluded Contract.
Excluded Superannuation Debt	a Superannuation Debt (as defined in clause 10.9(b)) in respect of which the Deed Administrators make a determination under clause 10.9(b).
FFC Creditor	a Creditor in respect of an FFC Claim.
FFC Claim	any Claim for a refund or other monetary compensation for or in respect of: 1 a flight or holiday package operated or sold by or on behalf of a Deed Company that was booked and paid for prior to the Appointment Date that has been cancelled as at the Commencement Date, where the relevant Creditor is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that Creditor by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; 2 a flight or holiday package operated or sold by or on behalf of a Deed Company that was booked and paid for prior to the Appointment Date and that is cancelled during the Deed Period or after Completion; 3 a flight or holiday package operated or sold by or on behalf of a Deed Company that was booked and paid for prior to the Appointment Date and that was cancelled prior to the Appointment Date and in respect of which the relevant Creditor had, prior to the Appointment Date, been issued with a travel credit in accordance with the relevant Deed Company's terms and conditions applicable as at the date such credit was issued; 4 expenses incurred in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a Deed Company that was booked prior to the Appointment Date, or ancillary services paid for in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a Deed Company that was booked prior to the Appointment Date, where the relevant Creditor is entitled

Term	Meaning
	(whether under the terms of the relevant policy or as a result of a direct communication to that Creditor by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; 5 service-related incidents arising in connection with a flight or holiday package operated or sold by or on behalf of a Deed Company, which was booked prior to the Appointment Date, where the relevant Creditor is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that Creditor by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; or 6 a deposit paid to, and held by, a Deed Company prior to the Appointment Date in respect of a group booking for a flight operated or sold by or on behalf of a Deed Company that has been cancelled, or that is cancelled after the Commencement Date.
Financial Responsibility Date	the date on which the Deed Proponent assumed financial responsibility for the business of the Deed Companies, the IG DOCA Companies and the Subsidiary DOCA Companies, being 1 July 2020.
Fund Amount	an amount equal to the aggregate of: 1 the Pool A Fund Amount; 2 the Pool C Fund Amount; and 3 unless an IG DOCA Event occurs, the Pool B Fund Amount.
Future Flight Credit	a travel credit on the terms and conditions set out in Schedule 6.
Group Companies	VAH and VAIH and their respective Subsidiaries to which the Administrators were appointed on the Appointment Date.
GST	has the meaning given to that term in the GST Act and any value added tax, goods and services tax or other similar tax.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Historical Underpayments	any historical underpayment of superannuation or wages.

Term	Meaning
IG DOCA	the deed of company arrangement in relation to the IG DOCA Companies proposed by the Deed Proponent and put to the creditors of the IG DOCA Companies at the IG Group Second Meeting or, where the context requires, the deed of company arrangement in relation to the IG DOCA Companies executed on or about the Commencement Date between the Deed Proponent, the IG DOCA Companies and Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several administrators of the IG DOCA Companies.
IG DOCA Companies	1 VAIH; 2 VAIA; 3 Tiger International; 4 VAA (SE Asia).
IG DOCA Completion	completion of the IG DOCA in accordance with its terms.
IG DOCA Conditions	the conditions to completion of the IG DOCA.
IG DOCA Event	1 the creditors of the IG DOCA Companies do not resolve that the IG DOCA Companies enter into the IG DOCA under section 444B(2)(b) of the Corporations Act at the IG Group Second Meeting; or 2 one or more IG DOCA Conditions are not satisfied, or become incapable of being satisfied (and, where capable of being waived, are not waived in accordance with the terms of the IG DOCA); or 3 the IG DOCA is terminated in accordance with its terms prior to IG DOCA Completion.
IG Group Second Meeting	the meeting of creditors held on 4 September 2020 convened pursuant to section 439A of the Corporations Act and held concurrently in respect of each IG DOCA Company.
Implementation Date	the fifth Business Day after: 1 the satisfaction of all of the Conditions; 2 the satisfaction or waiver of all of the IG DOCA Conditions or, if an IG DOCA Event occurs, the conditions to completion of the Asset Sale Agreement; 3 the satisfaction or waiver of all of the Subsidiary DOCA Conditions for each Subsidiary DOCA (except to the extent a Subsidiary DOCA Event has occurred in relation to a Subsidiary

Term	Meaning
	DOCA); and
	4 if a Subsidiary DOCA Event occurs in respect of a Subsidiary DOCA and that Subsidiary DOCA has not been terminated in accordance with its terms, the conditions to completion of the Asset Sale Agreement,
	or such other date as is agreed in writing by the Deed Administrators and the Deed Proponent.
Implementation Steps	has the meaning given in clause 10.2.
Insured Claim	a Claim which a Creditor has against a Deed Company where: 1 the Deed Company is insured against that Claim under a contract of insurance (not being a contract of reinsurance) entered into before the Appointment Date; and 2 an amount in respect of that Claim would be payable by the insurer to the Deed Company under the contract of insurance, but only to the extent of such part of the Claim as would be discharged by the payment from the insurer.
Intra-Group Claim	1 intercompany loan balances owed by a Deed Company to another Deed Company; 2 intercompany loan balances owed by a Deed Company to a Subsidiary DOCA Company but only if Subsidiary DOCA Completion occurs in respect of the Subsidiary DOCA for that Subsidiary DOCA Company; 3 intercompany loan balances owed by a Deed Company to an IG DOCA Company but only if IG DOCA Completion occurs; and 4 any Claim in respect of a contract set out in Schedule 3, subject to the satisfaction of any condition in respect of that contract identified in Schedule 3.
Interim Funding Facility	the loan facility made available to the Administrators and certain Group Companies pursuant to the Interim Funding Facility Agreement.
Interim Funding Facility Agreement	the facility agreement dated 26 June 2020 between, among others, VAA, the Administrators and the Deed Proponent.
IPR	the <i>Insolvency Practice Rules (Corporations) 2016</i> (Cth).



Term	Meaning
IPS	the <i>Insolvency Practice Schedule (Corporations)</i> set out at Schedule 2 to the Corporations Act.
Leased Property	means any property in relation to which another person is the Owner and which was used or occupied by, or on behalf of, or in possession of a Deed Company at the Appointment Date or in relation to which a Deed Company is liable at the Appointment Date to pay any amount in connection with the use or occupation of the property.
Legal Personal Representative	a trustee or executor appointed to a Deed Administrator upon death, incapacity, insanity or any combination of them.
Liabilities	any liability or obligation (whether actual, contingent or prospective), including for any Loss of whatever description irrespective of when the acts, events or things giving rise to the liability or obligation occurred.
Loss	includes any loss, damage, liability, obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal cost or expense) however it arises and whether it is present or future, fixed or unascertained, actual or contingent but excluding any consequential or indirect loss, economic loss or loss of profits.
Member	has the meaning given to that term in the Corporations Act.
Net Prepaid Flight Liability	the liability of the Group Companies on account of prepaid flights as at 30 June 2020 less the restricted cash collateral held by the Group Companies in respect of prepaid flights as at 30 June 2020.
New SPV	the following Australian companies to be incorporated, if requested by the Deed Proponent, prior to Completion: 1 a new direct wholly owned Subsidiary of VAH (BC Hart Holdco); 2 a new direct wholly owned Subsidiary of BC Hart Holdco (BC Hart Midco); and 3 a new direct wholly owned Subsidiary of BC Hart Midco (BC Hart Company); 4 or such other or additional entities as may be agreed in writing between the Deed Administrators and the Deed Proponent.

Term	Meaning
Non-Participating Claim	any: 1 Claim by a Deed Company or a Related Body Corporate of a Deed Company against a Deed Company which is not an Excluded Claim; 2 Claim in respect of which a Creditor has agreed with the Administrators or Deed Administrators not to participate as a Creditor in respect of the Deed Companies; 3 Claim which is a 'subordinate claim' as defined in section 563A of the Corporations Act; 4 FFC Claim; or 5 Claim in respect of an Excluded Superannuation Debt.
Officer	has the meaning given to that term in the Corporations Act.
Owner	any person who is the legal or beneficial owner or holder of a leasehold interest (including any lessor) of property in the possession of a Deed Company as at the Appointment Date.
Pool A Fund	has the meaning given in the Trust Deed.
Pool A Fund Amount	an amount equal to \$575,000,000 less the aggregate of the following: 1 an amount equal to the full amount drawn under the Interim Funding Facility as at the date of Completion; 2 if the Net Prepaid Flight Liability exceeds \$401,533,000 by more than \$100,000, the amount of that difference; 3 the Pool C Fund Amount; 4 unless an IG DOCA Event occurs, the Pool B Fund Amount; and 5 if an IG DOCA Event occurs, the Pool D Fund Amount.
Pool B Fund Amount	\$10,000,000.
Pool C Fund	has the meaning given in the Trust Deed.
Pool C Fund Amount	\$94,110,384.

Term	Meaning
Pool D Fund Amount	\$23,200,000.
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth).
Priority Claim	in respect of a Deed Company, a Claim of an Employee that would have been entitled to priority over the Claims of other unsecured creditors under section 556(1) of the Corporations Act if the Deed Company had been wound up and the winding up was taken to have commenced on the Appointment Date.
Purchaser	the Deed Proponent or its nominee.
Receivables	1 all trade debts owing to a Group Company that is a party to the Sale and Implementation Deed as at 30 June 2020 (including any amount on account of GST); and 2 JobKeeper payments payable to a Group Company in respect of wages paid by that Group Company during the period up to (but excluding) the Financial Responsibility Date.
Record Date	the second Business Day after the satisfaction or waiver of all of the Conditions in clause 4.1 or such other date as is agreed in writing by the Deed Administrators and the Deed Proponent.
Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Related Body Corporate	has the meaning given to that term in the Corporations Act.
Remuneration	the remuneration payable to the Administrators and Deed Administrators for acting as: 1 the administrators of the Deed Companies under Part 5.3A of the Corporations Act; and 2 the Deed Administrators of the Deed Companies under this Deed.
Sale and Implementation Deed	the Sale and Implementation Deed dated 26 June 2020 between, among others, the Administrators, the Deed Companies and the Deed Proponent.

Term	Meaning
Second Meeting	has the meaning given in the Recitals.
Section 439C Resolution	the resolution referred to in recital 2.
Section 444GA Order	an order of the Court granting approval to the transfer of the Shares to the Purchaser pursuant to section 444GA(1)(b) of the Corporations Act.
Secured Creditor	any Creditor with the benefit of a Security Interest at the Appointment Date over all or any property of a Deed Company securing all or any part of the Creditor's Claim.
Security Interest	any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, letter of credit, deposit, cash reserve, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment (including over insurance policies) and any other type of security which provides for and secures the payment of any debt or monetary liability or the performance of any obligation as at the Appointment Date and any 'security interest' as defined in sections 12(1) or (2) of the PPSA, each in respect of a Deed Company and includes any proceeds from dealing with any security.
Shares	the shares in the capital of VAH.
Short Haul 14 1	Short Haul 2014 No. 1 Pty Ltd (Administrators Appointed) ACN 600 809 612.
Short Haul 14 2	Short Haul 2014 No. 2 Pty Ltd (Administrators Appointed) ACN 600 878 199.
Short Haul 16 2	Short Haul 2016 No. 2 Pty Ltd (Administrators Appointed) ACN 612 796 077.
Short Haul 17 2	Short Haul 2017 No. 2 Pty Ltd (Administrators Appointed) ACN 617 644 443.
Short Haul 17 3	Short Haul 2017 No. 3 Pty. Ltd. (Administrators Appointed) ACN 622 014 813.

Term	Meaning
Short Haul 18 1	Short Haul 2018 No. 1 Pty. Ltd. (Administrators Appointed) ACN 622 014 831.
Staff Travel Entitlement	an entitlement to a refund or credit arising prior to the Appointment Date under the Virgin Australia Team Travel Leisure Policy applicable as at the Appointment Date.
Subsidiary	has the meaning given in the Corporations Act.
Subsidiary DOCA	in respect of a Subsidiary DOCA Company, the deed of company arrangement in relation to that Subsidiary DOCA Company proposed by the Deed Proponent and put to the creditors of the Subsidiary DOCA Company at a Subsidiary DOCA Company Second Meeting or, where the context requires, the deed of company arrangement in relation to that Subsidiary DOCA Company executed on or about the Commencement Date between the Deed Proponent, the Subsidiary DOCA Company and Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several administrators of the Subsidiary DOCA Company.
Subsidiary DOCA Company	each of: 1 VB Leaseco No 2; 2 VB 800; 3 Short Haul 17 2; 4 Short Haul 18 1; 5 VA Borrower 19 1; 6 VA Borrower 19 2; 7 Short Haul 14 1 and Short Haul 14 2; and 8 Short Haul 17 3.
Subsidiary DOCA Completion	in respect of a Subsidiary DOCA, completion of the Subsidiary DOCA in accordance with its terms.
Subsidiary DOCA Conditions	in respect of a Subsidiary DOCA, the conditions to completion of the Subsidiary DOCA.
Subsidiary DOCA Event	In respect of a Subsidiary DOCA: 1 the creditors of the Subsidiary DOCA Company do not resolve that the Subsidiary DOCA Company enter into the Subsidiary

Term	Meaning
	DOCA under section 444B(2)(b) of the Corporations Act at the Subsidiary DOCA Company Second Meeting; or
	2 one or more Subsidiary DOCA Conditions are not satisfied, or become incapable of being satisfied (and, where capable of being waived, are not waived in accordance with the terms of the Subsidiary DOCA); or
	3 the Subsidiary DOCA is terminated in accordance with its terms prior to Subsidiary DOCA Completion.
Subsidiary DOCA Company Second Meeting	in respect of a Subsidiary DOCA Company, the meeting of creditors held on 4 September 2020 convened pursuant to section 439A of the Corporations Act.
Termination Date	the date upon which this Deed is terminated.
Tiger Airways	Tiger Airways Australia Pty Limited (Administrators Appointed) ACN 124 369 008.
Tiger International	Tiger International Number1 Pty Ltd (Administrators Appointed) ACN 606 131 944.
Trust	the Virgin Group Creditors' Trust to be established under the Trust Deed.
Trust Creditors	a Creditor who has a Claim except to the extent that that Claim is a Non-Participating Claim.
Trust Deed	the trust deed to be entered into between, among others, the Deed Companies, the Deed Administrators and the Trustees substantially in the form of that contained in Schedule 4, which creates the Trust.
Trust Fund	has the meaning given to that term in the Trust Deed.
Trustees	the trustees of the Trust established under the Trust Deed, being Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several deed administrators of the Deed Companies.

Term	Meaning
VA Account	the bank account maintained by the Administrators for the Deed Companies in accordance with Division 65 of the IPS.
VAA	Virgin Australia Airlines Pty Ltd (Administrators Appointed) ACN 090 670 965.
VAAH	Virgin Australia Airlines Holdings Pty Ltd (Administrators Appointed) ACN 093 924 675.
VAA (SE Asia)	Virgin Australia Airlines (SE Asia) Pty Ltd (Administrators Appointed) ACN 097 892 389.
VA Borrower 19 1	VA Borrower 2019 No. 1 Pty Ltd (Administrators Appointed) ACN 633 241 059.
VA Borrower 19 2	VA Borrower 2019 No. 2 Pty Ltd (Administrators Appointed) ACN 637 371 343.
VAH	Virgin Australia Holdings Limited (Administrators Appointed) ACN 100 686 226.
VAH Newco No.1	VAH Newco No.1 Pty Ltd (Administrators Appointed) ACN 160 881 345.
VAH Newco No.2	VAH Newco No.2 Pty Ltd (Administrators Appointed) (In Liquidation) ACN 160 881 354.
VAH Shareholders	the holders of the Shares as at the Record Date.
VAIA	Virgin Australia International Airlines Pty Ltd (Administrators Appointed) ACN 125 580 823.
VAIH	Virgin Australia International Holdings Pty Ltd (Administrators Appointed) ACN 155 860 021.
VAIO	Virgin Australia International Operations Pty Ltd (Administrators Appointed) ACN 155 859 608.

Term	Meaning
VARA	Virgin Australia Regional Airlines Pty Ltd (Administrators Appointed) ACN 008 997 662.
VB 800	VB 800 2009 Pty Ltd (Administrators Appointed) ACN 135 488 934.
VB Investco	VB Investco Pty Ltd (Administrators Appointed) (In Liquidation) ACN 101 961 095.
VB Leaseco	VB Leaseco Pty Ltd (Administrators Appointed) ACN 134 268 741.
VB Leaseco No 2	VB Leaseco No 2 Pty Ltd (Administrators Appointed) ACN 142 533 319.
VB Ventures	VB Ventures Pty Ltd (Administrators Appointed) ACN 125 139 004.

1.2 Interpretation

In the Deed, unless the subject or context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this Deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;



- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Deed will be construed adversely to a party because that party was responsible for the preparation of this Deed or that provision;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Deed (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Corporations Act or Regulations, this Deed prevails to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of a Deed Company or any other obligation binding on a Deed Company, the provisions of this Deed prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which will be borne by the Deed Companies.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, that act, matter or thing will be done on the immediately succeeding Business Day.

1.6 Bar to Claims

Subject to section 444D of the Corporations Act, this Deed may be pleaded and tendered by:

- (a) the Deed Companies or the Deed Administrators against any person having or asserting a Claim released, discharged and extinguished by clause 6.4; and
- (b) the recipient of any release or covenant contained in this Deed,

as an absolute bar and defence to any legal proceeding brought or made at any time in respect of a claim, release or covenant as the case may be.



1.7 Exclusion of Prescribed Provisions

Subject to clause 12.1, the prescribed provisions contained in Schedule 8A of the Regulations do not apply to this Deed.

1.8 Required Provisions

To the extent that the Corporations Act requires any provision to be included in this Deed which is not expressly included in this Deed, such provision will be deemed to be included in this Deed.

1.9 Deed components

This Deed includes any Schedule.

2 Operation

2.1 Commencement Date

Subject to clause 3(a), this Deed will commence and take effect on the Commencement Date.

2.2 Interim Effect

To the extent that a person would be bound by this Deed if it had already been executed, the person must not, at any time after the Section 439C Resolution is passed but before this Deed is executed, do anything inconsistent with the terms of this Deed, except with the leave of the Court.

2.3 Termination

This Deed continues until it is terminated in accordance with clause 18 of this Deed.

3 Execution by all Parties

- (a) This Deed is subject to and conditional upon:
 - (1) the Section 439C Resolution being passed in respect of each Deed Company listed in items 1 to 14 of Schedule 1; and
 - (2) the execution of this Deed by each person named as a party to it.
- (b) If as a result of clause 3(a), this Deed has not come into full force and effect on or prior to the expiration of 15 Business Days (or such further period as the Court allows) after the Section 439C Resolution is passed, then this Deed will terminate automatically.

4 Conditions

4.1 Conditions

The operation of clause 10 is conditional upon each of the following events taking place:

- (a) the Deed Administrators, the Trustees and the Deed Companies have executed the Trust Deed;
- (b) ASIC has issued or provided such consents or approvals or done such other acts which the Deed Proponent and the Deed Administrators agree in writing are reasonable or necessary or desirable to implement the transactions contemplated by this Deed, including the ASIC Relief;
- (c) the Deed Administrators have obtained the Section 444GA Order;
- (d) the Deed Administrators have obtained the Chapter 15 Order;
- (e) the Deed Proponent is reasonably satisfied that on Completion, all Claims expressed to be released under clause 6.4 will be fully and effectively released under all applicable laws; and
- (f) the Sale and Implementation Deed has not been terminated.

4.2 Obligation to satisfy Conditions

The parties must promptly take all reasonable steps within their control to ensure that the Conditions are satisfied.

4.3 Waiver of Conditions

- (a) The Conditions in clause 4.1(a), (b), (c), (d) and (f) are for the benefit of the Deed Proponent and the Deed Administrators and may only be waived by written agreement between them.
- (b) The Condition in clause 4.1(e) is for the benefit of the Deed Proponent and may only be waived by the Deed Proponent in writing.

4.4 Consequence of non-satisfaction of the Conditions

- (a) If:
 - (1) each of the Conditions is not satisfied or waived by 30 November 2020 (or such later date as may be agreed in writing by the Deed Administrators and the Deed Proponent); or
 - (2) the Deed Administrators and the Deed Proponent are of the opinion that one or more of the Conditions is incapable of being satisfied,
 then:
 - (3) the parties must complete the acquisition of the assets of the Deed Companies under the Asset Sale Agreement in accordance with its terms; and
 - (4) this Deed will continue in operation until completion of the Asset Sale Agreement.
- (b) Following completion of the Asset Sale Agreement, the Deed Administrators will convene a meeting to consider the future of the Deed Companies pursuant to clause 16.

5 The Officers and Members

5.1 Effect of the Deed on Officers of the Deed Companies

- (a) The Directors of each Deed Company will remain in office throughout the Deed Period unless they resign or are removed by the Deed Administrators.
- (b) During the Deed Period, unless authorised in writing by the Deed Administrators, the Directors and Officers of the Deed Companies cannot perform or exercise, and must not purport to perform or exercise, a function or power as an Officer of a Deed Company.
- (c) For the avoidance of doubt, the Directors of a Deed Company will not pass a resolution to place the entity into voluntary administration or take any step to wind up that entity except with the written approval of the Deed Administrators.
- (d) While they remain Directors, the Directors will not be relieved of their statutory duties as Directors and for the avoidance of doubt, the Deed Administrators will not be responsible for such statutory obligations during the Deed Period.
- (e) During the Deed Period, the Directors must:
 - (1) co-operate with and assist the Deed Administrators in the performance by the Deed Administrators of their obligations under this Deed;
 - (2) carry out and perform such operations, functions, powers and other matters as may be delegated to them by the Deed Administrators; and
 - (3) perform their obligations pursuant to the Deed.

5.2 Effect of this Deed on Members

Other than as provided in clause 10.3(a), until this Deed terminates any Member of the Deed Companies and any Creditor holding any Encumbrance over any shares in a Deed Company must not without the prior written consent of the Deed Administrators deal with any shares in a Deed Company or exercise shareholder rights over any shares in a Deed Company in a way that is contrary to this Deed or the purpose of the Deed.

6 Moratorium and Release

6.1 Binding Effect

The Deed binds:

- (a) in accordance with section 444D of the Corporations Act, all Creditors; and
- (b) in accordance with section 444G of the Corporations Act, the Deed Companies, their Officers and Members and the Deed Administrators.

6.2 No Limitation

Nothing in the Deed limits the rights in law or equity of the Deed Administrators:

- (a) to make an application under section 444F of the Corporations Act; or

- (b) to apply for orders or directions pursuant to the Corporations Act (including, without limitation, section 447A(1) of the Corporations Act or section 90-15 of the IPS), or otherwise.

6.3 Moratorium

- (a) Subject to clauses 6.3(b), 7 and 9 and subject to clause 8 in relation to Insured Claims, during or after the Deed Period a Creditor may not, in relation to that Creditor's Claim:
 - (1) make or proceed with an application for an order to wind up a Deed Company or for the appointment of a provisional liquidator or a court appointed receiver to any of the Deed Companies and their property;
 - (2) institute, revive or continue any action, suit, arbitration, mediation or proceeding against a Deed Company or in relation to the property of a Deed Company;
 - (3) institute, revive or continue with any Enforcement Process against the property of a Deed Company;
 - (4) take any action whatsoever to seek to recover any part of its Claim;
 - (5) exercise any right of set off or defence, cross claim or cross action to which that Creditor would not have been entitled had the relevant Deed Company been wound up on the Appointment Date;
 - (6) commence or take any further step in any arbitration against a Deed Company or to which a Deed Company is a party in relation to any matter arising or occurring before the Appointment Date; or
 - (7) otherwise enforce any right it may have or acquire,
 except to the extent of that Creditor's entitlement, if any, to participate in the Trust Fund in accordance with the terms of the Trust Deed.
- (b) Despite anything to the contrary in this Deed, nothing in this Deed affects the rights of any Secured Creditor or Owner in respect of a leasing, hire purchase or financing transaction relating to any aircraft, aircraft engine or airframe (or any associated technical records and parts) to enforce, realise or otherwise deal with any Security Interest or Leased Property and retain the proceeds from the enforcement or realisation of, or other dealing with, any Security Interest or Leased Property.

6.4 Release Upon Completion

Subject to clause 6.6, each Creditor agrees that on Completion, its Claims are extinguished and released.

6.5 Execution of all necessary documents

- (a) Each Creditor must, if required by the Deed Companies or the Deed Administrators, execute any document that the Deed Companies or a Deed Administrator may require from time to time to give effect to the releases in clause 6.4.
- (b) The Deed Administrators must take all steps reasonably required by the Deed Proponent to obtain such releases from any Creditors nominated by the Deed Proponent.

6.6 Conversion of Claims

- (a) Subject to clause 6.6(b), the Deed Administrators and the Creditors agree that, upon all Claims being released pursuant to clause 6.4:
 - (1) each Trust Creditor who had a Claim, will be entitled to make a claim against the Trust Fund, in accordance with the Trust Deed, which is equal in amount to their released Claim; and
 - (2) each FFC Creditor will be entitled to a Future Flight Credit in respect of their released FFC Claim.
- (b) A Creditor is not entitled to make a claim against, participate in or receive any distribution from, the Trust Fund in respect of a Non-Participating Claim.

7 Secured Creditors

Nothing in this Deed will restrict the right of a Secured Creditor to realise or otherwise deal with its security to the extent permitted by section 444D(2) of the Corporations Act.

8 Insured Claims

8.1 Rights of Creditors who have Claims covered by insurance

If insurance is held by or on behalf of a Deed Company in respect of an Insured Claim:

- (a) the Creditor may, in relation to its Insured Claim and notwithstanding that Completion has occurred, take action to recover the amount due in respect of the Claim against the Deed Company, but such action must not exceed what is necessary to obtain payment from the insurer;
- (b) to the extent that the Creditor is able, by settlement, arbitral award or judgment, to obtain payment from the insurer on account of the Claim, the Creditor may retain that amount in full satisfaction of its right to receive a distribution from the Trust Fund in respect of that Claim;
- (c) the Deed Companies are not required to provide assistance to a Creditor in relation to a Claim under this clause or take any action in response to enforcement action taken by a Creditor in accordance with this clause; and
- (d) where a Creditor intends to take enforcement action in relation to a Claim under this clause:
 - (1) if requested by a Deed Company, the Creditor must, prior to taking any enforcement action in relation to the Claim, provide the Deed Companies with an indemnity in the form of Schedule 5 (**Creditor Indemnity**);
 - (2) if requested by the Deed Companies, provide the Deed Companies with evidence, to the reasonable satisfaction of the Deed Companies, that the Creditor will be (and will continue to be) in a financial position, or have access to sufficient funds, to enable it to satisfy the Creditor Indemnity; and
 - (3) the Deed Companies may plead this Deed as a bar to any enforcement action taken by a Creditor in relation to the Claim in

circumstances where the Creditor has not, prior to commencing that enforcement action, given the Creditor Indemnity referred to in clause 8.1(d)(1) to the Deed Companies.

8.2 Release of Insured Claims where payment not obtained from insurer

To the extent that the Creditor is unable to seek or obtain payment on account of its Insured Claim from the insurer (including, without limitation, by reason of any excess or deductible applicable to the insurance policy, or failure by a Deed Company to take action) this Deed operates as a complete release and bar to that part of the Creditor's Claim which has not been met by the insurer.

9 Owners of Property in the possession of the Deed Companies

Nothing in this Deed will restrict a right that an Owner has in relation to the property of that Owner under section 444D(3) of the Corporations Act.

10 Implementation

10.1 Pre-Completion steps

No later than 2 Business Days prior to the Implementation Date:

- (a) if requested by and at the cost of the Deed Proponent, the Deed Administrators must cause VAH to incorporate each New SPV; and
- (b) the Deed Proponent must deliver the Excluded Contracts Designation Notice to the Deed Administrators.

10.2 Implementation Steps

- (a) On the Implementation Date, the parties must take the steps specified in clause 10.3, 10.4 and 10.5, or such other steps as are reasonably required by the Deed Proponent and agreed by the Deed Administrators (**Implementation Steps**).
- (b) The Implementation Steps will be effected (or deemed to be effected) in the order set out below or in such other order as may be notified in writing by the Deed Proponent to the Deed Administrators prior to the Implementation Date.
- (c) The extinguishment and release of Claims pursuant to clause 6.4 will be deemed to occur on Completion immediately prior to the Implementation Steps described in clause 10.3.
- (d) If any of the Implementation Steps is not completed, the parties must take such actions and steps as are necessary to put each of the parties in the same position as if none of the Implementation Steps had occurred, and the extinguishment and release of Claims pursuant to clause 6.4 will be deemed not to have occurred.

10.3 Share transfers and subscription

The parties will take the following steps in the following order (or in such other order notified in writing by the Deed Proponent to the Deed Administrators prior to Completion):

- (a) first, the Deed Administrators will, pursuant to the Section 444GA Order, transfer the Shares to the Purchaser, free from any Encumbrances or Security Interest, by:
 - (1) delivering to the Purchaser a duly completed share transfer, executed on behalf of the VAH Shareholders, for registration (**444GA Share Transfer**);
 - (2) the Purchaser duly executing the 444GA Share Transfer, attending to the stamping of the 444GA Share Transfer (if required) and delivering it to the Deed Administrators for registration; and
 - (3) immediately following receipt of the executed 444GA Share Transfer from the Purchaser, entering, or procuring the entry of, the name of the Purchaser in the share register for VAH in respect of all the Shares transferred to the Purchaser in accordance with this Deed.
- (b) second, the Purchaser will subscribe for additional shares in VAH in an aggregate amount equal to:
 - (1) the Fund Amount; plus
 - (2) an amount equal to the drawn amount under the Interim Funding Facility;
- (c) third, if the New SPVs have been incorporated by VAH at the request of the Deed Proponent pursuant to clause 10.1(a), VAH will transfer all of the shares in VAAH and VAIO to BC Hart Company, free from any Encumbrances or Security Interest, by:
 - (1) delivering to BC Hart Company duly completed share transfers, executed by VAH, for registration (**VAH Share Transfers**);
 - (2) BC Hart Company duly executing the VAH Share Transfers, attending to the stamping of the VAH Share Transfers (if required) and delivering it to VAH for registration; and
 - (3) immediately following receipt of the executed VAH Share Transfers from BC Hart Company, entering, or procuring the entry of, the name of BC Hart Company in the share registers of VAAH and VAIO in respect of all the shares transferred to BC Hart Company in accordance with this Deed.

10.4 Payment of the Fund Amount

VAH must pay the Fund Amount at the direction of the Deed Administrators to the Trustees to be administered under the Trust as the Trust Fund, including distribution of the Fund Amount to Creditors in the order specified by clause 5 of the Trust Deed.

10.5 Payment directions

VAH directs the Purchaser to:

- (a) pay the proceeds of the share subscription referred to in 10.3(b)(1) at the direction of the Deed Administrators to the Trustees, in satisfaction of its obligation to make the payment referred to in clause 10.4; and

- (b) transfer the consideration for the share subscription referred to in 10.3(b)(2) to the lender under the Interim Funding Facility, in full satisfaction of the amounts owing under the Interim Funding Facility.

10.6 Contingent Value Entitlement Deed Poll

The Deed Proponent must deliver to the Deed Administrators the Contingent Value Entitlement Deed Poll, duly executed by the Deed Proponent or the Purchaser.

10.7 Reconstitution of boards

Immediately following Completion, the boards of the Deed Companies will be reconstituted in accordance with the Deed Proponent's direction.

10.8 Trust Creditors' Available Assets

- (a) The only property that is available to pay the Trust Creditors' Claims is the assets of the Pool A Fund and the Pool C Fund.
- (b) Notwithstanding Completion and the termination of this Deed, the Deed Administrators (in their capacity as Trustees) may retain control of the Excluded Cash for the benefit of the Trust Creditors.

10.9 Consistency with the Corporations Act

- (a) Notwithstanding any other provision of this Deed, for the purposes of section 444DA of the Corporations Act, any Priority Claims of an Employee will retain a priority until Completion in respect of the assets of the Deed Companies under the Deed Administrators' control, and thereafter, in respect of the assets of the Trust Fund at least equal to that which they would have been entitled to if the property of the Deed Companies had been applied in accordance with sections 556, 560 and 561 of the Corporations Act.
- (b) For the purposes of section 444DB of the Corporations Act, the Deed Administrators (including in their capacity as Trustees) must determine that a debt (or part thereof) by way of superannuation contribution (**Superannuation Debt**) is not admissible to proof as a Claim or a Claim against the Trust Fund if:
 - (1) that debt (or that part of the debt) by way of superannuation guarantee charge:
 - (A) has been paid; or
 - (B) is, or is to be admissible against the Deed Companies; and
 - (2) the Deed Administrators are satisfied that the superannuation guarantee charge is attributable to the Superannuation Debt.
- (c) If the Deed Administrators make a determination in accordance with clause 10.9(b), the Superannuation Debt is to be treated as extinguished as against the Deed Companies.

10.10 Continuing Employees

The Deed Proponent will procure that on and from Completion, the Deed Company that is the employer of the Continuing Employees will remain responsible for, and will recognise, honour and pay, the entitlements of any Continuing Employee, including any entitlements

that accrued prior to or after the Appointment Date (other than in respect of Historical Underpayments which amounts will be payable from the Trust Fund).

10.11 Administration Period flight credits

The Deed Proponent will procure that on and from Completion, the relevant Deed Company will remain responsible for, and will recognise, honour and pay or provide flight credits or other compensation in respect of flights or holiday packages operated or sold by or on behalf of a Deed Company that were booked and paid for during the Administration Period and were or are cancelled during the Administration Period, Deed Period or after Completion, in accordance with the terms and conditions applicable at the time of booking.

11 Deed Administrators' Appointment

11.1 Appointment

On the Commencement Date, the Deed Administrators are appointed joint and several administrators of the Deed.

11.2 Acceptance of Appointment

The Deed Administrators:

- (a) accept the appointment as administrators of the Deed; and
- (b) agree to act as administrators of the Deed during the Deed Period or until the Deed Administrators retire or are removed from office in accordance with the Deed or the Corporations Act.

11.3 Deed Administrators are agents

In exercising the powers conferred by the Deed and carrying out the duties arising under the Deed, the Deed Administrators will act as agent for and on behalf of the Deed Companies.

11.4 Management

The Deed Administrators will retain day to day management and control of the Deed Companies until the Termination Date to the exclusion of the Directors of the Deed Companies.

11.5 Joint and several

The rights, powers and privileges of the Deed Administrators may be exercised by them jointly and severally.

11.6 Deed Administrators' resignation

Any Deed Administrator may resign at any time by giving not less than 28 days' prior written notice to the Deed Companies unless that resignation would result in there being no remaining Deed Administrator in which event the Deed Administrator must:

- (a) convene meetings of Creditors of each of the Deed Companies in accordance with clause 16 for the purpose of nominating a replacement deed administrator;
- (b) assign to a replacement deed administrator nominated by the Creditors the Deed Administrators' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in clause 11.6(b).

12 Powers of the Deed Administrators

12.1 Powers

For the purposes of administering this Deed, the Deed Administrators have the following powers:

- (a) all the powers set out in paragraph 2 of Schedule 8A of the Regulations, provided that the Deed Administrators must not, without the prior written consent of the Deed Proponent:
 - (1) bring an application for the winding up of a Deed Company;
 - (2) exercise any of the powers set out in items (c), (n), (za), (zb), (zc) or (ze) of paragraph 2 of Schedule 8A of the Regulations; or
 - (3) except in the ordinary course of business of the Deed Companies, exercise any of the powers set out in items (h) or (s) of paragraph 2 of Schedule 8A of the Regulations;
- (b) to remove from office a Director;
- (c) to appoint a person as a director of the Deed Companies, whether to fill a casual vacancy or not;
- (d) to perform any function and exercise any power that the Deed Companies or any of their Officers could perform or exercise if the Deed Companies were not subject to this Deed;
- (e) in accordance with the Section 444GA Order, to transfer shares in VAH; and
- (f) to do anything that is incidental to exercising a power set out in this clause 12.1.

12.2 Calling for proofs of debt

The Deed Administrators may exercise any of the powers conferred on the Trustees under the Trust Deed for the purpose of commencing the process for the adjudication of Claims under the Trust Deed, which exercise will be treated for all purposes under the Trust Deed as if those powers had been exercised by the Trustees after the commencement of the Trust.

12.3 Solicitors, Advisers and Consultants

- (a) The Deed Administrators may engage the services of their partners, employees, directors, officers, contractors, advisers, delegates, solicitors and consultants to assist them in the performance or exercise of their duties, obligations, responsibilities and powers under this Deed and the Deed Companies will pay all costs of any solicitors and consultants engaged by the Deed Administrators.

- (b) The Deed Administrators may delegate their powers under this clause 12 including by way of appointing agents and authorising such agents to act on behalf of the Deed Administrators or the Deed Companies.

12.4 No Personal Liability

Subject to the Corporations Act and to the extent permitted by law, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrators' functions, powers and duties in the Deed Period, the Deed Administrators will not be personally liable for:

- (a) any debt, liability or other obligation which the Deed Administrators themselves or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates may incur on behalf of a Deed Company; or
- (b) any loss or damage caused by any act, default or omission by or on behalf of the Deed Administrators or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates except where such loss, damage, claim, liability or expense is caused by fraud, unlawful conduct, wilful misconduct or is contrary to the terms of the Deed; or
- (c) any debt payable or liabilities incurred by a Deed Company after Completion including any amounts payable by the Deed Administrators for services rendered, goods bought or property hired, leased, used or occupied by or on behalf of a Deed Company.

13 Reporting

Except as required by law, the Deed Administrators are not required to report to Creditors. However, the Deed Administrators may, in their absolute discretion, report to Creditors during the Deed Period at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of the Creditors.

14 Committee of Inspection

- (a) The Committee of Inspection, which was formed for the purposes of the administration of the Deed Companies will continue to operate for the purposes contemplated by this Deed and to assist the Deed Administrators in respect of each of the Deed Companies, with such modifications as necessary. For the avoidance of doubt, if this Deed terminates in respect of any Deed Company, the Committee of Inspection shall continue to operate in respect of the remaining Deed Companies.
- (b) The members of the Committee of Inspection are permitted to continue dealing with the Deed Companies on a business as usual basis during the Deed Period.
- (c) The Committee of Inspection may approve the remuneration of the Deed Administrators (and the Administrators) in accordance with Division 60 of the IPS.

15 Administrators' and Deed Administrators' remuneration and indemnity

15.1 Remuneration

- (a) The Administrators and the Deed Administrators are entitled to:
 - (1) payment of Costs; and
 - (2) receive in accordance with Division 60 of the IPS their Remuneration on the basis of the time spent by the Administrators and Deed Administrators (as the case may be) themselves or any of their partners, employees, directors, officers, contractors, advisers, authorised agents or delegates in the performance of services in connection with or in relation to the administration of the Deed Companies under Part 5.3A of the Corporations Act and this Deed and such time will be charged at the Administrators' and Deed Administrators' standard rates, from time to time, for work of that nature by the firm of which the Administrators and Deed Administrators are partners or employees.
- (b) The Deed Administrators acknowledge that their Remuneration and Costs will only be paid by the Deed Companies to the extent of the Excluded Cash held by the Deed Administrators or otherwise from the Trust Fund.
- (c) The Administrators and the Deed Administrators' Remuneration and Costs referred to in this clause 15 and all other costs shall be reimbursed and/or paid out of the Trust Fund. The Administrators' and the Deed Administrators (whether or not they are still acting in either capacity) can request the Trustees to draw such amounts from the Trust Fund from time to time.

15.2 Indemnity

The Deed Administrators and Administrators (whether or not they are still acting in either capacity) are entitled to be indemnified by the Deed Companies until Completion, and after Completion from the Trust Fund in respect of:

- (a) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments whatsoever arising out of or in any way connected to the administration of the Deed Companies or their role as Administrators and incurred or sustained in good faith and without negligence;
- (b) any amount which the Administrators are, or but for the transactions contemplated by this Deed would be, entitled to be indemnified out of the assets of the Deed Companies for, in accordance with the Corporations Act, at law or in equity, including any amounts payable pursuant to section 443A, section 443B or section 443BA of the Corporations Act;
- (c) any debts, liabilities, damages, losses and remuneration to which the statutory indemnity under section 443D of the Corporations Act applies;
- (d) any amount for which the Administrators and Deed Administrators are entitled to exercise a lien at law or in equity on the property of the Deed Companies;
- (e) the Administrators' and Deed Administrators' Remuneration and Costs; and
- (f) all debts, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of the Deed and incurred or sustained in good faith and without negligence.

15.3 Continuing Indemnity

The indemnity in the Deed is a continuing indemnity and will endure for the benefit of the Legal Personal Representatives despite the removal of the Deed Administrators and the appointment of new Deed Administrators or the termination of the Deed for any reason whatsoever.

15.4 Indemnity not to be affected or prejudiced

The indemnity under clauses 15.2 and 15.3 will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrators or Deed Administrators and extends to cover any actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrators or Deed Administrators or defect in the approval or execution of the Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Administrators or Deed Administrators may have against the Deed Companies or any other person to be indemnified against the Costs, and liabilities incurred by the Administrators or Deed Administrators in the performance of, or incidental to, any of the powers or authorities conferred on the Administrators or Deed Administrators by this Deed or otherwise.

15.5 Administrators' and Deed Administrators' lien

Until Completion, the Deed Administrators and Administrators (whether or not they are still acting in either capacity) are entitled to exercise a lien over the Deed Companies' assets for all amounts in respect of which they are entitled to an indemnity from the Deed Companies under clause 15.2.

15.6 Priority

The Administrators' and Deed Administrators' right of indemnity under clause 15.2 and their lien under clause 15.5 have priority over the claims of all Creditors.

16 Creditors' Meetings

The Deed Administrators may convene a meeting or meetings of Creditors at any time, and except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, Division 75 of Part 3 of the IPR applies, with such modifications as are necessary, to meetings of Creditors held under this Deed as if references to the 'external administrator' or chairperson, as the case may be, were references to the Deed Administrators.

17 Application to Court

- (a) If any unforeseen circumstances arise that are not contemplated by the Deed, the Deed Administrators may, in their absolute discretion, if they think fit, apply to the Court for directions.

- (b) No person bound by the Deed (other than the Deed Administrators or the Deed Proponent) may make any application to the Court in relation to any matter arising under the Deed unless at least 5 Business Days' prior notice in writing has been given to the Deed Administrators. The notice must give particulars of the proposed application.

18 Termination of the Deed

18.1 Termination on effectuation of Deed

The Deed will terminate immediately after Completion.

18.2 Termination on failure of Deed

This Deed automatically terminates in respect of the Deed Companies upon the happening of any one of the following events:

- (a) the Court makes an order terminating this Deed under section 445D of the Corporations Act; or
- (b) the creditors of the Deed Companies pass a resolution terminating this Deed in accordance with sections 445C(b) and 445CA of the Corporations Act.

18.3 Notice of Effectuation of Deed

Upon termination in accordance with the provisions of clause 18.1, the Deed Administrators or one of them must immediately certify, in writing that the terms of this Deed have been fulfilled and, as soon as practicable, must lodge with ASIC a notice substantially in the following form in respect of the Deed Companies:

‘We, [***name of administrators***] of [***address***] as administrators of the deed of company arrangement executed on [date], CERTIFY that the deed has been wholly effectuated in respect to [***name of Deed Company***].’

and the execution of the notice terminates this Deed and, subject to clauses 6.6 and 8, all Claims of Creditors of the Deed Companies will be extinguished, discharged and released if not extinguished or released earlier under the Deed.

18.4 Effect of Termination

In accordance with section 445H of the Corporations Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.

18.5 Severance

If any part of this Deed is or becomes illegal, ineffective, invalid or unenforceable, that part will be severed from this Deed and that severance will not affect the effectiveness, validity or enforceability of the remaining part of this Deed.

18.6 Consequences of Termination of the Deed for non-performance

Upon termination of the Deed under clause 18.2:

- (a) the Deed Companies will be taken to have passed special resolutions under section 491 of the Corporations Act that each of the Deed Companies



(respectively) be voluntarily wound up and that the Deed Administrators be the Deed Companies' liquidators; and

(b) the Deed Companies will be wound up.

18.7 Survival of clauses

Despite any other provision of this Deed, clauses 1, 6, 7, 8, 9, 15, 18, 19, 20 and 21 survive the termination of this Deed.

19 General

19.1 Variation

Subject to the provisions of the Corporations Act, a variation of any term of this Deed must be in writing and signed by all parties to this Deed.

19.2 Assignment

Rights arising out of or under this Deed are not assignable by a party, except if the assignor is required to make the assignment pursuant to clause 11.6 or makes the assignment with the prior written consent of the other parties.

19.3 Further Assurances

Each party and each person bound by this Deed must, at its own expense, do all things and execute all documents necessary to give full effect to this Deed and the transactions contemplated by it.

19.4 Governing Law and Jurisdiction

This Deed is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the Court of New South Wales and any Court which may hear appeals from those Courts.

19.5 Waiver

No party to this Deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 19.5 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this Deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

19.6 Counterparts

(a) This Deed may be executed in any number of counterparts.

- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this Deed by signing any counterpart.
- (d) Counterparts may be exchanged by email or other electronic means.

19.7 Creditor's Power of Attorney

Each Creditor irrevocably appoints each of the Deed Administrators jointly and severally as its attorney to execute any document to give effect to the releases in clause 6.

19.8 Joint Parties

If two or more parties are included within the same defined term in this Deed:

- (a) liability of those parties under this Deed is a joint liability of all of them and a several liability of each of them;
- (b) a right given to those parties under this deed is a right given severally to each of them; and
- (c) a representation, warranty or undertaking made by those parties is made by each of them.

19.9 Costs

Each party must pay its own costs of negotiating, preparing and executing this Deed.

19.10 Stamp duty

The Deed Proponent must pay all stamp duties and any related interest, fines and penalties in respect of this Deed, and must indemnify each other party against any liability arising from failure to comply with this clause 19.10.

20 GST

20.1 Interpretation

The parties agree that:

- (a) except where the context suggests otherwise, terms used in this clause 20 have the meanings given to those terms by the GST Act (as amended from time to time);
- (b) any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause 20;
- (c) unless otherwise expressly stated, all consideration to be provided under any other provision of this Deed is exclusive of GST. Any consideration that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to a supply for the purpose of this clause 20;
- (d) a reference to the GST payable by an entity or the input tax credit entitlements of an entity will include a reference to the GST payable or input tax credit entitlements of the representative member of any GST group to which that entity may belong;

- (e) a reference to something done (including a supply made) by a party includes a reference to something done by any entity through which that party acts; and
- (f) if any value added tax, goods and services tax or other similar tax is payable pursuant to a law of another jurisdiction on any supply made under or in connection with this Deed, then the provisions of this clause 20 apply as if references to a word or expression defined in the GST Act were to the corresponding concepts in the law of that other jurisdiction.

20.2 Reimbursements and similar payments

Any reimbursement or similar payment required to be made under this Deed that is calculated by reference to a cost, expense, or other amount paid or incurred will be limited to the total cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the cost, expense or amount relates plus an amount calculated in accordance with clause 20.3 where applicable.

20.3 GST payable

- (a) If GST is payable in relation to a supply made under or in connection with this Deed then any party (**Recipient**) that is required to provide consideration to another party (**Supplier**) for that supply must pay an additional amount to the Supplier equal to the GST-exclusive consideration for that supply multiplied by the rate of GST prevailing at the time the supply is made.
- (b) The Recipient must make payment of the additional amount in respect of GST at the same time as the other consideration is to be first provided for that supply, or if any of the consideration has been already paid or provided, within 5 Business Days of receiving a written demand from the Supplier.

20.4 Tax invoice/Adjustment notes

The right of the Supplier to recover any amount in respect of GST under this Deed on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the Recipient, except where the Recipient is required to issue the tax invoice or adjustment note.

20.5 Variation to GST payable

If the GST payable in relation to a supply made under or in connection with this Deed varies from the additional amount paid by the Recipient under clause 20.3 then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this paragraph is deemed to be a payment, credit or refund of the additional amount payable under clause 20.3.

21 Notices

21.1 Notice to be in writing

Any notice or document required to be given to or served upon any of the parties pursuant to or in connection with the Deed must be in writing.

21.2 Signing of Notice

Any notice or document may be given or signed on behalf of the party giving or serving the same by a director, secretary or other duly authorised person thereof.

21.3 How notice must be given and when notice is received

- (a) Any notice or document must be given by one of the methods set out in the table below.
- (b) A notice or document is regarded as given and received at the time set out in the table below.

However, if this means the notice or document would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the notice or document will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post	When it would have been delivered in the ordinary course of post
By email to the nominated email address (set out in the details for each party to this Deed)	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee)

21.4 Notice must not be given by electronic communication

A notice or document must not be given by electronic means of communication (other than email in accordance with clause 21.3).



Schedule 1

Deed Companies

	Name	ACN
1.	Virgin Australia Holdings Limited (Administrators Appointed)	100 686 226
2.	Virgin Australia Airlines Holdings Pty Ltd (Administrators Appointed)	093 924 675
3.	VAH Newco No.1 Pty Ltd (Administrators Appointed)	160 881 345
4.	Tiger Airways Australia Pty Limited (Administrators Appointed)	124 369 008
5.	Virgin Australia Airlines Pty Ltd (Administrators Appointed)	090 670 965
6.	Virgin Tech Pty Ltd (Administrators Appointed)	101 808 879
7.	A.C.N. 098 904 262 Pty Ltd (Administrators Appointed)	098 904 262
8.	Virgin Australia Regional Airlines Pty Ltd (Administrators Appointed)	008 997 662
9.	Virgin Australia Holidays Pty Ltd (Administrators Appointed)	118 552 159
10.	VB Ventures Pty Ltd (Administrators Appointed)	125 139 004
11.	Virgin Australia Cargo Pty Ltd (Administrators Appointed)	600 667 838
12.	VB Leaseco Pty Ltd (Administrators Appointed)	134 268 741
13.	VB Investco Pty Ltd (Administrators Appointed) (In Liquidation)	101 961 095
14.	VAH Newco No.2 Pty Ltd (Administrators Appointed) (In Liquidation)	160 881 354



15.	Virgin Australia International Operations Pty Ltd (Administrators Appointed)	155 859 608
16.	VBNC5 Pty Ltd (Administrators Appointed)	119 691 502
17.	Short Haul 2017 No. 1 Pty Ltd (Administrators Appointed)	617 644 390
18.	VB PDP 2010-11 Pty Ltd (Administrators Appointed)	140 818 266
19.	VB LH 2008 No. 1 Pty Ltd (Administrators Appointed)	134 280 354
20.	VB LH 2008 No. 2 Pty Ltd (Administrators Appointed)	134 288 805
21.	737 2012 No.1 Pty. Ltd. (Administrators Appointed)	154 201 859
22.	737 2012 No. 2 Pty Ltd (Administrators Appointed)	154 225 064
23.	VA Regional Leaseco Pty Ltd (Administrators Appointed)	127 491 605
24.	VA Hold Co Pty Ltd (Administrators Appointed)	165 507 157
25.	Virgin Australia 2013-1 Issuer Co Pty Ltd (Administrators Appointed)	165 507 326
26.	VA Lease Co Pty Ltd (Administrators Appointed)	165 507 291
27.	Short Haul 2016 No. 1 Pty Ltd (Administrators Appointed)	612 766 328
28.	Short Haul 2016 No. 2 Pty Ltd (Administrators Appointed)	612 796 077



Schedule 2

Contingent Value Entitlement Deed Poll

Attached.

Deed poll

Project Hart

Contingent Value Entitlement deed poll

[BC Hart Aggregator, L.P.]

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Deed poll

Date ►

Made by:

Purchaser **[BC Hart Aggregator, L.P.]**
of PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman
Islands
(Purchaser)

in favour and for the
benefit of

Trustees **Vaughan Strawbridge, Salvatore Algeri, John Grieg and Richard
Hughes** of c/- Deloitte, Level 9, 225 George Street, Sydney NSW
2000, in their capacities as joint and several trustees of the Creditors'
Trust

Recitals

- 1 On or about the date of this deed poll, the Purchaser has, or will,
acquire all of the issued share capital in VAH pursuant to the
Primary DOCA.
- 2 In connection with the Primary DOCA, and as part of the
consideration for the acquisition of VAH and its business, the
Purchaser has agreed to enter into this deed poll in favour of the
Trustees to be held on trust as part of the assets of the Creditors'
Trust.

This deed poll witnesses as follows:

1 Definitions, interpretation and deed poll components

1.1 Definitions

The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Affiliate	in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.
Australian Accounting Standards	the accounting standards approved under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board.
Available Operating Cash	in respect of any period for the Group, consolidated earned revenue for the Group for that period, minus the sum of the following for that period (and without double counting): 1 Taxes paid or payable in cash by the Group during that period; 2 the amount of the increase in Working Capital during that period or plus the amount of the decrease in Working Capital during that period; 3 capital expenditure paid or payable during that period; 4 interest expense and anything in the nature of interest expense (including commissions, discounts and other fees and charges of a recurring nature, and net payments, if any, made in respect of interest rate hedging arrangements) paid or payable in cash during that period; 5 operating costs and any other expenses paid or payable during that period (including rental payments on aircraft operating leases and other leases); 6 the principal component of any payments under any finance or capital leases during that period; 7 any voluntary prepayment or mandatory prepayment of financial indebtedness made by a member of the Group during that period; 8 the amount of any transaction costs relating to the Transaction paid during that period; 9 realised cash losses on hedging arrangements plus any realised cash gains on hedging arrangements; and 10 the amount to be deposited or paid on account of Restricted

Term	Meaning
	Cash during the relevant period plus any amount of Restricted Cash that is released and becomes Unrestricted Cash during the relevant period.
Business Day	a day on which banks are open for business in Sydney, Brisbane and New York, excluding a Saturday, Sunday or public holiday in that city.
Completion	has the meaning given to that term in the Primary DOCA.
Contingent Value Entitlement	has the meaning given to that term in clause 2.1(a).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Creditors' Trust	the trust established pursuant to the Creditors' Trust Deed.
Creditors' Trust Deed	the trust deed dated on or about [x] between the Trustees and the Purchaser.
CVE Determination Date	in relation to a Contingent Value Entitlement for a Relevant Financial Year, the date that is 5 Business Days after the audited consolidated accounts for the Group for that Relevant Financial Year are finalised.
CVE Payment Date	31 December and 30 June in each Financial Year, commencing with 31 December 2022.
EBITDAR	for any period in relation to the Group, consolidated net profit of the Group for that period adjusted as follows (and without double counting): • after adding back (to the extent deducted) any corporate Tax expense or other Taxes paid or payable during that period on income or gains; • after adding back (to the extent deducted) interest expense and anything in the nature of interest expense (including net payments, if any, made in respect of interest rate hedging arrangements) paid or payable in cash during that period; • after adding back (to the extent deducted) any depreciation of fixed assets (including leasehold property), any amortisation and/or impairment of goodwill, intangible assets, up-front lease

Term	Meaning
	payments and debt issuance costs; • after adding back (to the extent deducted) any loss against book value incurred by a member of the Group on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period; • after adding back (to the extent deducted) any extraordinary, non-recurring or one-off losses during that period; • after adding back (to the extent deducted) any rental payments paid or payable during that period in respect of any leases of aircraft operated by a member of the Group or leases of aircraft engines, or other leasehold property; • after adding back (to the extent deducted) Restructuring Costs incurred during that period; • after deducting (to the extent included) any gain over book value arising in favour of a member of the Group on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any reversal of impairment losses previously taken on the revaluation of any asset during that period; • after deducting (to the extent included) any extraordinary, non-recurring or one-off gains during that period; and • after removing (to the extent included) the impact of unrealised gains and losses on hedging arrangements.
Encumbrance	a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.
Financial Year	a financial year of the Group ending 30 June of the relevant year.
Government Agency	any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Group	VAH, each of its Subsidiaries, and each other entity in which it or its Subsidiaries holds an interest, in each case, from time to time on and from Completion.
GST	the goods and services tax levied under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).

Term	Meaning
Holding Company	In relation to a person, any other person in respect of which it is a Subsidiary.
Primary DOCA	the deed of company arrangement dated [x] between, amongst others, VAH, Vaughan Strawbridge, Salvatore Algeri, John Grieg and Richard Hughes as joint and several deed administrators and the Purchaser.
Related Fund	in relation to a fund (the first fund), a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.
Relevant Financial Year	the Financial Years ending 30 June 2022 and 30 June 2023.
Restricted Cash	the aggregate amount of cash of the Group that is subject to an Encumbrance in favour of a person that is not another Group member and which entitles the holder of that Encumbrance to restrict or prohibit the use of that cash (including, without limitation, any cash collateral provided by a member of the Group in support of its obligations under merchant acquirer facilities or letter of credit facilities).
Restructuring Costs	in respect of any period, non-recurring costs and expenses incurred by the Group during that period in relation to redundancy, closure, lease break costs and asset write downs.
Security Interest	any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment which provides for and secures the payment of any debt or monetary liability or the performance of any obligation any 'security interest' as defined in section 12 of the <i>Personal Property Securities Act 2009</i> (Cth).
Subsidiary	has the meaning given in the Corporations Act, but as if body corporate includes any entity.
Tax	any tax (including the GST), levy, charge, impost, duty, fee, deduction, compulsory loan or withholding or any income, stamp or transaction duty, tax or charge, which is assessed, levied, imposed

Term	Meaning
	or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or other amount imposed on or in respect of the foregoing.
Transaction	the transaction contemplated by, and effected pursuant to, the Primary DOCA and each other deed of company arrangement expressed to be conditional on effectuation of the Primary DOCA.
VAH	Virgin Australia Holdings Limited (Subject to Deed of Company Arrangement) ACN 100 686 226.
Working Capital	1 the sum of (without double counting): – debtors less provision for doubtful debts; – sundry debtors; – prepayments; – other current assets; and – inventory less inventory reserve; minus 2 the sum of (without double counting) – accounts payable (other than amounts payable in respect of financial indebtedness and tax); – accrued compensation; – other accrued liabilities; and – accrued provisions, all as determined in a manner consistent with the audited consolidated accounts for the Relevant Financial Year.

1.2 Interpretation

In this deed poll:

- (a) Headings and bold type are for convenience only and do not affect the interpretation of this deed poll.
- (b) The singular includes the plural and the plural includes the singular.
- (c) Words of any gender include all genders.
- (d) Other parts of speech and grammatical forms of a word or phrase defined in this deed poll have a corresponding meaning.



- (e) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual.
- (f) A reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this deed poll.
- (g) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (h) A reference to a document includes all amendments or supplements to, or replacements or novations of, that document.
- (i) A reference to a party to a document includes that party's successors and permitted assignees.
- (j) A reference to an agreement other than this deed poll includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing.
- (k) A reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death.
- (l) No provision of this deed poll will be construed adversely to a party because that party was responsible for the preparation of this deed poll or that provision.
- (m) A reference to a body, other than a party to this deed poll (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.
- (n) EBITDAR and other applicable accounting concepts in this document will be determined in accordance with Australian Accounting Standards, but excluding the application of AASB16.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed poll after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Deed poll components

This deed poll includes any schedule.

2 Contingent Value Entitlement

2.1 Calculation of Contingent Value Entitlement

- (a) If EBITDAR for a Relevant Financial Year is greater than or equal to the EBITDAR target specified in the table below for that Relevant Financial Year, an amount as specified in the table below corresponding to that Relevant Financial Year (a **Contingent Value Entitlement**) will accrue and become payable by the Purchaser to the Trustees in accordance with clause 2.2.

Relevant Financial Year	EBITDAR target	Contingent Value Entitlement (A\$)
FY22	A\$1,000,000,000	A\$62,500,000
FY23	A\$1,200,000,000	A\$62,500,000

- (b) The Purchaser will determine whether a Contingent Value Entitlement is payable for a Relevant Financial Year on the relevant CVE Determination Date by reference to the audited consolidated accounts for the Group for that Relevant Financial Year.
- (c) The Purchaser must notify the Trustees within 2 Business Days of making a determination under clause 2.1(b) as to whether a Contingent Value Entitlement is payable for a Relevant Financial Year.

2.2 Payment of Contingent Value Entitlement

- (a) If a Contingent Value Entitlement is payable for a Relevant Financial Year, on the date that is 45 Business Days after each CVE Payment Date occurring after the relevant CVE Determination Date until the relevant Contingent Value Entitlement is paid in full, the Purchaser must pay, or procure the payment, to the Trustees an amount equal to the lesser of:
- (1) Available Operating Cash for the 6 month period ending on the CVE Payment Date; and
 - (2) the amount of the Contingent Value Entitlement less the aggregate amount that has been paid prior to that date to the Trustees pursuant to this clause 2.2(a) in respect of that Contingent Value Entitlement.
- (b) To avoid doubt:
- (1) the Purchaser's obligation to pay, or procure the payment, of the Contingent Value Entitlement is limited to Available Operating Cash; and
 - (2) the aggregate Contingent Value Entitlement payable by the Purchaser under this deed poll will not exceed A\$125,000,000.

3 Payments

- (a) All payments by or on behalf of the Purchaser under this deed poll must be made in immediately available and freely transferable funds and in Australian dollars to the account of the Trustees as notified by the Trustees to the Purchaser in writing from time to time.
- (b) All payments which the Purchaser is required to make or procure under this deed poll must be made without any set-off, counterclaim or condition, or any deduction or withholding for any Tax or any other reason unless it is required to make a deduction or withholding by applicable law.

4 Notices

4.1 Form of Notice

A notice or other communication to a party under this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in Schedule 1 (or any alternative details nominated to the sending party by Notice).

4.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is



to be included.

By email to the nominated email address

When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.

4.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 4.2).

5 General

5.1 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales.

5.2 Invalidity and enforceability

- (a) If any provision of this deed poll is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 5.2(a) does not apply where enforcement of the provision of this deed poll in accordance with clause 5.2(a) would materially affect the nature or effect of the Purchaser's obligations under this deed poll.

5.3 Waiver

The Purchaser may not rely on the words or conduct of the Trustees as a waiver of any right unless the waiver is in writing and signed by the Trustees.

The meanings of the terms used in this clause 5.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

5.4 Variation

A variation of any term of this deed poll must be in writing and signed by the Purchaser and the Trustees.

5.5 Assignment and transfer

- (a) Rights arising out of or under this deed poll are not assignable by the Trustees without the prior written consent of the Purchaser.
- (b) The Purchaser may assign any of its rights, or transfer any of its rights and/or obligations, under this deed poll to:
 - (1) an Affiliate or Related Fund of the Purchaser without the prior written consent of the Trustees; or
 - (2) with the prior written consent of the Trustees.

5.6 Entire agreement

This deed poll states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.



Schedules

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Schedule 1

Notice details

Purchaser	BC Hart Aggregator, L.P.
Address	PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands c/o Bain Capital Private Equity (Australia) Pty Ltd, Level 19, Deutsche Bank Place, 126 Phillip Street, Sydney NSW 2000
Attention	Barnaby Lyons and Scott Garfield
Phone	
Fax	
Email	blyons@baincapital.com sgarfield@baincapital.com

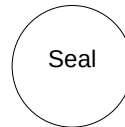
	Vaughan Strawbridge, Salvatore Algeri, Richard Hughes and John Grieg
Address	c/o Deloitte, Level 9, 255 George Street, Sydney NSW 2000
Attention	Vaughan Strawbridge, Salvatore Algeri, Richard Hughes and John Grieg
Phone	
Fax	
Email	vstrawbridge@deloitte.com.au saalgeri@deloitte.com.au richughes@deloitte.com.au jgrieg@deloitte.com.au



Signing page

Executed as a deed

Signed sealed and delivered by
BC Hart Aggregator, L.P. in the
presence of



sign here ► _____
Authorised signatory

sign here ► _____
Witness

print name _____

print name _____

Schedule 3

Intra-Group Claims

(a) Rutherford documents

Unless an IG DOCA Event occurs, Claims in respect of the following contracts will be Excluded Claims:

1. Service agreement between VAA, VAIA, VAIH, VAA (SE Asia) and Virgin Australia Airlines (NZ) Ltd dated 28 March 2012 (as amended from time to time, most recently amended on 15 March 2019).
2. Loan agreement between VAA and VAIH dated 28 March 2012.
3. Promissory note signed and issued by VAH to VAIH dated 28 March 2012

(b) Barracuda documents

Claims in respect of the following contracts will be Excluded Claims:

1. Deed of undertaking between VAA, VAH and Velocity Frequent Flyer Pty Ltd ACN 601 408 824 (**VFF**) dated 27 August 2014.
2. Deed of assignment and undertaking between VAA and VAH dated 27 August 2014.
3. Investment management mandate letter between VAA and Velocity Rewards Pty Ltd ACN 116 089 488 as trustee for the Loyalty Trust (**VRPL**) dated 21 August 2018.
4. VFF services agreement between VFF and VAA dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
5. Loyalty program access and administration agreement between VAA and VFF dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
6. VAA tier management agreement between VAA and VFF dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
7. IP assignment and licence deed between VAA, VB Ventures and VFF dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
8. IP licence deed between VAA, VRPL and VFF dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
9. Co-marketing agreement between VAA and VFF dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
10. Co-marketing agreement between VAA and VRPL dated 27 August 2014 (as amended from time to time, most recently amended on 8 October 2014).
11. Consent letter between VAA, VAH, VFF and VRPL dated 19 November 2015.



Schedule 4

Creditors' Trust Deed

Attached.



HERBERT
SMITH
FREEHILLS

Deed

Project Volar creditors' trust deed

Vaughan Strawbridge, Salvatore Algeri, John Greig
and Richard Hughes in their capacity as joint and
several deed administrators of the Deed Companies

Vaughan Strawbridge, Salvatore Algeri, John Greig
and Richard Hughes in their capacity as trustees

Each company listed in Parts 1, 2 and 3 of Schedule
1

BC Hart Aggregator, L.P. as Deed Proponent



Project Volar Creditors' Trust Deed

Date ►

Between the parties

Deed Administrators **Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes**, each in their capacity as joint and several deed administrators of the Deed Companies, of c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000

Email: vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Attention: Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes

Trustees **Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes**, each in their capacity as joint and several trustees of the Trust, of c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000

Email: vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Attention: Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes

Deed Companies **Each company listed in Parts 1, 2 and 3 of Schedule 1**, of c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000

Email: vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Attention: Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes

Deed Proponent **BC Hart Aggregator, L.P.**, of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Email: blyons@baincapital.com, sgarfield@baincapital.com

Attention: Barnaby Lyons and Scott Garfield



Recitals

- 1 On the Appointment Date, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes were appointed as administrators of the Deed Companies pursuant to Part 5.3A of the Corporations Act.
- 2 At a meeting held on 4 September 2020 and convened pursuant to section 439A of the Corporations Act, the Creditors of the Deed Companies resolved that the Deed Companies execute deeds of company arrangement proposed under section 444B(2)(b) of the Corporations Act.
- 3 On 25 September 2020, the Deed Administrators and the Deed Companies executed the DOCAs pursuant to section 444B(2)(b) of the Corporations Act.
- 4 The Fund Amount will be transferred to the Trustees to settle the Trust in accordance with the DOCAs.
- 5 The Deed Companies and the Trustees enter into this Deed as contemplated by the DOCAs in order to facilitate a distribution by the Trustees to the Trust Creditors in their capacity as beneficiaries of the Trust Fund.

Governing law

New South Wales

This deed witnesses as follows:

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Deed are set out below.

Term	Meaning
Administrators	jointly and severally, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as administrators of the Deed Companies and any successor to that office appointed pursuant to the Corporations Act.
Admitted Claim	the Claim of any Trust Creditor admitted by the Trustees after adjudication in accordance with clause 7 of this Deed.
Administration Debt	any: 1 debt referred to in section 443A(1) of the Corporations Act which was incurred by the Administrators during the Administration Period in respect of a Deed Company; 2 liability to the Commissioner of Taxation referred to in section 443BA(1); and 3 other debts or liabilities referred to in section 443D(aa) of the Corporations Act, in respect of which the Administrators are entitled to be indemnified under section 443D of the Corporations Act.
Administration Period	in respect of a Deed Company, the period of time commencing on the Appointment Date for that Deed Company and concluding on the Commencement Date.
Appointment Date	in respect of a Deed Company, the date on which the Administrators were appointed as joint and several administrators of the Deed Company, being the 'Appointment Date' in respect of a Deed Company as defined in a DOCA.
ASIC	the Australian Securities and Investment Commission.
Business Day	a day other than a Saturday, Sunday or public holiday and on which banks are open for business generally in Brisbane, Sydney and New York.



Term	Meaning
Claim	in respect of a Deed Company, a 'Claim' as defined in the DOCA for that Deed Company.
Commencement Date	in respect of a Deed Company and a DOCA, the date on which the DOCA is executed by the Deed Administrators, the Deed Company and the Deed Proponent.
Committee of Inspection	the committee of inspection formed: 1 in accordance with Divisions 75 and 80 of the IPS and Division 75 of the IPR, as amended by the Court Orders; and 2 by resolution of creditors dated 12 May 2020, as that committee is constituted from time to time.
Contingent Value Entitlement	has the meaning given in the Primary DOCA.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales or any court having jurisdiction to hear and determine matters under the Corporations Act and the Trustee Act.
Court Orders	the Orders made by Justice Middleton on 24 April 2020 in Federal Court of Australia proceeding no. NSD464/2020.
Creditor	a person with a Claim.
Critical Supplier	a Trust Creditor identified in Schedule 3.
Critical Supplier Dividend Amount	an amount set out in respect of a Pool C Creditor in Schedule 3.
Cross-Over Claim	any Admitted Claim against an IG DOCA Company that arises from a common underlying obligation or in connection with the same underlying transaction as an Admitted Claim against a Primary DOCA Company (for example, where an IG DOCA Company is a guarantor, indemnifier or co-obligor of an obligation or debt owing by a Primary DOCA Company).



Term	Meaning
Deed	this creditors' trust deed as amended from time to time.
Deed Administrators' Costs	includes costs, charges and expenses, including those incurred in connection with advisers, incurred in connection with the performance of the Deed Administrators' duties, obligations and responsibilities under the Corporations Act and any DOCA during the Administration Period and the Deed Period.
Deed Period	in respect of a Deed Company, the 'Deed Period' as defined in the DOCA for that Deed Company.
Deed Proponent	BC Hart Aggregator, L.P.
Dividend	any amount paid to a Trust Creditor in respect of that creditors' Admitted Claim.
DOCA	1 in respect of a Deed Company that is a Primary DOCA Company, the Primary DOCA; 2 in respect of a Deed Company that is an IG DOCA Company, the IG DOCA; 3 in respect of a Deed Company that is a Subsidiary DOCA Company, the Participating Subsidiary DOCA in respect of that Deed Company.
Employee	any person who was an employee of a Deed Company as at or prior to the Appointment Date in respect of that Deed Company and any person who made an advance of money to a Deed Company for which section 560 of the Corporations Act would apply if the Deed Company was taken to be in liquidation as at the Appointment Date in respect of that Deed Company.
Excluded Cash	has the meaning given in the Primary DOCA.
Excluded Superannuation Debt	in respect of a Deed Company, an 'Excluded Superannuation Debt' as defined in the DOCA for that Deed Company.
Final Dividend	the last Dividend payment to be made by the Trustees to any Trust Creditor under this Deed.
Fund Amount	1 if Primary DOCA Completion and IG DOCA Completion occur, the Pool A Fund Amount, the Pool B Fund Amount and the



Term	Meaning
	Pool C Fund Amount; 2 if Primary DOCA Completion occurs and IG DOCA Completion does not occur, the Pool A Fund Amount and the Pool C Fund Amount; 3 if Primary DOCA Completion does not occur and IG DOCA Completion occurs, the Pool D Fund Amount.
GST	has the meaning given to that term in the GST Act.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Historical Underpayments	any historical underpayment of wages or superannuation.
IG DOCA	the deed of company arrangement in relation to the IG DOCA Companies proposed by the Deed Proponent and put to the Creditors of the IG DOCA Companies at the Second Meeting or, where the context requires, the deed of company arrangement in relation to the IG DOCA Companies executed on the Commencement Date between the Deed Proponent, the IG DOCA Companies and Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several administrators of the IG DOCA Companies.
IG DOCA Companies	the companies listed in Part 2 of Schedule 1.
IG DOCA Completion	completion of the IG DOCA in accordance with its terms.
IG Group Foreign Currency Accounts	the foreign currency accounts held by IG DOCA Companies described in Part 1 of Schedule 4.
Implementation Date	1 if Primary DOCA Completion occurs, the 'Implementation Date' as defined in the Primary DOCA; or 2 if Primary DOCA Completion does not occur and IG DOCA Completion occurs, the 'Implementation Date' as defined in the IG DOCA.
IPR	the <i>Insolvency Practice Rules (Corporations) 2016</i> (Cth).



Term	Meaning
IPS	the <i>Insolvency Practice Schedule (Corporations)</i> contained in Schedule 2 of the Corporations Act.
Non-Participating Claim	in respect of a Deed Company, a 'Non-Participating Claim' as defined in the DOCA for that Deed Company.
Participating Subsidiary DOCA	a Subsidiary DOCA in respect of which Subsidiary DOCA Completion occurs.
Participating Subsidiary DOCA Company	a Deed Company that is or was subject to a Participating Subsidiary DOCA.
Pool A Creditors	1 each Trust Creditor that is a Creditor of a Primary DOCA Company, other than a Pool C Creditor; 2 if IG DOCA Completion occurs, each Trust Creditor that is a Creditor of an IG DOCA Company; and 3 each Trust Creditor that is a Creditor of a Participating Subsidiary DOCA Company.
Pool A Fund	the following assets, to be made available for distribution to Pool A Creditors if Primary DOCA Completion occurs: 1 the Pool A Fund Amount; 2 the Excluded Cash; 3 any amount received by the Trustees in respect of the Contingent Value Entitlement; 4 the cash balances of the VAA Foreign Currency Accounts; 5 if IG DOCA Completion occurs, the cash balances of the IG Group Foreign Currency Accounts; 6 if IG DOCA Completion does not occur, the Claims of the Primary DOCA Companies against the IG DOCA Companies; 7 the Pool C Surplus (if any); and 8 interest accruing from time to time on the Trust Fund.
Pool A Fund Amount	has the meaning given in the Primary DOCA.
Pool B Creditors	each Trust Creditor with a Cross-Over Claim, but only in respect of that Cross-Over Claim.



Term	Meaning
Pool B Fund	the Pool B Fund Amount, to be made available for distribution to Pool B Creditors if Primary DOCA Completion and IG DOCA Completion occur.
Pool B Fund Amount	has the meaning given in the Primary DOCA.
Pool C Creditors	1 each Critical Supplier listed in Part 1 of Schedule 3, provided that the Critical Supplier has entered into a binding agreement, with effect from Primary DOCA Completion, to waive all termination rights, review events and defaults under any contract between the Critical Supplier and a Primary DOCA Company and to release any Security Interest over aircraft or other assets of any Primary DOCA Company; and 2 each Critical Supplier listed in Part 2 of Schedule 3.
Pool C Fund	the Pool C Fund Amount, to be made available for distribution to Pool C Creditors if Primary DOCA Completion occurs.
Pool C Fund Amount	has the meaning given in the Primary DOCA.
Pool C Surplus	the sum of the Critical Supplier Dividend Amounts (if any) for each Critical Supplier listed in Part 1 of Schedule 3 in respect of which the condition in paragraph 1 of the definition of 'Pool C Creditors' is not satisfied.
Pool D Creditors	each Trust Creditor that is a Creditor of an IG DOCA Company.
Pool D Fund	the following assets, to be made available for distribution to Pool D Creditors if IG DOCA Completion occurs and Primary DOCA Completion does not occur: 1 the Pool D Fund Amount; 2 the cash balances of the IG Group Foreign Currency Accounts; and 3 interest accruing from time to time on the Pool D Fund.
Pool D Fund Amount	has the meaning given in the IG DOCA.
Primary DOCA	the deed of company arrangement in relation to the Primary DOCA Companies proposed by the Deed Proponent and put to the Creditors of the Primary DOCA Companies at the Second Meeting or, where the context requires, the deed of company arrangement



Term	Meaning
	in relation to the Primary DOCA Companies executed on the Commencement Date between the Deed Proponent, the Primary DOCA Companies and Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several administrators of the Primary DOCA Companies.
Primary DOCA Companies	each company listed in Part 1 of Schedule 1.
Primary DOCA Completion	completion of the Primary DOCA in accordance with its terms.
Priority Claim	in respect of a Deed Company, a Claim of an Employee that would have been entitled to priority over the Claims of other unsecured creditors under section 556(1) of the Corporations Act if the Deed Company had been wound up and the winding up was taken to have commenced on the Appointment Date in respect of that Deed Company.
Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Second Meeting	the meeting of creditors held on 4 September 2020 convened pursuant to section 439A of the Corporations Act and held concurrently in respect of each Primary DOCA Company, IG DOCA Company and Subsidiary DOCA Company.
Security Interest	any mortgage, chattel mortgage, pledge, charge, agreement, encumbrance, lien, right of set-off (arising otherwise than by operation of law or as a result of a banker's right to combine accounts) and assignment which provides for and secures the payment of any debt or monetary liability or the performance of any obligation and any 'security interest' as defined in sections 12(1) or (2) of the PPSA, each in respect of a Primary DOCA Company, IG DOCA Company or Subsidiary DOCA Company, as the context requires.
Subsidiary DOCA	in respect of a Subsidiary DOCA Company, the deed of company arrangement in relation to that Subsidiary DOCA Company proposed by the Deed Proponent and put to the Creditors of the Subsidiary DOCA Company at the Second Meeting or, where the context requires, the deed of company arrangement in relation to the Subsidiary DOCA Company executed on the Commencement Date between the Deed Proponent, the Subsidiary DOCA Company and Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several administrators of the Subsidiary DOCA Company.



Term	Meaning
Subsidiary DOCA Companies	each company listed in Part 3 of Schedule 1.
Subsidiary DOCA Completion	with respect to a Subsidiary DOCA, completion of that Subsidiary DOCA in accordance with its terms.
Termination Date	the date on which the Trust terminates in accordance with clause 16.
Trust	the trust established by this Deed.
Trust Creditor	1 if Primary DOCA Completion and IG DOCA Completion occur, a 'Trust Creditor' as defined in the Primary DOCA, IG DOCA and each Participating Subsidiary DOCA; 2 if Primary DOCA Completion occurs and IG DOCA Completion does not occur, a 'Trust Creditor' as defined in the Primary DOCA and each Participating Subsidiary DOCA; 3 if Primary DOCA Completion does not occur and IG DOCA Completion occurs, a 'Trust Creditor' as defined in the IG DOCA.
Trust Creditor's Claim	a Claim of a Trust Creditor.
Trust Fund	1 if Primary DOCA Completion and IG DOCA Completion occur, the Pool A Fund, the Pool B Fund and the Pool C Fund; 2 if Primary DOCA Completion occurs and IG DOCA Completion does not occur, the Pool A Fund and the Pool C Fund; 3 if Primary DOCA Completion does not occur and IG DOCA Completion occurs, the Pool D Fund.
Trustee Act	the <i>Trustee Act 1925</i> (NSW).
Trustees	jointly and severally, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes, in their capacity as trustees of the Trust and any successor to that office appointed pursuant to the Trustee Act.
Trustees' Costs	the costs, charges and expenses, incurred by the Trustees in connection with the performance of their duties, obligations and responsibilities as trustees of the Trust, including those incurred in



Term	Meaning
	connection with advisers.
Trustees' Remuneration	the remuneration of the Trustees referred to in clause 10.1.
VAA Foreign Currency Accounts	the foreign currency accounts held by Primary DOCA Companies described in Part 2 of Schedule 4.
VAH	Virgin Australia Holdings Limited (subject to deed of company arrangement) ACN 100 686 226.

1.2 Interpretation

In the Deed, unless the subject or context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document (including this Deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Deed will be construed adversely to a party because that party was responsible for the preparation of this Deed or that provision;



- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Deed (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of this Deed and the Corporations Act, Regulations or the IPR, this Deed shall prevail to the extent permitted by law.

1.4 Other inconsistencies

If there is any inconsistency between the provisions of this Deed and the constitution of a Deed Company or any other obligation binding on a Deed Company, the provisions of this Deed shall prevail to the extent of the inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Deed Companies.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is to be done as required by this Deed is a day other than a Business Day, such act, matter or thing shall be done on the immediately succeeding Business Day.

1.6 Deed components

This Deed includes any Schedule.

2 Commencement of this Deed

The Trust will come into effect and the Deed Administrators will act as Trustees pursuant to the terms of this Deed immediately upon completion of:

- (a) the Primary DOCA; or
- (b) if the conditions to the Primary DOCA are not satisfied, upon completion of the IG DOCA.



3 Payment of Fund Amount

- (a) If Primary DOCA Completion occurs and IG DOCA Completion occurs, on the Implementation Date, subject to the terms of the Primary DOCA and in accordance with clause 10.4 of the Primary DOCA, VAH must pay, or procure the payment of, the Pool A Fund Amount, the Pool B Fund Amount and the Pool C Fund Amount at the direction of the Deed Administrators to the Trustees.
- (b) If Primary DOCA Completion occurs and IG DOCA Completion does not occur, on the Implementation Date, subject to the terms of the Primary DOCA and in accordance with clause 10.4 of the Primary DOCA, VAH must pay, or procure the payment of, the Pool A Fund Amount and the Pool C Fund Amount at the direction of the Deed Administrators to the Trustees.
- (c) If Primary DOCA Completion does not occur and IG DOCA Completion occurs, on the Implementation Date, subject to the terms of the IG DOCA and in accordance with clause 10.2 of the IG DOCA, the Deed Proponent must pay, or procure the payment of, the Pool D Fund Amount at the direction of the Deed Administrators to the Trustees.

4 Declaration of Trust

4.1 Declaration

The Trustees acknowledge and declare that the Trust Fund will be held on trust by the Trustees as follows:

- (a) if Primary DOCA Completion and IG DOCA Completion occur:
 - (1) the Pool A Fund, for the Pool A Creditors;
 - (2) the Pool B Fund, for the Pool B Creditors;
 - (3) the Pool C Fund, for the Pool C Creditors;
- (b) if Primary DOCA Completion occurs and IG DOCA Completion does not occur:
 - (1) the Pool A Fund, for the Pool A Creditors;
 - (2) the Pool C Fund, for the Pool C Creditors;
- (c) if Primary DOCA Completion does not occur but IG DOCA Completion occurs, the Pool D Fund, for the Pool D Creditors,

on the terms in this Deed.

4.2 Name of Trust

The trust constituted by this Deed will be called the Project Volar Creditors' Trust.

4.3 Trustees' powers

Without limiting the powers that the Trustees have by operation of the Trustees Act, for the purposes of administering the trust created by this Deed, the Trustees have the following powers:

- (a) to administer and distribute the Trust Fund in accordance with the provisions set out in each DOCA and this Deed;



- (b) to fulfil the Trustees' obligations in accordance with the terms of this Deed including to take such legal proceedings or other steps as the Trustees think fit to fulfil these obligations;
- (c) to sell, re-invest or otherwise deal with the assets of the Trust Fund;
- (d) to perfect title in any assets of the Trust Fund;
- (e) to insure any assets of the Trust Fund;
- (f) to, at any time, call meetings of the Trust Creditors for the purpose of considering the variation or termination of this Deed in accordance with the provisions of this Deed;
- (g) to admit Claims to proof in accordance with the provisions of each DOCA and this Deed;
- (h) to determine Admitted Claims and then to pay Dividends in accordance with the terms of this Deed;
- (i) to act as attorney for the Deed Companies or any other person for any purpose associated with the Trust or this Deed;
- (j) to enforce compliance with the terms of this Deed and each DOCA including to take such legal proceedings or other steps as the Trustees think fit to enforce these obligations;
- (k) to accept the transfer of any shares, stocks, debentures, debenture stock, annuities, bonds, obligations or other securities of whatever nature that may at any time be transferred to the Trustees;
- (l) to enter upon or take possession of the Trust Fund and to collect the revenue or income from or interest on the Trust Fund and exercise any rights or powers relating to any part of the Trust Fund;
- (m) to bring, prosecute and defend any claim, action, suit or proceeding, which includes the power to bring and defend any claim, counter-claim, set-off, action, suit or proceeding in any Deed Company's name or (after assignment) in the Trustees' name, to enforce any right, claim or cause of action that forms part of the Trust Fund, and to that end:
 - (1) to issue or accept service of any writ, summons or other legal process and to appear or be represented in any court and before all wardens, magistrates or judicial or other officers as the Trustees think fit and to commence or defend and conduct any action or other proceeding in any court of justice in relation to the Trust Fund and any claim, proceeding or action forming part of the Trust Fund and to prosecute, discontinue, compromise, stay, terminate or abandon that proceeding or action as the Trustees think fit;
 - (2) to appoint any solicitor and counsel to prosecute or defend in those proceedings as the occasion may require; and
 - (3) to take any other lawful ways and means for the recovering or getting in any of the Trust Fund;
- (n) to convene and hold meetings of the Trust Creditors for any purpose as the Trustees consider fit;
- (o) to permit any person authorised by the Trustees to operate any account in the name of the Trust;
- (p) to do all acts and execute in the name and on behalf of the Trust all deeds, receipts and other documents;



- (q) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of the Trust;
- (r) subject to the Corporations Act, to prove in the winding up of or under any scheme of arrangement entered into by, or deed of company arrangement executed by, any contributory or debtor of the Trust;
- (s) to bring or defend an application for the vesting or winding up of the Trust;
- (t) to report to the Trust Creditors from time to time;
- (u) to make interim or other distributions of the Trust Fund;
- (v) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustees are unable to do, or that it is unreasonable to expect the Trustees to do, in person;
- (w) to appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- (x) to compromise any claim, action, suit or proceeding brought by or against the Trustees on such terms as the Trustees consider fit, which includes the power to compromise any claim, action, suit or proceeding referred to in paragraph (m) of this clause;
- (y) to provision for and set aside a sum or sums equal to an amount which the Trustees reasonably anticipate may be payable in respect of any tax, including income tax, capital gains tax or GST;
- (z) to do anything incidental to exercising a power set out in this Deed;
- (aa) to do anything else that is necessary or convenient for administering the Trust; and
- (bb) to pay any amounts from the Trust Fund for which an indemnity exists under this Deed.

4.4 Exercise of discretion and powers

- (a) The Trustees may exercise any discretion under this Deed in the Trustees' absolute and unfettered discretion.
- (b) The Trustees shall not be required to give any reason for the exercise of, or failure to exercise, any of the Trustees' powers.

4.5 Objects of the Trust

The Trustees shall receive and hold the Trust Fund on trust for the benefit of the Trust Creditors and will distribute the Trust Fund in accordance with the terms of this Deed.

5 Trust Fund

5.1 Trust Fund

The Trust Fund shall be comprised of:

- (a) if Primary DOCA Completion and IG DOCA Completion occur, the Pool A Fund, the Pool B Fund and the Pool C Fund;



- (b) if Primary DOCA Completion occurs but IG DOCA Completion does not occur, the Pool A Fund and the Pool C Fund;
- (c) if IG DOCA Completion occurs but Primary DOCA Completion does not occur, the Pool D Fund.

5.2 Distribution of the Trust Fund

- (a) Subject to clause 5.2(d), the Trust Fund will be available for distribution to the Trust Creditors as set out in this clause 5.2.
- (b) If Primary DOCA Completion occurs, the Pool A Fund, Pool B Fund and Pool C Fund will be available for distribution as follows, provided that the Pool B Fund will only be available for distribution if IG DOCA Completion also occurs:
 - (1) the Pool A Fund will be available for distribution to the Pool A Creditors as follows:
 - (A) first, to the Administrators or Deed Administrators for any amount which they are entitled to be paid or indemnified for under:
 - i. the Primary DOCA;
 - ii. if IG DOCA Completion occurs, the IG DOCA; and
 - iii. each Participating Subsidiary DOCA,
(even though they may have ceased to be Administrators or Deed Administrators);
 - (B) next, to the Trustees in satisfaction of the Trustees' Remuneration and the Trustee's Costs (which may include an amount of the Trustees' Remuneration and the Trustees' Costs which are estimated to be incurred by the Trustees up to the Termination Date);
 - (C) next, to each Pool A Creditor that is an Employee of a Primary DOCA Company, Participating Subsidiary DOCA Company or (if IG DOCA Completion occurs) an IG DOCA Company, the amount of any Priority Claim including any Claim in respect of Historical Underpayments;
 - (D) next, to the Pool A Creditors on a pro rata basis in accordance with the dollar value of the Admitted Claims of those Pool A Creditors.
 - (2) if IG DOCA Completion occurs, the Pool B Fund will be available for distribution to each Pool B Creditor on a pro rata basis, in accordance with the dollar value of the Cross-Over Claims of the Pool B Creditors; and
 - (3) the Pool C Fund will be available for distribution to each Pool C Creditor in the amount of the Critical Supplier Dividend Amount allocated to that Pool C Creditor set out in Schedule 3.
- (c) If IG DOCA Completion occurs but Primary DOCA Completion does not occur, the Pool D Fund will be available for distribution as follows:
 - (1) first, to the Administrators or Deed Administrators for any amount which they are entitled to be paid or indemnified for under the IG DOCA (even though they may have ceased to be Administrators or Deed Administrators);



- (2) next, to the Trustees in satisfaction of the Trustees' Remuneration and the Trustee's Costs (which may include an amount of the Trustees' Remuneration and the Trustees' Costs which are estimated to be incurred by the Trustees up to the Termination Date);
 - (3) next, to each Pool D Creditor that is an Employee of an IG DOCA Company, the amount of any Priority Claim including any Claim in respect of Historical Underpayments;
 - (4) next, to the Pool D Creditors on a pro rata basis in accordance with the dollar value of the Admitted Claims of those Pool D Creditors.
- (d) Notwithstanding clauses 5.2(b) and 5.2(c), any Creditor who would have been entitled to priority over other unsecured creditors under section 562 of the Corporations Act in respect of any amount forming part of the Trust Fund will retain a priority in respect of the assets of the Trust Fund at least equal to that they would have been entitled to if the property of the relevant Deed Company had been applied in accordance with section 562 of the Corporations Act.
- (e) Notwithstanding any other provision of this Deed, for the purposes of section 444DA of the Corporations Act and clause 5.2(b)(1)(C), any Priority Claims of an Employee will retain a priority in respect of the assets of the Trust Fund at least equal to that which they would have been entitled to if the property of the relevant Deed Company had been applied in accordance with sections 556, 560 and 561 of the Corporations Act.
- (f) No distributions will be made in respect of a Trust Creditor's Claim unless that Trust Creditor's Claim is an Admitted Claim.
- (g) The Trustees may distribute the Trust Fund at such times as the Trustees consider, in their absolute discretion, that is appropriate and feasible to do so, including making distributions (whether interim or final) under any provision of clause 5.2 in advance of making any payments under any lower ranking subclause in this clause 5.2 on the basis that they have retained sufficient funds to ensure that any payments to be made under any provision of clause 5.2 having higher priority may be made when the time comes to do so.

5.3 Postponement

Should proceedings be brought by any person in respect of the distribution of the Trust Fund, then the Trustees are entitled at their sole discretion to postpone the payment of any entitlement until determined by the Trustees.

5.4 Unclaimed moneys

In the event that the Trustees, for any reason, are unable to locate a Trust Creditor, or if any cheque sent by the Trustees to a Trust Creditor has not been presented within 6 months, then:

- (a) the Trustees shall stop payment of such cheque;
- (b) the moneys represented by such stopped cheque or held by the Trustees on behalf of the Trust Creditor shall be paid to ASIC; and
- (c) the provisions of sections 544(1) and 544(3) of the Corporations Act will apply, with such modifications as are necessary, to such payment as if references in those sections to 'liquidator' were references to the 'Trustees'.



5.5 Multiple claims arising out of the same circumstances

- (a) Subject to clause 5.5(b), if a Trust Creditor is a Creditor of two or more Deed Companies in respect of Admitted Claims that arise from a common underlying obligation or in connection with the same underlying transaction (for example, where one Deed Company is a guarantor, indemnifier or co-obligor of an obligation or debt owing by another Deed Company), then the Trust Creditor is only entitled to receive a distribution for one of those Admitted Claims, and where they are for different amounts, for the largest Admitted Claim.
- (b) Notwithstanding clause 5.5(a), Pool B Creditors will be entitled to a distribution from the Pool A Fund and the Pool B Fund in respect of a Cross-Over Claim.
- (c) If multiple Trust Creditors are Creditors of a Deed Company in respect of Admitted Claims that arise from a common underlying obligation or in connection with the same underlying transaction (for example, where a Creditor that is an agent or trustee of another Creditor has a Claim against a Deed Company in respect of the same underlying debt), only one Trust Creditor will be entitled to receive a distribution for one of those Admitted Claims.

6 Perpetuity period

Notwithstanding any other provision in this Deed, each

- (a) interest in property; and
 - (b) Trustee's power over or in connection with property,
- created or granted by this Deed that, but for this provision, might vest, take effect, or be exercisable after the expiry of eighty (80) years commencing on the date of this Deed, but which has not vested or taken effect by that date,
- (c) will vest or take effect on the last day of that period; and
 - (d) is exercisable only on or before the last day of that period.

7 Claims

7.1 Admissibility of Claims

- (a) Upon this Deed being settled, and in accordance with clause 6.6 of the Primary DOCA, clause 6.6 of the IG DOCA and clause 6.6 of each Participating Subsidiary DOCA, as applicable, each Claim of a Trust Creditor against a Deed Company will convert to and become a claim against the Trust Fund under this Deed, equal in amount to the Trust Creditor's entitlement to a distribution in respect of the Trust Creditor's released Claim in accordance with clause 5.2 of this Deed.
- (b) Interest will not accrue or be payable on any Admitted Claim.

7.2 Trustees' discretion

The Trustees may, in their absolute discretion:

- (a) call for proofs of debt or claim;



- (b) admit all or part of a Claim;
 - (c) reject all or part of a Claim; or
 - (d) pay any Admitted Claim,
- in accordance with the provisions of this Deed.

7.3 Determination of Claims

- (a) Subdivisions A, B, C and E of Division 6 of Part 5.6 of the Corporations Act apply to Claims under this Deed as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (b) Regulations 5.6.11A, 5.6.37, 5.6.39 to 5.6.43 (inclusive), 5.6.44 to 5.6.53 (inclusive) and 5.6.55 to 5.6.72 (inclusive) of the Regulations shall apply to this Deed and to the Trustees as if references to the liquidator were references to the Trustees and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.
- (c) The Trustees may make interim distributions of trust property under this Deed.
- (d) The Trustees may make any distribution by cheque or by electronic funds transfer to a bank account nominated by the relevant Trust Creditor.
- (e) The Trustees must declare and distribute trust property under this Deed as soon as practicable after the Trust comes into effect under clause 4.1. However, subject to clauses 7.3(a) and 7.3(b), the Trustees have an absolute and unfettered discretion as to the admission of Claims, and the amount and timing of the distribution of the trust property in payment of Admitted Claims.
- (f) Where the Trustees propose to reject a Claim (whether in part or in full) the Trustees shall send a notice to the Creditor informing the Creditor of the proposed rejection and giving the party 14 days within which to make an application to the Court to determine the questions relating to the Claim.
- (g) The Trustees are entitled to rely upon any steps and determinations made by the Deed Administrators for the purposes of this clause in respect of whether a claim asserted for the purposes of claiming under this Deed is an Admitted Claim, together with any information and proofs or particulars of debt provided to the Administrators or Deed Administrators.

7.4 Access to records

The Trustees may at any time inspect and take copies of the books and records of the Deed Companies at no cost and the Deed Companies authorise the Trustees and their staff to enter the Deed Companies' premises on any Business Day between the hours of 9.00am and 5.00pm with no less than 24 hours' notice, for the purpose of conducting such an inspection and for the purpose of doing anything necessary or desirable in the exercise of their powers and discretions and the performance of their duties, obligations and responsibilities as Trustees under this Deed, including to take photocopies or images of any books and records for that purpose.



7.5 Excluded Superannuation Debts not admissible

An Excluded Superannuation Debt is not admissible to proof against the Trust Fund.

7.6 Creditors' costs and expenses

Any costs and expenses incurred by a Trust Creditor in asserting a Claim (including any application under clause 7.3(f)) under this Deed will be borne by that Trust Creditor and will not form part of that Trust Creditor's Claim under this Deed.

7.7 Abandonment of Claims

A Trust Creditor will have abandoned, and will be taken for all purposes to have abandoned, all Claims and all other entitlements (if any) in the Trust Fund:

- (a) which are not the subject of a proof lodged with the Deed Administrators or the Trustees in the form required by the Trustees prior to the declaration of a Final Dividend; or
- (b) which have been rejected by the Trustees and which are not the subject of any appeal or application to the Court within the time allowed under clause 7.3(f).

7.8 Discharge of Claims

- (a) All persons having a Claim must accept their Admitted Claims under this Deed (if any) in full satisfaction and complete discharge of all claims which they have or claim to have against the Trustees or the Trust Fund and each of them will, if called upon to do so, execute and deliver to the Trustees such forms of release of any such claim as the Trustees require.
- (b) The Trustees must take all steps reasonably required by the Deed Proponent to obtain such releases from any Trust Creditors nominated by the Deed Proponent.

7.9 Claims extinguished

On payment of the Final Dividend to the Trust Creditors from the Trust Fund:

- (a) all Claims against the Trust Fund are extinguished; and
- (b) the obligations of the Trustees to the Trust Creditors under the Trust will be fully and finally discharged.

7.10 Bar

After distribution of the Final Dividend from the Trust Fund, the Trustees may plead this Deed in bar to any Claim.

7.11 Non-Participating Claims

No Creditor is entitled to participate in or receive any distribution from the Trust Fund in respect of a Non-Participating Claim.



8 GST on Claims

8.1 Definitions

Words and expressions used in this clause 8 which are defined in the GST Act have the same meaning in this clause.

8.2 GST credits on Claims which have been or will be claimed by the Deed Companies

To the extent that input tax credits on Admitted Claims have been or will be claimed by a Deed Company, the parties agree and acknowledge that following the payment of distributions to those Creditors by the Trustees from the Trust Fund, the Deed Company by its directors will be responsible for making any adjustment required by the provisions of the GST Act insofar as those adjustments relate to those Admitted Claims and Practice Statement PS LA 2012/1 (GA) will be applied by the Deed Company to calculate the impact of those adjustments.

8.3 GST credits for Administration Debts and Deed Administrators' Costs

To the extent that:

- (a) an input tax credit is available in respect of an Administration Debt or a Deed Administrators' Cost; and
- (b) neither the Administrators nor the Deed Administrators are able to claim that input tax credit because it is attributable to a tax period that arises after the date on which the GST registration of the Administrators or the Deed Administrators ends,

then, the parties agree and acknowledge that the Deed Companies are responsible for claiming that input tax credit.

8.4 GST credits during operation of Trust

The parties agree and acknowledge that to the extent that an input tax credit is available in respect of a Trustee Cost which is incurred and paid for by the Trustees during the operation of the Trust, the Trustees (acting in their capacity as Trustees of the Trust) will be responsible for the claiming those input tax credits.

9 Meetings of Trust Creditors

- (a) The Trustees may at any time convene a meeting of Trust Creditors and except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, Division 75 of Part 3 of the IPR applies, with such modifications as are necessary, to meetings of the Trust Creditors as if references to the 'external administrator' or chairperson, as the case may be, were references to one or more of the Trustees.
- (b) Trust Creditors who have been paid the full amount of their entitlement in respect of their Admitted Claim under this Deed will no longer be entitled to attend and participate in meetings of Trust Creditors.

- (c) Subject to clause 9(d), the Trustees may, by deed or resolution and with the consent of the majority of the Trust Creditors given at a meeting convened pursuant to this clause 9, vary the provisions of this Deed.
- (d) Despite any other provision of this Deed, the Trustees may not amend this Deed to lessen the Trustees' liabilities or obligations under this Deed or at law including, but not limited to, lessening their liabilities in respect of any fraud, wilful default, negligence or breach of trust by the Trustees.

10 Remuneration

10.1 Remuneration of Trustees

The Trustees:

- (a) are to be remunerated at the usual rates charged by Deloitte Financial Advisory Pty Ltd from time to time in respect of any work done by the Trustees, and any partner or employee of the Trustees, in connection with:
 - (1) the exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Administrators and/or Deed Administrators, even though that remuneration has not been approved by the Creditors pursuant to Division 60 Subdivision B of the IPS;
 - (2) the calling for and adjudicating upon proofs of Claims;
 - (3) the distribution of the Trust Fund; and
 - (4) the exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Trustees under this Deed, and
- (b) acknowledge that the Trustees' Costs, including costs, charges and expenses (including those incurred in connection with advisers) incurred in connection with the foregoing, including any stamp duty payable by them in respect of this Deed, will be payable from the Trust Fund.
- (c) The Trustees' Remuneration and the Trustees' Costs referred to in this clause 10.1 and all other costs shall be reimbursed and/or paid out of the Trust Fund. The Trustees shall be entitled to draw such amounts from the Trust Fund from time to time. The Administrators have estimated the Trustees' Costs to be between \$7 million and \$8 million excluding GST and disbursements. For the avoidance of doubt, where the Trustees are liable to pay GST in respect of any taxable supply (within the meaning of the GST Act) they make under this Deed, the Trustees are entitled to recover an additional amount equal to the amount of that GST liability from the Trust Fund.

10.2 Acknowledgement

The parties acknowledge that the Trustee's Remuneration as referred to in clause 10.1(a) includes remuneration and costs incurred by the Trustees in connection with or as a result of their duties, obligations and responsibilities as Administrators and/or Deed Administrators.



11 Committee of Inspection

- (a) The Trustees may convene meetings of the Committee of Inspection from time to time for the purpose of consulting with the Committee of Inspection on matters arising in the course of the administration of the Trust including in respect of the Trustees' Remuneration.
- (b) The Committee of Inspection will operate as a consultative committee and will not have power to direct or bind the Trustees in any way.
- (c) The:
 - (1) appointment or removal of members of the Committee of Inspection will be governed by Division 80-15 of the IPS and Division 80-10 of the IPR;
 - (2) power to convene meetings of the Committee of Inspection will be governed by Division 80-27 of the IPS; and
 - (3) obligations of members of the Committee of Inspection will be governed by Division 80-55 of the IPS,with such amendments in form and substance as are necessary to give efficacy to the administration of the Trust by the Trustees.
- (d) Subject to the discretion of the Trustees to make such disclosures as are necessary or convenient for the purposes of the administration of the Trust, the affairs of the Committee of Inspection will be conducted on a confidential basis.
- (e) The Committee of Inspection may, if requested, approve the Trustees' Remuneration by a majority in attendance at the relevant meeting.

12 Indemnity

12.1 Indemnity

The Trustees are entitled to be indemnified out of the Trust Fund for all actions, suits, proceedings, accounts, claims and demands arising out of or relating to this Deed which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them, provided that the Trustees shall not be entitled to an indemnity in respect of any liabilities or demands to the extent that the indemnification contravenes the Corporations Act or the Trustee Act.

12.2 Continuing indemnity

This indemnity takes effect on and from the date of this Deed and will be without limitation as to time and will operate notwithstanding the removal of the Trustees (or any of them) and the appointment of new trustees or the termination of this Trust for any reason whatsoever.

12.3 Indemnity not to be affected or prejudiced

The indemnity under clause 12.1 will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Trustees and will extend to all actions, suits,



proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Trustees, the approval and execution of this Deed or otherwise; and

- (b) affect or prejudice all or any rights that the Trustees may have against any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Trustees of or incidental to the exercise or performance of any of the powers or authorities conferred on the Trustees by this Deed or otherwise.

13 Liability

13.1 Exclusion of liability

- (a) The Trustees, and the Trustees' partners and employees, are not liable for any loss or damage occasioned to any trust property under this Deed (including the Trust Fund) or to any person by:
 - (1) the exercise of any discretion or power conferred by this Deed or by law on the Trustees or any delay or failure to exercise any of those discretions or powers;
 - (2) any breach of duty or trust, unless it is proved to have been committed, made or omitted in personal, conscious and fraudulent bad faith by the Trustees, partner or employee; or
 - (3) any disclosure by the Trustees or the officer of any document, matter or thing relating to the Trust, the trust property or any Trust Creditor.
- (b) All persons claiming any interest in the trust property must be treated as taking it with and subject to notice of the protection conferred by this clause 13.

13.2 Proceedings against co-trustee

The Trustees are not bound to take any proceeding against a co-trustee for any breach or alleged breach of trust committed by the co-trustee.

13.3 Reliance on advice

Where the Trustees act in reliance upon the advice of any solicitor instructed on behalf of the Trust in relation to the interpretation of the provisions of this Deed or any document or statute or any matter concerning the administration of the Trust, the Trustees are not liable to any person in respect of any act done or omitted to be done by the Trustees in accordance with the advice.

14 Trustees' resignation

Any Trustee may resign at any time by giving not less than 28 days' prior written notice to the Deed Companies unless that resignation would result in there being no remaining Trustees, in which event the Trustees must:

- (a) convene a meeting of Trust Creditors in accordance with clause 9 of this Deed for the purpose of nominating a replacement trustee;



- (b) assign to a replacement trustee nominated by the Trust Creditors the Trustees' rights, title and benefit under this Deed; and
- (c) do all things reasonably necessary to effect the assignment referred to in clause 14(b).

15 Trustees not obliged to take action

The Trustees will not be obliged to take any action under this Deed until such time as there are sufficient funds in hand and immediately available to them to pay the Trustees' Remuneration and Trustees' Costs.

16 Termination

16.1 Termination of the Trust

This Trust will terminate and the Trustees will resign as soon as reasonably practicable:

- (a) after distribution of the Final Dividend from the Trust Fund; or
- (b) upon the expiry of the perpetuity period referred to in clause 6, whichever occurs first.

16.2 Meeting of Trust Creditors

The Trustees must convene a meeting of Trust Creditors to consider a resolution to vary this Deed or terminate the Trust if:

- (a) at any time prior to the termination of the Trust, the Trustees determine that it is no longer practicable or desirable to continue to implement or carry out this Deed; or
- (b) the Court so orders.

16.3 Termination of the Trust by Court order and Trust Creditors' resolution

This Trust will terminate if:

- (a) a Court so orders; or
- (b) the Trust Creditors pass a resolution terminating this Trust at a meeting duly convened pursuant to clause 16.2.

In that event, either of the following may occur:

- (c) if all Trust Creditors have received their distribution in accordance with clause 5.2, any remaining part of the Trust Fund must be immediately paid to or at the direction of the Deed Proponent and shall not be available for distribution to Trust Creditors; or
- (d) if any Trust Creditors have not received their distribution in accordance with clause 5.2, then any remaining part of the Fund Amount will be refunded to or at the direction of the Deed Proponent and any other remaining funds in the Trust

Fund will be returned to the Deed Companies and shall not be available for distribution to Trust Creditors.

16.4 Report to Trust Creditors

Upon a meeting being convened pursuant to clause 16.2, the Trustees must send each Trust Creditor prior to the meeting a report as to the state of affairs of the Trust accompanied by such financial statements as the Trustees think fit. The report must include:

- (a) a statement explaining the circumstances which have caused the Trustees to convene the meeting pursuant to clause 16.2; and
- (b) a statement that the Trust will be terminated if the Trust Creditors so resolve.

16.5 Previous operation of this Deed preserved

The termination or avoidance, in whole or in part, of this Trust does not affect the efficacy of any act done prior to the termination or avoidance.

16.6 Variation of Deed

This Deed may be varied:

- (a) with the consent of the Trustees by resolution passed at a meeting of Trust Creditors by a majority of Trust Creditors in number and in value, but only if the variation is not materially different from the proposed variation set out in the notice of that meeting and provided that the variation does not materially prejudice the interests of any class of Trust Creditors without the approval of a majority of that class of Trust Creditors in number and value; or
- (b) by the Court upon application of any of the Trust Creditors or the Trustees pursuant to the Trustee Act.

17 General

17.1 Invalidity and enforceability

- (a) If any provision of this Deed is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 17.1(a) does not apply where enforcement of the provision of this Deed in accordance with clause 17.1(a) would materially affect the nature or effect of the parties' obligations under this Deed.

17.2 Waivers

No party to this Deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 17.2 are set out below.



Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this Deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

17.3 Counterparts

- (a) This Deed may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this Deed by signing any counterpart.
- (d) Counterparts may be exchanged by email or other electronic means.

17.4 Governing law and jurisdiction

This Deed is governed by the law in force in the State of New South Wales and the parties submit to the non-exclusive jurisdiction of the Court of New South Wales and any Court which may hear appeals from those Courts.

17.5 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this Deed and the transactions contemplated by it.

17.6 Assignment

Unless expressed otherwise, rights arising out of or under this Deed are not assignable by a party without the prior written consent of the other parties.

17.7 Entire agreement

This Deed states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.

17.8 No reliance

No party has relied on any statement by any other party not expressly included in this Deed.

17.9 Relationship of the parties

Nothing in this Deed gives a party authority to bind any other party in any way.



17.10 Exercise of rights

- (a) Unless expressly required by the terms of this Deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this Deed.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this Deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.

17.11 Stamp duty

Any stamp duty assessed on this Deed is to be paid out of the Trust Fund.

17.12 Creditor's Power of Attorney

Each Trust Creditor irrevocably appoints each of the Trustees jointly and severally as its attorney to execute any document to give effect to the releases in clause 7.

17.13 Joint Parties

If two or more parties are included within the same defined term in this Deed:

- (a) liability of those parties under this Deed is a joint liability of all of them and a several liability of each of them.
- (b) a right given to those parties under this deed is a right given severally to each of them; and
- (c) a representation, warranty or undertaking made by those parties is made by each of them.

17.14 Costs

Each party must pay its own costs of negotiating, preparing and executing this Deed.

17.15 Survival

Despite any other provision of this Deed, clauses, 1, 8, 10, 12, 13, 16 and 17 survive the termination of this Deed.

18 Notices

18.1 Form of Notice

A notice or other communication to a party under this Deed (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in Schedule 2 (or any alternative details nominated to the sending party by Notice).



18.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee)

18.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 18.2).



Schedule 1

Deed Companies

1 Primary DOCA Companies

	Name	ACN
1.	Virgin Australia Holdings Limited (subject to deed of company arrangement)	100 686 226
2.	Virgin Australia Airlines Holdings Pty Ltd (subject to deed of company arrangement)	093 924 675
3.	VAH Newco No.1 Pty Ltd (subject to deed of company arrangement)	160 881 345
4.	Tiger Airways Australia Pty Limited (subject to deed of company arrangement)	124 369 008
5.	Virgin Australia Airlines Pty Ltd (subject to deed of company arrangement)	090 670 965
6.	Virgin Tech Pty Ltd (subject to deed of company arrangement)	101 808 879
7.	A.C.N. 098 904 262 Pty Ltd (subject to deed of company arrangement)	098 904 262
8.	Virgin Australia Regional Airlines Pty Ltd (subject to deed of company arrangement)	008 997 662
9.	Virgin Australia Holidays Pty Ltd (subject to deed of company arrangement)	118 552 159
10.	VB Ventures Pty Ltd (subject to deed of company arrangement)	125 139 004
11.	Virgin Australia Cargo Pty Ltd (subject to deed of company arrangement)	600 667 838



12.	VB Leaseco Pty Ltd (subject to deed of company arrangement)	134 268 741
13.	VB Investco Pty Ltd (subject to deed of company arrangement) (in liquidation)	101 961 095
14.	VAH Newco No.2 Pty Ltd (subject to deed of company arrangement) (in liquidation)	160 881 354
15.	Virgin Australia International Operations Pty Ltd (subject to deed of company arrangement)	155 859 608
16.	VBNC5 Pty Ltd (subject to deed of company arrangement)	119 691 502
17.	Short Haul 2017 No. 1 Pty Ltd (subject to deed of company arrangement)	617 644 390
18.	VB PDP 2010-11 Pty Ltd (subject to deed of company arrangement)	140 818 266
19.	VB LH 2008 No. 1 Pty Ltd (subject to deed of company arrangement)	134 280 354
20.	VB LH 2008 No. 2 Pty Ltd (subject to deed of company arrangement)	134 288 805
21.	737 2012 No.1 Pty. Ltd. (subject to deed of company arrangement)	154 201 859
22.	737 2012 No. 2 Pty Ltd (subject to deed of company arrangement)	154 225 064
23.	VA Regional Leaseco Pty Ltd (subject to deed of company arrangement)	127 491 605
24.	VA Hold Co Pty Ltd (subject to deed of company arrangement)	165 507 157
25.	Virgin Australia 2013-1 Issuer Co Pty Ltd (subject to deed of company arrangement)	165 507 326
26.	VA Lease Co Pty Ltd (subject to deed of company arrangement)	165 507 291
27.	Short Haul 2016 No. 1 Pty Ltd (subject to deed of	612 766 328



	company arrangement)	
28.	Short Haul 2016 No. 2 Pty Ltd (subject to deed of company arrangement)	612 796 077

2 IG DOCA Companies

	Name	ACN
1.	Virgin Australia International Holdings Pty Ltd (subject to deed of company arrangement)	155 860 021
2.	Virgin Australia International Airlines Pty Ltd (subject to deed of company arrangement)	125 580 823
3.	Tiger International Number1 Pty Ltd (subject to deed of company arrangement)	606 131 944
4.	Virgin Australia Airlines (SE Asia) Pty Ltd (subject to deed of company arrangement)	097 892 389

3 Subsidiary DOCA Companies

	Name	ACN
1.	VB Leaseco No 2 Pty Ltd (subject to deed of company arrangement)	142 533 319
2.	VB 800 2009 Pty Ltd (subject to deed of company arrangement)	135 488 934
3.	Short Haul 2017 No. 2 Pty Ltd (subject to deed of company arrangement)	617 644 443
4.	Short Haul 2018 No. 1 Pty. Ltd. (subject to deed of company arrangement)	622 014 831
5.	VA Borrower 2019 No. 1 Pty Ltd (subject to deed of company arrangement)	633 241 059



6.	VA Borrower 2019 No. 2 Pty Ltd (subject to deed of company arrangement)	637 371 343
7.	Short Haul 2014 No. 1 Pty Ltd (subject to deed of company arrangement)	600 809 612
8.	Short Haul 2014 No. 2 Pty Ltd (subject to deed of company arrangement)	600 878 199
9.	Short Haul 2017 No. 3 Pty. Ltd. (subject to deed of company arrangement)	622 014 813

Schedule 2

Notice details

Clause 18.1

Trustees	Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes in their capacity as joint and several trustees of the Trust
Address	c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000
Attention	Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes
Email	vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Deed Companies	each company listed in Part 1, Part 2 and Part 3 of Schedule 1
Address	c/- Deloitte, Level 9, 225 George Street, Sydney NSW 2000
Attention	Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes
Email	vstrawbridge@deloitte.com.au, saalgeri@deloitte.com.au, richughes@deloitte.com.au, jgreig@deloitte.com.au

Deed Proponent	BC Hart Aggregator, L.P.
Address	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Attention	Barnaby Lyons and Scott Garfield
Email	blyons@baincapital.com, sgarfield@baincapital.com



Schedule 3

Critical Suppliers

1 Airport Critical Suppliers

Name of Creditor	Critical Supplier Dividend Amount (including GST)
Adelaide Airport Limited	\$3,255,154
Brisbane Airport Corporation Limited	\$12,475,820
Canberra Airport Pty Limited	\$2,344,711
Gold Coast Airport Pty Limited	\$2,113,084
Australia Pacific Airports (Melbourne) Pty Ltd	\$9,769,041
Perth Airport Pty Ltd	\$6,647,577
Australia Pacific Airports (Launceston) Pty Ltd	\$409,285
Hobart International Airport Pty Ltd	\$977,624
Townsville Airport Pty Ltd	\$157,232
Sunshine Coast Airport Pty Ltd	\$262,667
Sydney Airport Corporation Limited	\$8,858,189



2 Other Critical Suppliers

Name of Creditor	Critical Supplier Dividend amount (including GST)
Tech Mahindra Limited	\$1,840,000
The Boeing Company	\$45,000,000



Schedule 4

Foreign currency accounts

1 IG Group Foreign Currency Accounts

Bank Name	Account name	Acc number	Currency
ANZ Bank, Solomon Islands	VAIA SBD	*****7455	SBD
ANZ BANK (VANUATU) LTD	VAIA VUV	*****1500	VUV
ANZ Bank, Tonga	VAIA TOP	*****7472	TOP
ANZ BANK (SAMOA) LTD	VAIA FX WST	*****9724	WST
BANK ANZ INDONESIA, P.T.	VAIA FX IDR	*****0001	IDR
AUSTRALIA AND NEW ZEALAND BANKING GROUP (PNG) LTD.	VASE FX PGK	*****9010	PGK

2 VAA Foreign Currency Accounts

Bank Name	Account name	Acc number	Currency
ANZ Bank, Australia	VAA ANZ JPY ACC	*****0001	JPY
Hong Kong Branch	VA FX HKD	*****9532	HKD
JPMORGAN CHASE BANK, N.A.	VA FX EUR	*****5167	EUR
WESTPAC BANKING CORPORATION	VA WBC FJD	*****1473	FJD



Signing page

Executed as a deed

Trustee

Signed sealed and delivered by

Vaughan Strawbridge

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____

Trustee

Signed sealed and delivered by

Salvatore Algeri

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Trustee

Signed sealed and delivered by
John Greig

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____

Trustee

Signed sealed and delivered by
Richard Hughes

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Deed Administrator

Signed sealed and delivered by
Vaughan Strawbridge

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____

Deed Administrator

Signed sealed and delivered by
Salvatore Algeri

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Deed Administrator

Signed sealed and delivered by
John Greig

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____

Deed Administrator

Signed sealed and delivered by
Richard Hughes

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Deed Companies

Signed sealed and delivered for and on behalf of each of the following Primary DOCA Companies:

Virgin Australia Holdings Limited (subject to deed of company arrangement)

Virgin Australia Airlines Holdings Pty Ltd (subject to deed of company arrangement)

VAH Newco No.1 Pty Ltd (subject to deed of company arrangement)

Tiger Airways Australia Pty Limited (subject to deed of company arrangement)

Virgin Australia Airlines Pty Ltd (subject to deed of company arrangement)

Virgin Tech Pty Ltd (subject to deed of company arrangement)

A.C.N. 098 904 262 Pty Ltd (subject to deed of company arrangement)

Virgin Australia Regional Airlines Pty Ltd (subject to deed of company arrangement)

Virgin Australia Holidays Pty Ltd (subject to deed of company arrangement)

VB Ventures Pty Ltd (subject to deed of company arrangement)

Virgin Australia Cargo Pty Ltd (subject to deed of company arrangement)

VB Leaseco Pty Ltd (subject to deed of company arrangement)

VB Investco Pty Ltd (subject to deed of company arrangement) (in liquidation)

VAH Newco No.2 Pty Ltd (subject to deed of company arrangement) (in liquidation)

Virgin Australia International Operations Pty Ltd (subject to deed of company arrangement)

VBNC5 Pty Ltd (subject to deed of company arrangement)

Short Haul 2017 No. 1 Pty Ltd (subject to deed of company arrangement)

VB PDP 2010-11 Pty Ltd (subject to deed of company arrangement)

VB LH 2008 No. 1 Pty Ltd (subject to deed of company arrangement)

VB LH 2008 No. 2 Pty Ltd (subject to deed of company arrangement)



arrangement)

737 2012 No.1 Pty. Ltd. (subject to deed of company arrangement)

737 2012 No. 2 Pty Ltd (subject to deed of company arrangement)

VA Regional Leaseco Pty Ltd (subject to deed of company arrangement)

VA Hold Co Pty Ltd (subject to deed of company arrangement)

Virgin Australia 2013-1 Issuer Co Pty Ltd (subject to deed of company arrangement)

VA Lease Co Pty Ltd (subject to deed of company arrangement)

Short Haul 2016 No. 1 Pty Ltd (subject to deed of company arrangement)

Short Haul 2016 No. 2 Pty Ltd (subject to deed of company arrangement)

by their joint and several deed administrator:

sign here ► _____
Deed Administrator

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Signed sealed and delivered for and on behalf of each of the following IG DOCA Companies:

Virgin Australia International Holdings Pty Ltd (subject to deed of company arrangement)

Virgin Australia International Airlines Pty Ltd (subject to deed of company arrangement)

Tiger International Number1 Pty Ltd (subject to deed of company arrangement)

Virgin Australia Airlines (SE Asia) Pty Ltd (subject to deed of company arrangement)

by their joint and several deed administrator:

sign here ► _____
Deed Administrator

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Signed sealed and delivered for and on behalf of each of the following Subsidiary DOCA Companies:

VB Leaseco No 2 Pty Ltd (subject to deed of company arrangement)

VB 800 2009 Pty Ltd (subject to deed of company arrangement)

Short Haul 2017 No. 2 Pty Ltd (subject to deed of company arrangement)

Short Haul 2018 No. 1 Pty. Ltd. (subject to deed of company arrangement)

VA Borrower 2019 No. 1 Pty Ltd (subject to deed of company arrangement)

VA Borrower 2019 No. 2 Pty Ltd (subject to deed of company arrangement)

Short Haul 2014 No. 1 Pty Ltd (subject to deed of company arrangement)

Short Haul 2014 No. 2 Pty Ltd (subject to deed of company arrangement)

Short Haul 2017 No. 3 Pty. Ltd. (subject to deed of company arrangement)

by their joint and several deed administrator:

sign here ► _____
Deed Administrator

print name _____

in the presence of

sign here ► _____
Witness

print name _____



Deed Proponent

Signed sealed and delivered by

BC Hart Aggregator, L.P.

By: BC Hart Investors, LLC

its general partner

By: Bain Capital Asia Fund IV, L.P.

its manager

By: Bain Capital Investors Asia IV,
LLC

its general partner

By: Bain Capital Investors, LLC
its manager



sign here ► _____
Authorised signatory

sign here ► _____
Witness

print name Ryan Cotton _____

print name _____



Schedule 5

Creditor Indemnity

To: **[insert name of Deed Company] (Company)**

INDEMNITY IN RELATION TO INSURED CLAIM

I/We **[insert creditor name]** refer to the deed of company arrangement in respect of the Company (**DOCA**) dated **[insert date]**.

I/We wish to take legal proceedings to enforce a Claim under clause 8 of the DOCA (**Insured Claim**) against the Company. The Insured Claim is **[insert full description]**.

I/We irrevocably and unconditionally indemnify the Company against any costs, expenses, judgments (including but not limited to any judgment or order obtained by me/us against the Company, or any amounts required to be paid by the Company in connection with any judgment or order), suits or actions incurred directly or indirectly as a consequence of commencing legal proceedings in relation to the Insured Claim (**Costs**) to the extent that the Company is not indemnified for such costs pursuant to a contract of insurance entered into before **[insert Appointment Date for Deed Company]** or such Costs are not otherwise paid by the Company's insurer.

I/We confirm our agreement to be bound by the terms of clause 8 of the DOCA in respect of the Insured Claim.

Dated: **[insert date]**

Executed as a deed poll in favour of **[insert name of Deed Company]**.

Signed sealed and delivered for and on
behalf of

[Creditor name]

by its duly authorised representative
in the presence of:

Signature of witness

Signature of authorised representative

Name of witness (please print)

Name of authorised representative
(please print)

Schedule 6

Future Flight Credits Policy

C u s t o m e r s e l i g i b l e t o r e c e i v e a F u t u r e F l i g h t C r e d i t (F F C)	Customers with claims for refunds or other monetary compensation (being the person who made the relevant booking) for or in respect of the following: – flights or holiday packages operated or sold by or on behalf of a Deed Company that were booked and paid for prior to the Appointment Date that have been cancelled, where that customer is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that creditor by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; – flights or holiday packages operated or sold by or on behalf of a Deed Company that were booked and paid for prior to the Appointment Date and which are cancelled during the Deed Period or after Completion; – flights or holiday packages operated or sold by or on behalf of a Deed Company that were booked and paid for prior to the Appointment Date which were cancelled prior to the Appointment Date and in respect of which the relevant customer had, prior to the Appointment Date, been issued with a travel credit in accordance with the relevant Deed Company's terms and conditions applicable as at the date such credit was issued; – expenses incurred in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a Deed Company which was booked prior to the Appointment Date, or ancillary services paid for in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a Deed Company which was booked prior to the Appointment Date, where that customer is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that customer by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; – service-related incidents arising in connection with a flight or holiday package operated or sold by or on behalf of a Deed Company, which was booked prior to the Appointment Date, where that customer is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that customer by or on behalf of a Deed Company), immediately prior to Completion, to a Conditional Credit; – deposits paid to, and held by, a Deed Company prior to the Appointment Date in respect of a group booking for flights operated or sold by or on behalf of a Deed Company which have been cancelled, or are cancelled in the future.
S e r v i c e s f o r w h i c h a n F F C c a n b e u s e d	– Flights operated by Virgin Australia Group companies (no codeshare or third party airline flights) – Virgin Australia flight ancillaries
V a l i d i t y	– Travel must be booked by 31 July 2022 unless extended by

	Virgin Australia – Travel must be completed by 30 June 2023 – Any remaining credit where travel has not been booked by 31 July 2022 will be forfeited
Value of FFC	– If the customer was, prior to Completion, entitled to a Conditional Credit, the value of that Conditional Credit; – If, prior to Completion, the customer had a travel credit from a Deed Company that was issued prior to the Appointment Date, the value of that travel credit; – For customers with flight bookings made prior to the Appointment Date where cancellation has not yet occurred, the value of the unused portion of the ticket and any Virgin Australia flight ancillaries (less any non-refundable fees and taxes paid for by the customer at the time the original booking was made); – For customers with holiday package bookings made prior to the Appointment Date where cancellation has not yet occurred, the value of the unused portion of the holiday package (less any non-refundable fees and taxes paid for by the customer at the time the original booking was made and less any cancellation fees charged by a third-party supplier); – For customers with deposits paid to, and held by, a Deed Company prior to the Appointment Date in respect of a group booking for flights, the value of the deposit held.
Who can use the FFC	– Bookings can be made by the person to whom the FFC is issued, being the customer who made the original booking that made the customer eligible to receive the FFC.
Use of FFC	– Direct bookings: Can be used by contacting Virgin Australia to make a booking – Indirect bookings: Can be used by contacting the travel agent with whom the initial booking was made – All bookings: – The use of an FFC will be subject to terms and conditions applying to FFCs. These include but will not be limited to: – The availability of seats in the restricted fare class reserved for FFCs (note the exception for Group bookings as per below) – FFCs will be able to be used to book Economy and Business class (depending on the value of the FFC) – If an FFC is used to purchase a fare which is higher in value than the value of the FFC, the fare difference will be payable by the customer at the time of booking. In this instance, the total value paid for the new fare would be refunded to an FFC only in the event the future flight is cancelled – Changes to a booking made using an FFC will be permitted in accordance with the fare rules for that booking, which may require the customer to pay a fee for the change – An FFC cannot be used to make a booking in conjunction with Velocity Frequent Flyer Points or travel credits (whether FFCs or other forms of travel credits) of another person – An FFC cannot be used to make a booking in conjunction with



	other forms of travel credits
Bookings made using an FFC	– Where a flight is booked using an FFC and that flight is either (1) cancelled by the airline and the airline is not able to provide an alternative flight; or (2) cancelled by the customer and the customer would ordinarily be permitted to receive a credit or a refund under the fare rules applicable to their booking, the customer will only be entitled to receive an FFC (cash refunds or other forms of travel credits will not be provided under these terms). – The new FFC will be issued with the same value as the cancelled booking, less any cancellation fees payable under the fare rules applicable to that booking and/or non-refundable fees and taxes paid for by the customer at the time the previous booking was made.
Group Bookings	– Where an FFC is used to make a Group booking, the booking will be made in the restrictive booking class currently available for Group bookings. All other terms and conditions applicable to FFCs will apply to the booking. – Virgin Australia's current Group booking terms and conditions will apply to the booking other than in respect of refundability. – Where a flight is booked using an FFC and that flight is either (1) cancelled by the airline and the airline is not able to provide an alternative flight; or (2) cancelled by the Group customer and the Group customer would ordinarily be permitted to receive a credit or a refund under the fare rules applicable to their booking, the customer will only be entitled to receive an FFC (cash refunds or other forms of travel credits will not be provided under these terms).



Schedule 7

Excluded Contracts

Attached.

Part 1

Number	Division	Stream	Supplier	Virgin Australia Parties	Contract	Date
10	Aircraft Operations	Supply	Boeing Training & Flight Services Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Simulator Maintenance Agreement	14/10/2014
18	Aircraft Operations	Supply	D.C. Tritton PTY LTD ACN 010 785 663 as trustee for the D C Tritton Family Trust trading as Defensive Tactics	Virgin Australia Airlines Pty Ltd	Services Agreement for Security Training for Cabin and Flight Crew	8/01/2015
28	Aircraft Operations	Supply	IPAR Rehabilitation Pty Ltd	Virgin Australia Airlines Pty Ltd	Services Agreement for Manual Handling Training	1/07/2019
30	Aircraft Operations	Supply	Pelesys Learning Systems Inc	Virgin Australia Airlines Pty Ltd	Distributive Training Management and Licensing Agreement Amendment	1/06/2019
149	IT	Supply	15 Below Ltd	Virgin Australia Airlines Pty Ltd	Terms and Conditions for the Provision of Software and Services 2015	1/02/2016
150	IT	Supply	4Impact Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement and SOWs 40 and 41	27/03/2018
153	IT	Supply	Absolute Data Group Pty Ltd	Virgin Australia Airlines Pty Ltd	R4i CSDB Server Maintenance	1/07/2020
155	IT	Supply	Akamai Technologies Netherlands B.V.	Virgin Australia Airlines Pty Ltd	Network Protection Services - Contract Agreement Sheet	27/02/2012
156	IT	Supply	Amadeus IT Group, S.A.	Virgin Australia Airlines Pty Ltd	Software Licence Agreement	11/01/2013

158	VARA	VARA	Vedaleon Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Software Licence Agreement for the Supply, Implementation and Maintenance of a Charter Flight Booking Portal for Virgin Australia Regional Airlines (VARA)	10/06/2015
161	IT	Supply	Amazon Web Services Inc.	Virgin Australia Airlines Pty Ltd	AWS Enterprise Agreement	15/11/2016
165	IT	Supply	ARINC Inc	Virgin Australia Airlines Pty Ltd	Service Agreement, Service Supplements and addendums,	17/02/2009
173	CSD	Supply	TMA Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Product and Services Agreement for supply of printed materials.	8/03/2017
193	CSD	Supply	PT Jasa Angkasa Semesta TBK	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement (SGHA) - Simplified Procedure Annex B1.2 (January 2008) for I Gusti Ngurah Rai International Airport Denpasar (DPS)	1/07/2018
200	CSD	Supply	Christmas Island Removals Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement (SGHA)- Simplified Procedure Annex B (January 2008) - Christmas Island Airport (XCH) and Cocos Island Airport (CCK)	1/01/2018
271	IT	Supply	Techjam Pty Ltd	Virgin Australia Airlines Pty Ltd	Statement of Works for Precision Turnaround Report	8/03/2012
322	IT	Supply	BOQ Finance (Aust) Ltd	Virgin Australia Airlines Pty Ltd	Master Rental Agreement and Rental Schedules	18/12/2017
861	People	Supply	Qualtrics LLC	Virgin Australia Airlines Pty Ltd	Service Order - EX3 Advanced in accordance with the Master Services Agreement	30/05/2019
864	People	Supply	LinkedIn Singapore Pte Ltd	Virgin Australia Airlines Pty Ltd	LinkedIn Contract #CS7233751-20	24/07/2020

933	VARA	VARA	Aero Capital Solutions, Inc.	Virgin Australia Regional Airlines Pty Ltd	Aircraft Engine Lease Agreement, as extended by the Third Amendment to Aircraft Engine Lease	16/05/18 (Third Amendment : 11/05/2020)
938	VARA	VARA	Goodrich Control Systems Ltd	Virgin Australia Regional Airlines Pty Ltd	TAY ENGINE ACCESSORIES - FIXED PRICING MG-20190002	7/01/2020
952	VARA	VARA	Aviation Training Australasia Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Agreement for the Provision of Flight Simulation Services by Ansett Aviation Training	24/05/2018
969	VARA	VARA	Christmas Island Removals Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Standard Ground Handling Agreement	1/01/2018
1022	VARA	VARA	Vedaleon Technologies Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Web Check-in Agreement	1/09/2009
1023	VARA	VARA	Alleasing Pty Limited	Virgin Australia Regional Airlines Pty Ltd	Master Rental Agreement and Rental Schedule E2R0158827	23/10/2015
1038	VARA	VARA	BOQ Finance (Aust) Ltd	Virgin Australia Airlines Pty Ltd	Rental Schedule	1/10/2018
1069	VARA	VARA	International Safety Systems Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Software Licence and Services Agreement	3/06/2011
1077	VARA	VARA	Fleetplus Pty Ltd	Virgin Australia Airlines Pty Ltd	Vehicle Fleet Management Service Level Agreement	27/09/2012
1089	VARA	VARA	Aerobytes Ltd	Virgin Australia Regional Airlines Pty Ltd	Licence Agreement between Aerobytes Ltd and Virgin Australia Regional Airlines	24/06/2014
1099	VARA	VARA	Fleet Aeronautics Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Services Agreement for Load Control App	1/07/2019
1101	VARA	VARA	Avinet Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Software Licence and Support Agreement (Seventh Licence Term)	7/01/2020

1241	Marketing	Supply	Powerinbox, Inc.	Virgin Australia Airlines Pty Ltd	PowerInbox Publisher Agreement	14/10/2019
1244	Marketing	Supply	Google Inc.	Virgin Australia Airlines Pty Ltd	Data License and Use Agreement	18/06/2013
1283	Marketing	Supply	Potentiate Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Subscription and Variation Agreements	8/11/2017
1284	Marketing	Supply	Qualtrics LLC	Virgin Australia Airlines Pty Ltd	Master Services Agreement, including all Service Orders under the Master Services Agreement	30/09/2018
1286	Marketing	Supply	Productsup Pty Ltd	Virgin Australia Airlines Pty Ltd	Licence Agreement	27/08/2019
1289	Marketing	Supply	Kayak Software Corporation	Virgin Australia Airlines Pty Ltd	Kayak Insertion Order #IO22229	4/08/2016
1290	Marketing	Supply	Skyscanner Private Ltd	Virgin Australia Airlines Pty Ltd	Order Form	1/03/2018
1294	Marketing	Supply	Twtrland Ltd	Virgin Australia Airlines Pty Ltd	Klear Services: Enterprise Small Subscription	11/11/2019
1295	Marketing	Supply	Stackla Pty Ltd	Virgin Australia Airlines Pty Ltd	Order Form SO-16525	1/11/2019
1296	Marketing	Supply	Telum Media Pty Ltd	Virgin Australia Airlines Pty Ltd	Media Database and Media Knowledge Management system	1/08/2017
1297	Marketing	Supply	Mediadverse Pty Ltd	Virgin Australia Airlines Pty Ltd	Media Analysis Service Client Agreement	1/07/2019
1302	Marketing	Supply	Media Monitors Pty Ltd	Virgin Australia Airlines Pty Ltd	Client Service Order	17/11/2011
1309	Marketing	Supply	Nuvi LLC	Virgin Australia Airlines Pty Ltd	Sales Order	15/01/2020
1310	Marketing	Supply	Versaic, Inc.	Virgin Australia Airlines Pty Ltd	Versaic Usage Agreement	13/09/2012

1322	Marketing	Supply	Tourism Events Queensland	Virgin Australia Airlines Pty Ltd	Co-operative Marketing Agreement Brisbane to Whitsunday Coast (PPP)	2/11/2018
1326	Marketing	Supply	The Matcha Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Digital Marketing Technical Services	11/10/2018
1359	Facilities	Supply	Recall Information Management Pty Ltd	Virgin Australia Airlines Pty Ltd	Service Agreement	1/11/2008
1367	Facilities	Supply	Staples Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Products and Services Agreement for Office Products	1/03/2017
1406	IT	Supply	Progility Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Service Agreement and Amendment AND Restatement Deed no 2	31/10/2019
1457	Property Leases	Supply	Alice Springs Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Terminal Building Sublease	27/03/2015
1469	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Lease	27/07/2013
1471	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Sub-lease of the Property (3 Melia St, Brisbane Airport) between VAA and Brisbane Airport Corporation Pty Limited ACN 076 870 650 dated 28 April 2003	28/03/2003
1484	Property Leases	Supply	Darwin International Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Terminal Building Sublease	23/03/2018
1491	Property Leases	Supply	Hobart International Airport Pty Ltd	Virgin Australia Cargo Pty Ltd	Lease Proposal	23/09/2015
1505	Property Leases	VARA	Shire of Ashburton	Virgin Australia Regional Airlines Pty Ltd	Licence and Deed of Renewal	1/04/2015
1758	IT	Supply	Brock Solutions, Inc.	Virgin Australia Airlines Pty Ltd	Services Agreement for Baggage Reconciliation System	1/03/2016

1759	IT	Supply	CSC Corporation Domains, Inc.	Virgin Australia Airlines Pty Ltd	Thwate SSL Web Server Certificates	23/04/2020
1761	IT	Supply	DATA#3 Limited	Virgin Australia Airlines Pty Ltd	Head Agreement (For Hardware, Software & Services) Number D3HA-0507	8/09/2010
1771	IT	Supply	Dell Financial Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Dell Financial Services Rental Schedule 009-0147080-001	1/03/2020
1772	IT	Supply	Dell Financial Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Dell Master Rental Agreement and Dell Financial Services Rental Schedule 009-0147080-003	3/07/2017
1777	IT	Supply	E&E IT Solutions	Virgin Australia Airlines Pty Ltd	VA-19-EEVN0280_01AUG20-31Jan21	1/08/2020
1781	IT	Supply	Indian Ocean Territories Telecom Pty Ltd	Virgin Australia Airlines Pty Ltd	Enterprise Monthly Internet	1/07/2017
1782	IT	Supply	Informatica Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Support and Maintenance Renewal 00111862	19/06/2020
1783	IT	Supply	Infoview Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for TEMS	1/04/2019
1786	IT	Supply	Megaport Limited	Virgin Australia Airlines Pty Ltd	Global Services Agreement and Service Orders	10/02/2017
1788	IT	Supply	Microsoft Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement ref U7302156 Microsoft Enterprises Services Work Order Agreement Number E8978716 x20-12519 21/12/2018 Product Selection Form x20-12823 21/12/2018 Server and Cloud Enrolment 21/12/2018	7/04/2004

1790	IT	Supply	MongoDB Ltd	Virgin Australia Airlines Pty Ltd	Q-26138-2 – Subscription MongoDB Atlas Pro Package	1/08/2020
1801	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Network Services Agreement and all current Contract Variations	11/03/2013
1808	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Master Agreement	31/03/2013
1810	IT	Supply	Pros, Inc.	Virgin Australia Airlines Pty Ltd	Subscription and Services Agreement and associated orders (30/12/2019)	30/12/2019
1812	IT	Supply	Rivium Pty Ltd	Virgin Australia Airlines Pty Ltd	Splunk 175GB Perpetual Support Renewal 12 months	1/08/2020
1813	IT	Supply	Sabre GBLB, Inc.	Virgin Australia Airlines Pty Ltd	Framework Agreement	1/08/2017
1814	IT	Supply	Prism Group, Inc.	Virgin Australia Airlines Pty Ltd	Software Licence Agreement and Renewal Agreement	11/01/2013
1818	IT	Supply	Satcom Global Ltd	Virgin Australia Airlines Pty Ltd	Multi Service Agreement	11/10/2017
1819	IT	Supply	Schneider Electric (Australia) Pty Ltd	Virgin Australia Airlines Pty Ltd	It Services Agreement for Schneider Electric UPS	19/12/2019
1820	IT	Supply	Seertech Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	iLearning Services Agreement	25/02/2009
1821	IT	Supply	SITA Information Networking Computing B.V	Virgin Australia Airlines Pty Ltd	Airport Solution Line Service Agreement (Perth)	19/11/2015
1823	IT	Supply	SITA Information Networking Computing USA Inc	Virgin Australia Airlines Pty Ltd	Airport Solution Line Service Agreement	12/06/2017
1824	IT	Supply	SITA on Air SwitzerlandSarl	Virgin Australia Airlines Pty Ltd	Aircraft Communication Services Agreement for Crewtab	14/07/2016

1825	IT	Supply	SITA SC	Virgin Australia Airlines Pty Ltd	Framework Agreement for the Provision of Telecommunications Services	17/07/2007
1826	IT	Supply	Spark New Zealand Trading Ltd	Virgin Australia Airlines Pty Ltd	Sparks General Terms and Current Service Schedules	15/10/2019
1827	IT	Supply	Talent International (NSW) Pty Ltd	Virgin Australia Airlines Pty Ltd	VA17-TAVN0329_01AUG20-31Jan21	1/08/2020
1834	IT	Supply	Tealium, Inc.	Virgin Australia Airlines Pty Ltd	Tealium Service Order	27/01/2020
1851	IT	Supply	Vodafone Pty Ltd	Virgin Australia Airlines Pty Ltd	Enterprise Mobility Management Agreement	1/07/2016
1855	IT	Supply	Rockwell Collins UK Ltd	Virgin Australia Airlines Pty Ltd	Subscription Contract and Software Licence Agreement	26/06/2015
1858	IT	Supply	NetDocuments Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	NetDocuments Online Master Service Agreement	26/04/2017
1859	IT	Supply	Pelesys Learning Systems Inc	Virgin Australia Airlines Pty Ltd	Distributive Training Management, Courseware, Licensing and Training Services Agreement	10/10/2013
1861	IT	Supply	Whispir Ltd	Virgin Australia Airlines Pty Ltd	Whispir Application Form and Terms and Conditions of use	20/06/2016
1862	IT	Supply	Xakia Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Xakia Terms of Use for Virgin Australia	10/04/2017
1863	IT	Supply	Galor Systems & Software Development Ltd	Virgin Australia Airlines Pty Ltd	Software License Agreement	11/08/2008
1989	CCO	TT	Elephants Can Dance Pty Ltd	Tiger Airways Australia Pty Ltd	Master Services Agreement for ICT Services	18/06/2018
1992	CCO	Supply	Jitterbit, Inc.	Virgin Australia Airlines Pty Ltd	Jitterbit Master Subscription Agreement	15/11/2019

1997	CCO	Supply	Aviation Services (Ireland) Limited	Virgin Australia Airlines Pty Ltd	Revenue Services Agreement	1/06/2018
2000	CCO	Supply	Payment Express Australia Pty Limited	Virgin Australia Airlines Pty Ltd	Agreement for Payment Express	8/08/2017
2006	CCO	Supply	Usabilla Pty Ltd	Virgin Australia Airlines Pty Ltd	Enterprise Contract	10/08/2018
2012	CCO	Supply	Plusgrade L.P. / Plusgrade S.E.C represented by Plusgrade Management GP INC.	Virgin Australia Airlines Pty Ltd	Agreement	1/07/2018
2015	CCO	Supply	ETRAWLER (Company No: 93433 (Eire)) (CarTrawler)	Virgin Australia Airlines Pty Ltd	Services Agreement	28/10/2013
2022	CCO	Supply	Reed Business Information Limited	Virgin Australia Airlines Pty Ltd	Order Agreement	1/12/2019
2043	CCO	Supply	DocuSign, Inc.	Virgin Australia Airlines Pty Ltd	Order Form #Q-00413201	14/02/2020
2044	CCO	Supply	LLC DBA Conga	Virgin Australia Airlines Pty Ltd	Order Form	29/01/2020
2048	CCO	Supply	Sabre Travel International Limited	Virgin Australia Airlines Pty Ltd	Travel Marketing Agreement	1/07/2015
2049	CCO	Supply	Travelport Worldwide Ltd	Virgin Australia Airlines Pty Ltd	Travelport International Global Airline Distribution Agreement	11/01/2013
2051	CCO	Supply	Abacus International Pte Ltd	Virgin Australia Airlines Pty Ltd	Abacus Airline Participation Agreement	1/11/2012
2052	CCO	Supply	TravelSky Technology Limited	Virgin Australia Airlines Pty Ltd	Participating Carrier Agreement	5/06/2017
2053	CCO	Supply	Infini Travel Information Inc.	Virgin Australia Airlines Pty Ltd	Infini Participating Carrier Agreement	18/04/2013

2183	Safety	Supply	Institutes for Behavior Resources, Inc.	Virgin Australia Airlines Pty Ltd	Schedule B Statement of Work #2	11/01/2017
2194	Safety	Supply	McInnes Wilson Lawyers Pty Ltd	Virgin Australia Airlines Pty Ltd	Legal Panel Service Agreement	1/09/2016
2224	Safety	Supply	Springday Pty Ltd	Virgin Australia Airlines Pty Ltd	Platform Agreement for Employee Wellbeing and Engagement Technology Platform	12/02/2018
2233	Safety	Supply	TELEDYNE PTY LTD	Virgin Australia Airlines Pty Ltd	Teledyne Wireless Groundlink® Communication Manager (WGCM) Software Licence Agreement	5/12/2013
2252	Cargo	Supply	Air Rarotonga Limited	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - Rarotonga	1/10/2015
2253	Cargo	Supply	Air Terminal Services Fiji Ltd	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - Fiji	1/10/2015
2254	Cargo	Supply	Air Terminal Services (Tonga) Limited	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - Tonga	1/10/2015
2255	Cargo	Supply	Airlines of Papua New Guinea Limited	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - PNG	1/10/2015
2280	Cargo	Supply	PT Jasa Angkasa Semesta TBK	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - DPS	1/10/2015
2282	Cargo	Supply	The Bailey Family Trust	Virgin Australia Airlines Pty Ltd	AHM 830 Ground Handling Charge Note	1/07/2020
2290	Cargo	Supply	Northwest Air Freight Discretionary Trust	Virgin Australia Cargo Pty Ltd	Cargo Terminal Services Agreement	25/09/2018
2300	Cargo	Supply	Polynesian Limited	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - APW	1/10/2015
2303	Cargo	Supply	Solomon Airlines Limited	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - HIR	1/10/2015

2316	Engineering	Supply	Air New Zealand Limited	Virgin Australia Airlines Pty Ltd	Agreement for the Supply of Maintenance and Engineering Services (CHC)	21/12/2012
2318	Engineering	Supply	Air New Zealand Limited	Virgin Australia Airlines Pty Ltd	Agreement for the Supply of ATR72 Maintenance and Engineering Services	1/03/2016
3178	IT	Supply	Airlogica Corporation	Virgin Australia Airlines Pty Ltd	Outsourcing Agreement	1/01/2018
3181	IT	Supply	Google Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Order form for Apigee Products and Services	1/12/2019
3182	IT	Supply	APNIC Pty Ltd	Virgin Australia Airlines Pty Ltd	Annual Membership terms and conditions	1/03/2020
3183	IT	Supply	AppExtremes LLC DBA Conga	Virgin Australia Airlines Pty Ltd	Conga Composer Business Edition	1/02/2020
3184	IT	Supply	Aquion Pty Ltd	Virgin Australia Airlines Pty Ltd	SYDSQ-N0114562 - Globalscape renewal	24/07/2017
3185	IT	Supply	SAP Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Subscription Agreement April 15, 2012 and Renewal Order Form for SAP Cloud Services	4/10/2012
3187	IT	Supply	Beyond Binary Pty Ltd	Virgin Australia Airlines Pty Ltd	Consultancy Services Agreement	1/05/2019
3189	IT	Supply	Bloomberg Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	All International (BTAX05) Premier Intl Library User Licence	19/06/2020
3191	IT	Supply	Broadcom Ca Singapore Pte Ltd	Virgin Australia Airlines Pty Ltd	Email Safeguard Cloud Services Subscription	1/02/2020
3193	IT	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Communications Duct Licence Agreement	21/10/2016
3196	CCO	Revenue & Alliances	Etrawler Company Number 93433	Virgin Australia Airlines Pty Ltd & ors	CarTrawler Agreement_28102013	28/10/2013

3201	IT	Supply	CLD Consulting Limited	Virgin Australia Airlines Pty Ltd	Paxin Licence Agreement	16/04/2010
3204	IT	Supply	Colab Consulting Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Software and Services	28/03/2018
3208	IT	Supply	Cortell Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Support Agreement	6/07/2015
3212	IT	Supply	Datco Media LLC	Virgin Australia Airlines Pty Ltd	Datco Media Master Software License Support and Services Agreement	1/01/2018
3217	IT	Supply	Ecrion Software, Inc.	Virgin Australia Airlines Pty Ltd	Extended Support and XF Designer	3/08/2020
3220	IT	Supply	Enablo Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	11/12/2019
3222	IT	Supply	Experian Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Agreement for the Provision of Experian Data Quality Services and SoW 2	6/09/2018
3226	IT	Supply	GE Flight Efficiency Services Inc and Naverus Inc	Virgin Australia Airlines Pty Ltd	Services Contract	19/04/2018
3228	IT	Supply	Marks Systems, Inc.	Virgin Australia Airlines Pty Ltd	Data Licence and Order Form Packet	1/09/2014
3234	IT	Supply	Information Engineering Group Incorporated	Virgin Australia Airlines Pty Ltd	Software License Purchase and Support Agreement	9/02/2012
3235	IT	Supply	Infare Solutions A/S	Virgin Australia Airlines Pty Ltd	Infare Knowledge Subscription Form	1/10/2013
3236	IT	Supply	Inform GmbH	Virgin Australia Airlines Pty Ltd	Master Agreement for IT Procurements	30/08/2013
3237	IT	Supply	Integral Technology Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for ICT Consulting Services	5/11/2019
3239	IT	Supply	Intelix Technologies Inc.	Virgin Australia Airlines Pty Ltd	Intelix Software License Agreement	30/09/2013

3242	IT	Supply	IRD Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Prospector Plan 12 Month Subscription	11/08/2019
3244	IT	Supply	iSeek Communications Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	25/02/2010
3246	IT	Supply	Twtrland Ltd	Virgin Australia Airlines Pty Ltd	Subscription Order Confirmation	30/10/2019
3249	IT	Supply	LocusLabs, Inc.	Virgin Australia Airlines Pty Ltd	Software Licence and Support Agreement	12/07/2018
3251	IT	Supply	Loop Secure	Virgin Australia Airlines Pty Ltd	Crowdstrike Licences	30/11/2019
3263	IT	Supply	Prism Group, Inc.	Virgin Australia Airlines Pty Ltd	Software Licence Agreement	1/03/2015
3265	IT	Supply	QlikTech International AB	Virgin Australia Airlines Pty Ltd	Maintenance Schedule	1/06/2020
3268	IT	Supply	Rolls Royce Controls and Data Services (NZ) Limited	Virgin Australia Airlines Pty Ltd	Licence to AQD	1/02/2020
3269	IT	Supply	Callidus Software Inc	Virgin Australia Airlines Pty Ltd	Callidus Cloud On-Demand Services Subscription Agreement	14/12/2018
3270	IT	Supply	SAS Institute Australia Pty Limited	Virgin Australia Airlines Pty Ltd	Master Services Agreement and all current supplements executed by the parties	31/03/2008
3271	IT	Supply	Salesforce Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Subscription Agreement and All Current Orders	26/05/2011
3272	IT	Supply	Sharegate Group Inc	Virgin Australia Airlines Pty Ltd	Licence for Nintex	1/08/2017
3273	IT	Supply	Siemens Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for the Provision of Access Control Services	1/10/2019
3277	IT	Supply	Techjam Pty Ltd	Virgin Australia Airlines Pty Ltd	Statement of Works for Skywest Comms	23/08/2011

					System	
3279	IT	Supply	Telecommunications Industry Ombudsman Ltd	Virgin Australia Airlines Pty Ltd	Membership	1/07/2020
3281	IT	Supply	Telstra Corporation Ltd	Virgin Australia Airlines Pty Ltd	Business Services Agreement and current SFOAs	9/12/2016
3283	IT	Supply	TPG Telecom Ltd	Virgin Australia Airlines Pty Ltd	SalesOrders CA14052372	19/08/2020
3287	IT	Supply	Trendwatching.com Asia Pacific PTE Ltd	Virgin Australia Airlines Pty Ltd	TrendWatching Subscription	1/01/2020
3293	IT	Supply	Versadev Software Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for versaSRS Case Management System	20/06/2018
3295	IT	Supply	Vision Critical Communications Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Subscription Agreement	14/11/2017
3297	IT	Supply	Vocus Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Vocus Service Order	29/06/2020
3299	IT	Supply	xtramedia.net Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Delivery and Support of the ASIC system	4/09/2019
3365	Aircraft Operations	Supply	Qantas Airways Limited	Virgin Australia Regional Airlines Pty Ltd	Training Agreement Number FT100281	1/04/2019
3374	CCO	Supply	ITA Software Technologies Limited	Virgin Australia Holdings Limited	Availability Data License Agreement	1/09/2016
3376	Revenue	Revenue & Alliances	AIRBUS AUSTRALIA PACIFIC LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3377	Revenue	Revenue & Alliances	DELAWARE NORTH COMPANIES AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018

3378	Revenue	Revenue & Alliances	DRAEGER AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3379	Revenue	Revenue & Alliances	EMECO INTERNATIONAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3380	Revenue	Revenue & Alliances	HANSON AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3381	Revenue	Revenue & Alliances	MMA OFFSHORE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3382	Revenue	Revenue & Alliances	RIVET MINING SERVICES WEST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3383	Revenue	Revenue & Alliances	THE STAR ENTERTAINMENT GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3384	Revenue	Revenue & Alliances	ALTURA MINING LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3385	Revenue	Revenue & Alliances	BUILT PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3386	Revenue	Revenue & Alliances	CAPE AUSTRALIA ONSHORE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3387	Revenue	Revenue & Alliances	CARDNO HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2017
3389	Revenue	Revenue & Alliances	NUFARM AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2017
3390	Revenue	Revenue & Alliances	PARTNERS IN PERFORMANCE - APAC - AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018

3391	Revenue	Revenue & Alliances	SCOPE GLOBAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2017
3392	Revenue	Revenue & Alliances	SUPER RETAIL GROUP SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2017
3393	Revenue	Revenue & Alliances	TECHNOLOGY ONE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2017
3394	Revenue	Revenue & Alliances	VEOLIA ENVIRONMENTAL SERVICES (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3395	Revenue	Revenue & Alliances	WORLEY SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3396	Revenue	Revenue & Alliances	ALCEON GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3397	Revenue	Revenue & Alliances	AUSTRALIAN BASEBALL LEAGUE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3398	Revenue	Revenue & Alliances	BECHTEL AUSTRALIA PROPRIETARY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2017
3399	Revenue	Revenue & Alliances	BMW AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3400	Revenue	Revenue & Alliances	CAPRICORN METALS LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3401	Revenue	Revenue & Alliances	FTV BUSINESS SERVICES	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2017
3402	Revenue	Revenue & Alliances	INTERNATIONAL SOS (AUSTRALASIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018

3403	Revenue	Revenue & Alliances	JACOBS GROUP (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3404	Revenue	Revenue & Alliances	NEWS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3405	Revenue	Revenue & Alliances	PEABODY ENERGY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3406	Revenue	Revenue & Alliances	PHOSPHATE RESOURCES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3407	Revenue	Revenue & Alliances	PRICEWATERHOUSECOOPERS (PWC)	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3408	Revenue	Revenue & Alliances	RNC HOLDINGS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3409	Revenue	Revenue & Alliances	SGS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3410	Revenue	Revenue & Alliances	TABCORP HOLDINGS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3411	Revenue	Revenue & Alliances	THYSSENKRUPP ELEVATOR AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3412	Revenue	Revenue & Alliances	VERTECH GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3413	Revenue	Revenue & Alliances	ABB AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3414	Revenue	Revenue & Alliances	ATLAS IRON LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3415	Revenue	Revenue & Alliances	AUSTRALIAN ENERGY MARKET OPERATOR	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018

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3416	Revenue	Revenue & Alliances	BLACKMORES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3417	Revenue	Revenue & Alliances	COVER-MORE INSURANCE SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3418	Revenue	Revenue & Alliances	DOF SUBSEA AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3419	Revenue	Revenue & Alliances	FLSMIDTH PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3420	Revenue	Revenue & Alliances	FRASERS PROPERTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3421	Revenue	Revenue & Alliances	FREMANTLEMEDIA AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2018
3422	Revenue	Revenue & Alliances	GF SERVICES COMPANY PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3423	Revenue	Revenue & Alliances	GSM (OPERATIONS) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3424	Revenue	Revenue & Alliances	INCITEC PIVOT LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3425	Revenue	Revenue & Alliances	MINERAL RESOURCES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3426	Revenue	Revenue & Alliances	NRW CONTRACTING PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3427	Revenue	Revenue & Alliances	ORICA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018

3428	Revenue	Revenue & Alliances	PANTORO LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3429	Revenue	Revenue & Alliances	SILVER LAKE RESOURCES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3430	Revenue	Revenue & Alliances	UBT MARKETING PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2016
3431	Revenue	Revenue & Alliances	VALMEC LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3432	Revenue	Revenue & Alliances	VINCI CONSTRUCTION AUSTRALASIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3433	Revenue	Revenue & Alliances	VIVA ENERGY AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3434	Revenue	Revenue & Alliances	AGC AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3435	Revenue	Revenue & Alliances	ALLIANZ AUSTRALIA SERVICES PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2017
3436	Revenue	Revenue & Alliances	ARCHER CAPITAL PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3437	Revenue	Revenue & Alliances	BASF AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3438	Revenue	Revenue & Alliances	BOART LONGYEAR AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3439	Revenue	Revenue & Alliances	BUSINESS FOR DOCTORS	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3440	Revenue	Revenue & Alliances	CBRE PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2017

3441	Revenue	Revenue & Alliances	CIMIC GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2017
3442	Revenue	Revenue & Alliances	E&A LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2018
3443	Revenue	Revenue & Alliances	ERICSSON AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2017
3444	Revenue	Revenue & Alliances	IB OPERATIONS PTY LTD AS AGENTS FOR FMG MAGNETITE	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3445	Revenue	Revenue & Alliances	INPEX OPERATIONS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3446	Revenue	Revenue & Alliances	L'OREAL AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2018
3447	Revenue	Revenue & Alliances	LUCAS DRILLING PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3448	Revenue	Revenue & Alliances	MACMAHON HOLDINGS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3449	Revenue	Revenue & Alliances	PILBARA MINERALS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3450	Revenue	Revenue & Alliances	REDPATH AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3451	Revenue	Revenue & Alliances	ROCHE PRODUCTS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2017
3452	Revenue	Revenue & Alliances	SEVEN NETWORK (OPERATIONS) LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2013
3453	Revenue	Revenue & Alliances	SIEMENS LTD.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2017

3454	Revenue	Revenue & Alliances	SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3455	Revenue	Revenue & Alliances	ST BARBARA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2017
3457	Revenue	Revenue & Alliances	SWICK MINING SERVICES	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3458	Revenue	Revenue & Alliances	WESTGOLD RESOURCES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3459	Revenue	Revenue & Alliances	AECOM AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3460	Revenue	Revenue & Alliances	ANGLO AMERICAN METALLURGICAL COAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3461	Revenue	Revenue & Alliances	ASTRAZENECA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3462	Revenue	Revenue & Alliances	AWI (AUSTRALIAN WOOL INNOVATION LTD)	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3463	Revenue	Revenue & Alliances	BECA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3464	Revenue	Revenue & Alliances	BHP GROUP OPERATIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2016
3465	Revenue	Revenue & Alliances	BLOOMBERG L.P.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3466	Revenue	Revenue & Alliances	DOWNER EDI LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018

3467	Revenue	Revenue & Alliances	ENERGYAUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3468	Revenue	Revenue & Alliances	KPMG AUSTRALIAN SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3469	Revenue	Revenue & Alliances	NATIONAL AUSTRALIA BANK LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2014
3470	Revenue	Revenue & Alliances	NOUS GROUP PTY. LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3471	Revenue	Revenue & Alliances	PANORAMIC RESOURCES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3472	Revenue	Revenue & Alliances	PENSKE TRANSPORTATION GROUP INTERNATIONAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3473	Revenue	Revenue & Alliances	SAPUTO DAIRY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3474	Revenue	Revenue & Alliances	Royal Dutch Shell Plc	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3475	Revenue	Revenue & Alliances	SPECSAVERS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3476	Revenue	Revenue & Alliances	ENDEMOL SHINE (AUST) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3477	Revenue	Revenue & Alliances	JELD-WEN AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3478	Revenue	Revenue & Alliances	BMD CONSTRUCTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019

3479	Revenue	Revenue & Alliances	CATER CARE GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3480	Revenue	Revenue & Alliances	COATES HIRE OPERATIONS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3481	Revenue	Revenue & Alliances	FUJI XEROX AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3482	Revenue	Revenue & Alliances	INTERSYSTEMS AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3483	Revenue	Revenue & Alliances	MERCEDES-BENZ AUSTRALIA/PACIFIC PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3484	Revenue	Revenue & Alliances	PHILIPS ELECTRONICS AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3485	Revenue	Revenue & Alliances	PINDAN GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3486	Revenue	Revenue & Alliances	RIO TINTO LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3487	Revenue	Revenue & Alliances	SAP AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3488	Revenue	Revenue & Alliances	SERCO GROUP PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3489	Revenue	Revenue & Alliances	SIBELCO AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3490	Revenue	Revenue & Alliances	UNITED PETROLEUM PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018

3491	Revenue	Revenue & Alliances	BOEHRINGER INGLEHEIM PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3492	Revenue	Revenue & Alliances	BUREAU VERITAS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3493	Revenue	Revenue & Alliances	FUGRO AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3494	Revenue	Revenue & Alliances	INTERTEK AUSTRALIA HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3495	Revenue	Revenue & Alliances	SIMPLOT AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3496	Revenue	Revenue & Alliances	CSL LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3497	Revenue	Revenue & Alliances	CUSHMAN & WAKEFIELD AGENCY PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3498	Revenue	Revenue & Alliances	DECMIL GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3499	Revenue	Revenue & Alliances	J.P. MORGAN ADMINISTRATIVE SERVICES AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3500	Revenue	Revenue & Alliances	JADESTONE ENERGY (AUSTRALIA HOLDINGS) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3501	Revenue	Revenue & Alliances	ORORA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3502	Revenue	Revenue & Alliances	UBS Group AG	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019

3503	Revenue	Revenue & Alliances	WILSON PARKING AUSTRALIA 1992 PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3504	Revenue	Revenue & Alliances	FORD MOTOR COMPANY OF AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3505	Revenue	Revenue & Alliances	JUST GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3506	Revenue	Revenue & Alliances	NIKE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3507	Revenue	Revenue & Alliances	SCHNEIDER ELECTRIC (AUSTRALIA) PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3508	Revenue	Revenue & Alliances	ALDI STORES (A LIMITED PARTNERSHIP)	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3509	Revenue	Revenue & Alliances	GLENCORE AUSTRALIA HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3510	Revenue	Revenue & Alliances	JD SPORTS FASHION AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3511	Revenue	Revenue & Alliances	JEMENA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3512	Revenue	Revenue & Alliances	NEWCREST MINING LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3513	Revenue	Revenue & Alliances	WHITTENS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3514	Revenue	Revenue & Alliances	AMCOR FLEXIBLES (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018

3515	Revenue	Revenue & Alliances	BOOM LOGISTICS LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3516	Revenue	Revenue & Alliances	CNH INDUSTRIAL Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3517	Revenue	Revenue & Alliances	DISCOVERY HOLIDAY PARKS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3518	Revenue	Revenue & Alliances	THE TRUSTEE FOR HILLSONG INTERNATIONAL	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3519	Revenue	Revenue & Alliances	AUSTRALIAN UNITY GROUP SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3520	Revenue	Revenue & Alliances	CIVMEC CONSTRUCTION & ENGINEERING PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3521	Revenue	Revenue & Alliances	FREO GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3522	Revenue	Revenue & Alliances	INTEGRATED CLINICAL ONCOLOGY NETWORK PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3523	Revenue	Revenue & Alliances	JBS AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3524	Revenue	Revenue & Alliances	VISY INDUSTRIES AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2016
3525	Revenue	Revenue & Alliances	GEORGIU GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3526	Revenue	Revenue & Alliances	KERING AUSTRALIA Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019

3527	Revenue	Revenue & Alliances	PACIFIC NATIONAL EXECUTIVE SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3528	Revenue	Revenue & Alliances	RESMED LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3529	Revenue	Revenue & Alliances	ARTHUR J. GALLAGHER & CO (AUS) LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3530	Revenue	Revenue & Alliances	BAE SYSTEMS AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3531	Revenue	Revenue & Alliances	IGO LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3532	Revenue	Revenue & Alliances	ONESTEEL TRADING PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3533	Revenue	Revenue & Alliances	ACCOLADE WINES AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3534	Revenue	Revenue & Alliances	NETBALL AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3535	Revenue	Revenue & Alliances	PALO ALTO NETWORKS (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3536	Revenue	Revenue & Alliances	QUEENSLAND RUGBY FOOTBALL LEAGUE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3537	Revenue	Revenue & Alliances	SAGE AUTOMATION PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3538	Revenue	Revenue & Alliances	SANOFI-AVENTIS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019

3540	Revenue	Revenue & Alliances	GOODYEAR & DUNLOP TYRES (AUST) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3541	Revenue	Revenue & Alliances	ANGLICAN SCHOOLS AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3542	Revenue	Revenue & Alliances	GYMNASTICS AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3543	Revenue	Revenue & Alliances	MADER CONTRACTING PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3544	Revenue	Revenue & Alliances	MCKINSEY PACIFIC RIM INC	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3545	Revenue	Revenue & Alliances	ORIGIN ENERGY SERVICES LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2017
3546	Revenue	Revenue & Alliances	BOUYGUES CONSTRUCTION AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3547	Revenue	Revenue & Alliances	FLETCHER BUILDING LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3548	Revenue	Revenue & Alliances	KAEFER INTEGRATED SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3549	Revenue	Revenue & Alliances	SKYCITY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3550	Revenue	Revenue & Alliances	VALMONT AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3551	Revenue	Revenue & Alliances	VOLKSWAGEN GROUP AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3552	Revenue	Revenue & Alliances	WEATHERFORD AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020

3553	Revenue	Revenue & Alliances	NOVO RESOURCES CORP	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3554	Revenue	Revenue & Alliances	RIDLEY CORPORATION LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3555	Revenue	Revenue & Alliances	TOTAL AMS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3556	Revenue	Revenue & Alliances	BAI COMMUNICATIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3557	Revenue	Revenue & Alliances	CONOCOPHILLIPS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3558	Revenue	Revenue & Alliances	ECOLAB PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3559	Revenue	Revenue & Alliances	GHD PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3560	Revenue	Revenue & Alliances	OMNICOM EUROPE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3561	Revenue	Revenue & Alliances	SONIC HEALTHCARE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3562	Revenue	Revenue & Alliances	THE TRUSTEE FOR G & T SERVICE TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3563	Revenue	Revenue & Alliances	DBNGP (WA) NOMINEES PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3564	Revenue	Revenue & Alliances	ST HILLIERS PROPERTY PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019

3565	Revenue	Revenue & Alliances	THE TRUSTEE FOR SPOTLIGHT STORES TRADING TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3566	Revenue	Revenue & Alliances	ARCADIS AUSTRALIA PACIFIC PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3567	Revenue	Revenue & Alliances	BYRNECUT AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3568	Revenue	Revenue & Alliances	CLOUGH PROJECTS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3569	Revenue	Revenue & Alliances	COBHAM AVIATION SERVICES AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3570	Revenue	Revenue & Alliances	ENERMECH PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3571	Revenue	Revenue & Alliances	MIRVAC LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3572	Revenue	Revenue & Alliances	OPTUS ADMINISTRATION PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3573	Revenue	Revenue & Alliances	ROBERT BOSCH (AUSTRALIA) PROPRIETARY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3574	Revenue	Revenue & Alliances	SANDVIK AUSTRALIA HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3575	Revenue	Revenue & Alliances	TAL SERVICES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3576	Revenue	Revenue & Alliances	ENSIGN AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019

3577	Revenue	Revenue & Alliances	CLAYTON UTZ	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3578	Revenue	Revenue & Alliances	COMPASS GROUP (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3579	Revenue	Revenue & Alliances	GOLD FIELDS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3580	Revenue	Revenue & Alliances	SERVICE STREAM LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3581	Revenue	Revenue & Alliances	LIEBHERR AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3582	Revenue	Revenue & Alliances	AUSTRALIAN RED CROSS SOCIETY	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3583	Revenue	Revenue & Alliances	CREDIT UNION AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3584	Revenue	Revenue & Alliances	ENGIE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3585	Revenue	Revenue & Alliances	ISS FACILITY SERVICES AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3586	Revenue	Revenue & Alliances	LINX CARGO CARE GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3587	Revenue	Revenue & Alliances	PUMA ENERGY (AUSTRALIA) FUELS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3588	Revenue	Revenue & Alliances	THALES AUSTRALIA HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3589	Revenue	Revenue & Alliances	YOOGALU PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019

3590	Revenue	Revenue & Alliances	BOC LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3591	Revenue	Revenue & Alliances	EQUIFAX AUSTRALASIA GROUP SERVICES PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3592	Revenue	Revenue & Alliances	BAPCOR FINANCE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3593	Revenue	Revenue & Alliances	CROWN RESORTS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3594	Revenue	Revenue & Alliances	MYOB AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3595	Revenue	Revenue & Alliances	PEARSON AUSTRALIA GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3596	Revenue	Revenue & Alliances	MACQUARIE TELECOM PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3597	Revenue	Revenue & Alliances	DOMINO'S PIZZA ENTERPRISES LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3598	Revenue	Revenue & Alliances	SIGMA COMPANY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3599	Revenue	Revenue & Alliances	LACTALIS AUSTRALIA pty ltd	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3600	Revenue	Revenue & Alliances	JB HI-FI GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3601	Revenue	Revenue & Alliances	MADEC AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3602	Revenue	Revenue & Alliances	THE OFFICE OF THE NATIONAL RAIL SAFETY	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019

REGULATOR

3603	Revenue	Revenue & Alliances	CUBIC TRANSPORTATION SYSTEMS (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3604	Revenue	Revenue & Alliances	AON CORPORATION AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3605	Revenue	Revenue & Alliances	DDH 1 DRILLING PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3606	Revenue	Revenue & Alliances	FORTESCUE METALS GROUP LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3607	Revenue	Revenue & Alliances	J. HUTCHINSON PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3608	Revenue	Revenue & Alliances	MCCONNELL DOWELL CONSTRUCTORS (AUST) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3609	Revenue	Revenue & Alliances	SCHLUMBERGER AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3610	Revenue	Revenue & Alliances	THE SALVATION ARMY TRADING COMPANY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3611	Revenue	Revenue & Alliances	BANK OF QUEENSLAND LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3612	Revenue	Revenue & Alliances	COFFEY SERVICES AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3613	Revenue	Revenue & Alliances	CRESCENT CAPITAL PARTNERS MANAGEMENT PTY	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020

LIMITED

3614	Revenue	Revenue & Alliances	HEALTH CARE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3615	Revenue	Revenue & Alliances	PROCUREMENT AUSTRALASIA LTD.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3616	Revenue	Revenue & Alliances	SUEZ AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3617	Revenue	Revenue & Alliances	VOCUS GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3618	Revenue	Revenue & Alliances	HITACHI CONSTRUCTION MACHINERY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3619	Revenue	Revenue & Alliances	G&S ENGINEERING SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3620	Revenue	Revenue & Alliances	NATIONAL RUGBY LEAGUE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3621	Revenue	Revenue & Alliances	RJE GLOBAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3622	Revenue	Revenue & Alliances	COOK MEDICAL AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3623	Revenue	Revenue & Alliances	FULTON HOGAN AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3624	Revenue	Revenue & Alliances	HARRY THE HIRER PTY. LTD.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3625	Revenue	Revenue &	BABCOCK PTY LTD	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/05/2020

		Alliances		ors	Services Agreement	
3626	Revenue	Revenue & Alliances	DH BUSINESS SERVICES LLC	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2020
3627	Revenue	Revenue & Alliances	MARS (AUS) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2020
3628	Revenue	Revenue & Alliances	FENNER DUNLOP AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3629	Revenue	Revenue & Alliances	SODEXO AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3630	Revenue	Revenue & Alliances	TRANSURBAN LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3631	Revenue	Revenue & Alliances	AIA AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3632	Revenue	Revenue & Alliances	AUSTRALIAN FOOTBALL LEAGUE	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3633	Revenue	Revenue & Alliances	LINFOX AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3634	Revenue	Revenue & Alliances	COLES SUPERMARKETS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3635	Revenue	Revenue & Alliances	CLEANAWAY OPERATIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3636	Revenue	Revenue & Alliances	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3637	Revenue	Revenue &	SURBANA JURONG	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/06/2019

		Alliances	PRIVATE LIMITED	ors	Services Agreement	
3638	Revenue	Revenue & Alliances	WOODSIDE ENERGY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3641	Revenue	Revenue & Alliances	GENERAL ELECTRIC COMPANY PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3645	Revenue	Revenue & Alliances	DHL EXPRESS (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2020
3655	Revenue	Revenue & Alliances	THE TJX COMPANIES, INC.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3656	Revenue	Revenue & Alliances	LAW SOCIETY OF WESTERN AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3657	Revenue	Revenue & Alliances	THE TRUSTEE FOR ALLEN & OVERY (AUSTRALIA) DISCRETIONARY TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3658	Revenue	Revenue & Alliances	ADANI MINING PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3659	Revenue	Revenue & Alliances	PHILIP MORRIS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3661	Revenue	Revenue & Alliances	THE TRUSTEE FOR THE HOHNS LYNG UNIT TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3662	Revenue	Revenue & Alliances	DAIMLER AUSTRALIA/PACIFIC PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3663	Revenue	Revenue & Alliances	ZIMMER BIOMET PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018

3664	Revenue	Revenue & Alliances	GOODLIFE OPERATIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3666	Revenue	Revenue & Alliances	RETAIL APPAREL GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3667	Revenue	Revenue & Alliances	FLEXIGROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3668	Revenue	Revenue & Alliances	THC GLOBAL GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3669	Revenue	Revenue & Alliances	AIR LIQUIDE AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3670	Revenue	Revenue & Alliances	AFFINITY EQUITY PARTNERS (Australia) PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3671	Revenue	Revenue & Alliances	FINDEX SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3672	Revenue	Revenue & Alliances	MAX SOLUTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3673	Revenue	Revenue & Alliances	BGIS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3674	Revenue	Revenue & Alliances	CAPRICORN COPPER PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3675	Revenue	Revenue & Alliances	MCDERMOTT AVIATION PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3676	Revenue	Revenue & Alliances	THE BIKINI BODY TRAINING COMPANY PTY LTD & THE TRUSTEE FOR THE BIKINI BODY TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019

3677	Revenue	Revenue & Alliances	COLLIERS INTERNATIONAL (NSW) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3678	Revenue	Revenue & Alliances	HUNTER MANUFACTURERS AWARDS INCORPORATED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3679	Revenue	Revenue & Alliances	BUNZL AUSTRALASIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3680	Revenue	Revenue & Alliances	SMARTGROUP BENEFITS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3681	Revenue	Revenue & Alliances	JAYCO UNIT TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3682	Revenue	Revenue & Alliances	INVOCARE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3683	Revenue	Revenue & Alliances	GUD HOLDINGS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2020
3684	Revenue	Revenue & Alliances	ENGINEERS AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3685	Revenue	Revenue & Alliances	SUNSUPER PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3686	Revenue	Revenue & Alliances	TURNER AND TOWNSEND PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3687	Revenue	Revenue & Alliances	ALLIED PINNACLE PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3688	Revenue	Revenue & Alliances	STARLIGHT CHILDREN'S FOUNDATION	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019

AUSTRALIA

3689	Revenue	Revenue & Alliances	LEK CONSULTING AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3690	Revenue	Revenue & Alliances	EMPLOYERS MUTUAL LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3691	Revenue	Revenue & Alliances	VITA GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3692	Revenue	Revenue & Alliances	TECHTRONIC INDUSTRIES AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3693	Revenue	Revenue & Alliances	PITNEY BOWES AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3694	Revenue	Revenue & Alliances	IMPERIAL TOBACCO AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3695	Revenue	Revenue & Alliances	CW RETAIL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3696	Revenue	Revenue & Alliances	RANDSTAND PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3697	Revenue	Revenue & Alliances	INFRASTRUCTURE SERVICES GROUP (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3698	Revenue	Revenue & Alliances	AGGREKO GENERATOR RENTALS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3699	Revenue	Revenue & Alliances	PENTANA SOLUTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018

3700	Revenue	Revenue & Alliances	CONFEDERATION OF AUSTRALIA MOTOR SPORT LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3701	Revenue	Revenue & Alliances	PROFESSIONAL GOLFERS ASSOCIATION OF AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3702	Revenue	Revenue & Alliances	CROWNBET PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3703	Revenue	Revenue & Alliances	BIDFOOD AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3704	Revenue	Revenue & Alliances	YOKOGAWA AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3705	Revenue	Revenue & Alliances	INFOSYS TECHNOLOGIES LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3706	Revenue	Revenue & Alliances	CRAWFORD & COMPANY (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3707	Revenue	Revenue & Alliances	RHEINMETALL DEFENCE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3708	Revenue	Revenue & Alliances	THE HOLLARD INSURANCE COMPANY PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3709	Revenue	Revenue & Alliances	SHRIRO AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3710	Revenue	Revenue &	MINOR DKL	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/06/2019

		Alliances	MANAGEMENT PTY LTD	ors	Services Agreement	
3711	Revenue	Revenue & Alliances	RENTOKIL INITIAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3712	Revenue	Revenue & Alliances	ROYAL SOUTH YARRA LAWN TENNIS CLUB	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3713	Revenue	Revenue & Alliances	INGRAM MICRO PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3714	Revenue	Revenue & Alliances	SCHINDLER LIFTS AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3715	Revenue	Revenue & Alliances	RFGA MANAGEMENT PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3716	Revenue	Revenue & Alliances	BAUER MEDIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3717	Revenue	Revenue & Alliances	WAFI GOLPU AUSTRALIA SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3718	Revenue	Revenue & Alliances	ROUND OAK MINERALS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3719	Revenue	Revenue & Alliances	SHINE LAWYERS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3720	Revenue	Revenue & Alliances	ALLIANCE AIRLINES PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3721	Revenue	Revenue & Alliances	MAINFREIGHT DISTRIBUTION PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3722	Revenue	Revenue &	TORO AUSTRALIA PTY	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/08/2017

		Alliances	LTD	ors	Services Agreement	
3723	Revenue	Revenue & Alliances	BREVILLE GROUP LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3724	Revenue	Revenue & Alliances	MCPHERSONS CONSUMER PRODUCTS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3725	Revenue	Revenue & Alliances	CORPORATE PROTECTION AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3726	Revenue	Revenue & Alliances	MACH ENERGY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3727	Revenue	Revenue & Alliances	SAMARAD PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3728	Revenue	Revenue & Alliances	UNILEVER AUSTRALIA (HOLDINGS) PROPRIETARY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3729	Revenue	Revenue & Alliances	F.MAYER (IMPORTS) PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3730	Revenue	Revenue & Alliances	CARGILL AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3731	Revenue	Revenue & Alliances	VISA GLOBAL LOGISTICS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3732	Revenue	Revenue & Alliances	TRUCK MOVES AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3733	Revenue	Revenue & Alliances	FLICK ANTICIMEX PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018

3734	Revenue	Revenue & Alliances	INGUZ HARVEST PTY LTD	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3735	Revenue	Revenue & Alliances	PNG AIR LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2018
3736	Revenue	Revenue & Alliances	CEVA LOGISTICS (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3737	Revenue	Revenue & Alliances	ALIAxis HOLDINGS AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3738	Revenue	Revenue & Alliances	G8 EDUCATION LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3739	Revenue	Revenue & Alliances	WINC AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3740	Revenue	Revenue & Alliances	TAYLOR MADE GOLF	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3741	Revenue	Revenue & Alliances	SCHENKEY AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3742	Revenue	Revenue & Alliances	ENERGY POWER SYSTEMS AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3743	Revenue	Revenue & Alliances	KORDIA SOLUTIONS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3744	Revenue	Revenue & Alliances	SIKA AUSTRALIA Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3745	Revenue	Revenue & Alliances	SYNGENTA AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019

3746	Revenue	Revenue & Alliances	COMPUTERSHARE INVESTOR SERVICES PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3747	Revenue	Revenue & Alliances	SIMPRO SOFTWARE PTY LTD	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3748	Revenue	Revenue & Alliances	TRUE ALLIANCE CORPORATE SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3749	Revenue	Revenue & Alliances	ERM POWER LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3750	Revenue	Revenue & Alliances	LLOYDS ONLINE AUCTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3751	Revenue	Revenue & Alliances	HONAN INSURANCE GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2017
3752	Revenue	Revenue & Alliances	B. BRAUN AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3753	Revenue	Revenue & Alliances	KONICA MINOLTA BUSINESS SOLUTIONS AUST PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3754	Revenue	Revenue & Alliances	WARGRORGE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3755	Revenue	Revenue & Alliances	Australian Ice Hockey League Limited	Virgin Australia Airlines Pty Ltd	AIHL MM 2020-2021	1/01/2020
3756	Revenue	Revenue & Alliances	TRIATHLON AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3757	Revenue	Revenue & Alliances	SHAHIN ENTERPRISES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2016

3758	Revenue	Revenue & Alliances	QENOS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3759	Revenue	Revenue & Alliances	VARLEY PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3760	Revenue	Revenue & Alliances	GREENCROSS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3761	Revenue	Revenue & Alliances	PASPALEY PEARLYING COMPANY PTY. LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3762	Revenue	Revenue & Alliances	THE SWATCH GROUP (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3763	Revenue	Revenue & Alliances	CIVEO PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3764	Revenue	Revenue & Alliances	URBIS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3765	Revenue	Revenue & Alliances	AKZONOBEL SOURCING B.V.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3766	Revenue	Revenue & Alliances	SITECH CONSTRUCTION SYSTEMS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3767	Revenue	Revenue & Alliances	TENOVA AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3768	Revenue	Revenue & Alliances	DORMAKABA AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3769	Revenue	Revenue & Alliances	METROHM AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019

3770	Revenue	Revenue & Alliances	SOFTBALL AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3771	Revenue	Revenue & Alliances	MECCA BRANDS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2017
3772	Revenue	Revenue & Alliances	THE TRUSTEE FOR METRICON HOMES UNIT TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3773	Revenue	Revenue & Alliances	THE REJECT SHOP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3774	Revenue	Revenue & Alliances	SLATER & GORDON LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3775	Revenue	Revenue & Alliances	LIFESTYLE SOLUTIONS (AUST) LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3776	Revenue	Revenue & Alliances	GRAYMONT PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3777	Revenue	Revenue & Alliances	NUTRICIA AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3778	Revenue	Revenue & Alliances	CLAIM CENTRAL PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3779	Revenue	Revenue & Alliances	PYBAR MINING SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3780	Revenue	Revenue & Alliances	ANACACIA CAPITAL PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3781	Revenue	Revenue & Alliances	CANSTAR PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3782	Revenue	Revenue & Alliances	IN VITRO TECHNOLOGIES PTY	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018

LTD

3783	Revenue	Revenue & Alliances	ADAPT-A-LIFT GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3784	Revenue	Revenue & Alliances	LADBROKES DIGITAL AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2017
3785	Revenue	Revenue & Alliances	SUPERLOOP (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3786	Revenue	Revenue & Alliances	ROTORWEST PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3787	Revenue	Revenue & Alliances	PARAGON CARE LIMITED	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/04/2017
3788	Revenue	Revenue & Alliances	ISELCT LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2018
3789	Revenue	Revenue & Alliances	ATHLETICS AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3790	Revenue	Revenue & Alliances	QUEST SERVICED APARTMENTS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019
3791	Revenue	Revenue & Alliances	INDORAMA VENTURES OXIDES AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3792	Revenue	Revenue & Alliances	CODAN LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3793	Revenue	Revenue & Alliances	ESTIA INVESTMENTS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2019
3794	Revenue	Revenue & Alliances	CANON PRODUCTION PRINTING AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2019

PTY LTD

3795	Revenue	Revenue & Alliances	WOTTON + KEARNEY	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3796	Revenue	Revenue & Alliances	PREMOSO PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3797	Revenue	Revenue & Alliances	DATA#3 LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3798	Revenue	Revenue & Alliances	AUSTRALIAN MARITIME SYSTEMS GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2018
3799	Revenue	Revenue & Alliances	GROCON PTY. LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3800	Revenue	Revenue & Alliances	F K GARDNER & SONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3801	Revenue	Revenue & Alliances	ORBITZ ELEVATORS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3802	Revenue	Revenue & Alliances	PEOPLE INFRASTRUCTURE LTD.	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3803	Revenue	Revenue & Alliances	SEYMOUR WHYTE CONSTRUCTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3804	Revenue	Revenue & Alliances	FULLLERTON HEALTHCARE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2018
3805	Revenue	Revenue & Alliances	MASTERMYNE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019

3806	Revenue	Revenue & Alliances	PAYNTERS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3807	Revenue	Revenue & Alliances	LAND SURVEYS NO PROBLEMS JUST SOLUTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3808	Revenue	Revenue & Alliances	SICK PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2018
3809	Revenue	Revenue & Alliances	EASTERN SUBURBS DISTRICT RUGBY LEAGUE FOOTBALL CLUB	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3810	Revenue	Revenue & Alliances	KNAUF PLASTERBOARD PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2018
3811	Revenue	Revenue & Alliances	LAMANNA PREMIER GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3812	Revenue	Revenue & Alliances	CARSales.COM LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3813	Revenue	Revenue & Alliances	KAUFLAND AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3814	Revenue	Revenue & Alliances	MICHAEL HILL JEWELLER (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2019
3815	Revenue	Revenue & Alliances	SKYTRADERS PTY LTD	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/01/2017
3816	Revenue	Revenue & Alliances	PAPER AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3817	Revenue	Revenue &	XERO AUSTRALIA PTY	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/05/2017

		Alliances	LIMITED	ors	Services Agreement	
3818	Revenue	Revenue & Alliances	ELENIUM AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/06/2019
3819	Revenue	Revenue & Alliances	DP WORLD AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/12/2018
3820	Revenue	Revenue & Alliances	CV SERVICES GROUP PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3821	Revenue	Revenue & Alliances	SIMONDS CORPORATE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2017
3822	Revenue	Revenue & Alliances	HENRY SCHEIN AUSTRALIA PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3823	Revenue	Revenue & Alliances	FRONTIER SOFTWARE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2018
3824	Revenue	Revenue & Alliances	BEACON MINERALS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3825	Revenue	Revenue & Alliances	HAMPTON TRANSPORT SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3826	Revenue	Revenue & Alliances	GUIDERA O'CONNOR PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3827	Revenue	Revenue & Alliances	REDEYE APPS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019
3828	Revenue	Revenue & Alliances	THE TRUSTEE FOR VALMORBIDA UNIT TRUST NO 3	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3829	Revenue	Revenue &	RED BULL AUSTRALIA	Virgin Australia Airlines Pty Ltd &	Virgin Australia Corporate Air Travel	1/04/2019

		Alliances	PTY LTD	ors	Services Agreement	
3830	Revenue	Revenue & Alliances	BM GEOLOGICAL SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3831	Revenue	Revenue & Alliances	BOOST JUICE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2017
3832	Revenue	Revenue & Alliances	THE WINSON UNIT TRUST	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3833	Revenue	Revenue & Alliances	SENEX ENERGY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2017
3834	Revenue	Revenue & Alliances	AVEO GROUP LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2019
3835	Revenue	Revenue & Alliances	EMIRATES	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/07/2018
3836	Revenue	Revenue & Alliances	T.F. WOOLLAM & SON PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2018
3837	Revenue	Revenue & Alliances	R.M. WILLIAMS PROPRIETAY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3838	Revenue	Revenue & Alliances	ROCK ON GROUND PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3839	Revenue	Revenue & Alliances	NORTON GOLD FIELDS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3840	Revenue	Revenue & Alliances	ANCHORAGE CAPITAL PARTNERS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3841	Revenue	Revenue & Alliances	INTERNATIONAL AVAITAION ALLIANCE	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018

PTY LTD

3842	Revenue	Revenue & Alliances	LITTLE WINGS LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3844	Revenue	Revenue & Alliances	CARE AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3845	Revenue	Revenue & Alliances	BEST & LESS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2020
3846	Revenue	Revenue & Alliances	CS ENERGY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/02/2020
3847	Revenue	Revenue & Alliances	DISASTER RELIEF AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3848	Revenue	Revenue & Alliances	FLUIDRA GROUP AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2019
3849	Revenue	Revenue & Alliances	JOBS AUSTRALIA ENTERPRISES LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3850	Revenue	Revenue & Alliances	JOHN WEST LOGICSTCS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3851	Revenue	Revenue & Alliances	MANHEIM PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2019
3852	Revenue	Revenue & Alliances	PLANIT TEST MANAGEMENT SOLUTIONS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2020
3853	Revenue	Revenue & Alliances	TRILITY PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2018
3854	Revenue	Revenue & Alliances	MCPHEE DISTRIBUTION SERVICES PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/09/2019

3855	Revenue	Revenue & Alliances	ACCIONA INFRASTRUCTURE AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/08/2019
3856	Revenue	Revenue & Alliances	FUSION CAPITAL HOLDINGS PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3857	Revenue	Revenue & Alliances	PPG INDUSTRIES AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/11/2017
3858	Revenue	Revenue & Alliances	ALX LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/05/2019
3860	Revenue	Revenue & Alliances	LIVE NATION AUSTRALASIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Live Nation 2020-2021	1/01/2020
3861	Revenue	Revenue & Alliances	NETBALL AUSTRALIA LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/03/2020
3863	Revenue	Revenue & Alliances	QUEENSLAND RUGBY FOOTBALL LEAGUE LIMITED	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/01/2019
3866	Revenue	Revenue & Alliances	WEST COAST EAGLES AFL	Virgin Australia Airlines Pty Ltd	Corporate Sales Agreement	1/01/2019
3909	Revenue	Revenue & Alliances	Aircalin	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	28/12/2012
3912	Revenue	Revenue & Alliances	Air Canada	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	20/05/2016
3913	Revenue	Revenue & Alliances	Air China Limited	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	20/11/2012
3914	Revenue	Revenue & Alliances	Air India Ltd	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	9/10/2013

3915	Revenue	Revenue & Alliances	Air Mauritius Limited	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	22/11/2012
3916	Revenue	Revenue & Alliances	Air New Zealand Limited	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	28/10/2018
3918	Revenue	Revenue & Alliances	Air Tahiti Nui	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/08/2018
3919	Revenue	Revenue & Alliances	Alaska Airlines	Virgin Australia Airlines Pty Ltd & ors	Multilateral Prorate Agreement	1/05/2020
3920	Revenue	Revenue & Alliances	Alitalia - Societa Aerea Italiano S.p.A	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	11/09/2015
3921	Revenue	Revenue & Alliances	Asiana Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/05/2013
3922	Revenue	Revenue & Alliances	All Nippon Airways	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	29/07/2015
3923	Revenue	Revenue & Alliances	Austrian Airlines AG	Virgin Australia Airlines Pty Ltd	Special Prorate Agreement	1/10/2019
3926	Revenue	Revenue & Alliances	Beijing Capital Airlines Co.	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/08/2016
3927	Revenue	Revenue & Alliances	Cathay Pacific	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	8/01/2013
3929	Revenue	Revenue & Alliances	China Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/07/2013
3930	Revenue	Revenue & Alliances	China Southern	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	8/01/2013
3931	Revenue	Revenue & Alliances	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd	Interline Passenger Ticketing and Baggage Agreement	15/12/2008

3932	Revenue	Revenue & Alliances	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	13/11/2013
3933	Revenue	Revenue & Alliances	EVA Airways	Virgin Australia Airlines Pty Ltd & ors	EVA Airways Bilateral Agreement	1/02/2016
3934	Revenue	Revenue & Alliances	Fiji Airways	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement - Air Pacific	13/06/2013
3935	Revenue	Revenue & Alliances	Garuda International	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	28/12/2012
3936	Revenue	Revenue & Alliances	Hanh Air Lines Gmbh	Virgin Australia Airlines Pty Ltd & ors	MITA Agreement	1/11/2018
3937	Revenue	Revenue & Alliances	Hawaiian Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	7/01/2013
3939	Revenue	Revenue & Alliances	Hong Kong Airlines Limited	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/11/2016
3940	Revenue	Revenue & Alliances	Korean Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	15/07/2013
3941	Revenue	Revenue & Alliances	KLM Royal Dutch Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	16/02/2016
3942	Revenue	Revenue & Alliances	Deutsche Lufthansa	Virgin Australia Airlines Pty Ltd	Special Prorate Agreement with Austrian Airlines AG / Deutsche Lufthansa AG / Swiss International Limited	1/10/2019
3943	Revenue	Revenue & Alliances	Malaysia Airlines Berhad	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	2/01/2013
3945	Revenue	Revenue & Alliances	Philippine Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	15/04/2013
3947	Revenue	Revenue & Alliances	Qatar Airways	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	20/11/2012

3948	Revenue	Revenue & Alliances	Royal Brunei Airlines Sdn Bhd	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	4/12/2012
3949	Revenue	Revenue & Alliances	Singapore Airlines Limited	Virgin Australia Airlines Pty Ltd & ors	Unilateral Interline traffic Agreement - SIA Group	3/05/2011
3950	Revenue	Revenue & Alliances	Scot Pte Ltd	Virgin Australia Airlines Pty Ltd & ors	Unilateral Interline Agreement	15/07/2014
3952	Revenue	Revenue & Alliances	South African Airways SOC LTD	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	13/01/2013
3953	Revenue	Revenue & Alliances	SWISS International	Virgin Australia Airlines Pty Ltd	Special Prorate Agreement with Austrian Airlines AG/Deutsche Lufthansa AG/Swiss International	1/10/2019
3954	Revenue	Revenue & Alliances	Thai Airways International Public Company Ltd	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement - Passenger	1/04/2013
3955	Revenue	Revenue & Alliances	Tianjin Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	1/06/2017
3956	Revenue	Revenue & Alliances	United Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	23/03/2015
3957	Revenue	Revenue & Alliances	Vietnam Airlines	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	13/01/2013
3958	Revenue	Revenue & Alliances	Virgin Atlantic Airways Limited	Virgin Australia Airlines Pty Ltd	Bilateral Interline Agreement	27/02/2009
3961	Revenue	Revenue & Alliances	Qantas Airways Limited	Virgin Australia Airlines Pty Ltd & ors	Special Reaccommodation Agreement	8/04/2019
3962	Revenue	Revenue & Alliances	Jetstar Airways	Virgin Australia Airlines Pty Ltd & ors	Special Reaccommodation Agreement	1/09/2019
3963	Revenue	Revenue & Alliances	Air Vanuatu	Virgin Australia Airlines Pty Ltd & ors	Air Vanuatu Reaccommodation Agreement	1/10/2015

3964	Revenue	Revenue & Alliances	Capitex Pty Ltd T/A Air North	Virgin Australia Airlines Pty Ltd & ors	Reaccommodation Agreement	1/09/2019
3965	Revenue	Revenue & Alliances	Australiawide Airlines Limited	Virgin Australia Airlines Pty Ltd	memorandum of Understanding	1/05/2003
3966	Revenue	Revenue & Alliances	Solomon Airlines Limited	Virgin Australia Airlines Pty Ltd & ors	Reaccommodation Agreement	1/01/2016
3967	Revenue	Revenue & Alliances	Air Canada	Virgin Australia Airlines Pty Ltd & ors	Codeshare Agreement	7/04/2017
3968	Revenue	Revenue & Alliances	Air Mauritius Limited	Virgin Australia Airlines Pty Ltd & ors	Free Sale Codeshare Agreement	30/10/2013
3970	Revenue	Revenue & Alliances	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd & ors	Codesharing Agreement	7/02/2009
3974	Revenue	Revenue & Alliances	Hawaiian Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Codeshare Agreement	7/09/2019
3976	Revenue	Revenue & Alliances	Singapore Airlines Limited	Virgin Australia Airlines Pty Ltd & ors	Reciprocal Codeshare Agreement - SIA Group	2/02/2012
3977	Revenue	Revenue & Alliances	South African Airways SOC LTD	Virgin Australia Airlines Pty Ltd & ors	Codeshare Agreement	23/11/2013
3982	Revenue	Revenue & Alliances	Singapore Airlines Limited	Virgin Australia Airlines Pty Ltd & ors	Alliance Framework Agreement	6/06/2011
4055	Revenue	Revenue & Alliances	CITS (BEIJING) AIR TRAVEL SERVICE LIMITED COMPANY	Virgin Australia Airlines Pty Ltd	GENERAL PASSENGER SALES AGENCY AGREEMENT (GSA) (ANNUAL SIP) FY20	1/07/2019
4101	Revenue	Revenue & Alliances	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Incentives Agreement Virgin Australia Airlines (BNE-HND-BNE)	29/03/2020
4105	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd & ors	Master ACMI Wetlease Services Agreement (excluding all SOWs)	18/02/2019

4108	Cargo	Supply	Menzies Aviation (NZ) Ltd	Virgin Australia Cargo Pty Ltd	Cargo Handling Agreement - NZ	1/10/2015
4112	Cargo	Supply	Hanrob Pty Ltd	Virgin Australia Airlines Pty Ltd	Pet Professionals Australia Service Agreement	1/07/2019
4113	Cargo	Supply	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd	Cargo Interline Agreement	7/03/2018
4114	Cargo	Supply	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd	Cargo Interline Agreement	9/02/2017
4115	Cargo	Supply	Emirates	Virgin Australia Airlines Pty Ltd	Cargo Interline Agreement	23/08/2016
4116	Cargo	Supply	South African Airways SOC LTD	Virgin Australia Airlines Pty Ltd	Cargo Interline Agreement	5/12/2016
4117	Cargo	Supply	Air Niugini Ltd	Virgin Australia Airlines Pty Ltd	Cargo Interline Agreement	17/06/2019
4118	Cargo	Supply	Hong Kong Airlines Limited	Virgin Australia Cargo Pty Ltd	Special Prorate Agreement - Cargo	19/07/2019
4129	Engineering	Supply	Oceania Aviation Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement - Simplified Procedure	1/11/2019
4138	Revenue	Revenue & Alliances	Southern Cross Distribution Systems Pty Ltd	Virgin Australia Airlines Pty Ltd	Travelport Subscriber Agreement	10/12/2013
4143	IT	TT	PSGPayroll.com.au Limited	Tiger Airways Australia Pty Ltd	Service Agreement 1.3c	1/10/2010
4147	Engineering	Supply	Hong Kong Aircraft Engineering Co. Ltd	Virgin Australia Airlines Pty Ltd	General terms Agreement for Airframe Maintenance Services	1/08/2018
4148	Engineering	Supply	Flying Colours Aviation PTY LTD	Virgin Australia Airlines Pty Ltd	Aircraft Paint Service Agreement	8/01/2012
4149	Finance	Supply	Visual Risk Pty Ltd	Virgin Australia Airlines Pty Ltd	Hosted Solution	1/01/2008

4150	Finance	Supply	MasterCard Asia/Pacific Pte Ltd	Virgin Australia Airlines Pty Ltd	MIGS Processing Agreement	15/02/2008
4151	Finance	Supply	ICE Data Derivatives, Inc	Virgin Australia Airlines Pty Ltd	SDX Commodities & Energy	1/01/2010
4158	Finance	Supply	Paywise Pty Ltd	Virgin Australia Airlines Pty Ltd	Administration Services Agreement	2/10/2019
4159	Finance	Supply	SG Fleet Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Salary Packaging Services Agreement	1/08/2017
4160	Finance	Supply	Smartsalary Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	1/12/2017
4197	CSD	Supply	Hallmark Aviation Services LP	Virgin Australia Airlines Pty Ltd	Services Agreement for Baggage Management and Claims Handling Services	1/04/2019
4224	Revenue	Revenue & Alliances	FREMANTLE FOOTBALL CLUB LIMITED	Virgin Australia Airlines Pty Ltd	Corporate Sales Agreement	1/01/2019
4225	Revenue	Revenue & Alliances	Mulpha Hotel Pty Ltd	Virgin Australia Airlines Pty Ltd	Launch Transfer Operator Agreement	8/09/2019
4226	Revenue	Revenue & Alliances	Hainan Airlines Company Ltd	Virgin Australia Airlines Pty Ltd & ors	Bilateral Interline Agreement	28/09/2016
4227	Revenue	Revenue & Alliances	Silkair (Singapore) Private Limited	Virgin Australia Airlines Pty Ltd & ors	Unilateral Interline traffic Agreement (Passenger)	2/06/2011
4228	Revenue	Revenue & Alliances	Silkair (Singapore) Private Limited	Virgin Australia Airlines Pty Ltd & ors	Reciprocal Codeshare Agreement (Passenger)	2/02/2012
4229	Revenue	Revenue & Alliances	All Nippon Airways	Virgin Australia Airlines Pty Ltd & ors	All Nippon Codeshare Agreement	24/09/2019
4234	Customer & Product	Supply	Australasian Performing Right Association Limited	Virgin Australia Airlines Pty Ltd	APRA Licence Agreement for airport lounges and aircraft, as amended and extended.	1/07/2012

4235	Customer & Product	Supply	PHONOGRAPHIC PERFORMANCE COMPANY OF AUSTRALIA LTD	Virgin Australia Airlines Pty Ltd	Licence for Public use of Protected Sound Recordings and / or Music Videos (PPCA Licence Number 452222), as amended and extended.	1/07/2012
4236	Revenue	Revenue & Alliances	Department of Finance	Virgin Australia Airlines Pty Ltd & ors	GOVERNMENT OF WESTERN AUSTRALIA	1/01/2016
4237	Revenue	Revenue & Alliances	RACING AND WAGERING WESTERN AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	RACING AND WAGERING WESTERN AUSTRALIA	1/04/2016
4238	Revenue	Revenue & Alliances	Regional Power Corporation	Virgin Australia Airlines Pty Ltd & ors	REGIONAL POWER CORPORATION TRADING AS HORIZON POWER	1/07/2016
4239	Revenue	Revenue & Alliances	ROYAL FLYING DOCTOR SERVICE OF AUSTRALIA (WESTERN OPERATIONS)	Virgin Australia Airlines Pty Ltd & ors	ROYAL FLYING DOCTOR SERVICE OF AUSTRALIA (WESTERN OPERATIONS)	1/04/2017
4240	Revenue	Revenue & Alliances	THE LOCAL WA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	WA GOV BUY LOCAL BROOME-EXMOUTH	1/07/2016
4241	Revenue	Revenue & Alliances	THE LOCAL WA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	WA GOV BUY LOCAL KARRATHA REGION	1/07/2016
4242	Revenue	Revenue & Alliances	THE LOCAL WA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	WA GOV BUY LOCAL KUNUNURRA REGION	1/07/2016
4243	Revenue	Revenue & Alliances	Department of Customer Service	Virgin Australia Airlines Pty Ltd & ors	NEW SOUTH WALES GOVERNMENT	1/02/2017
4244	Revenue	Revenue & Alliances	Australian Medical Association Limited	Virgin Australia Airlines Pty Ltd & ors	AUSTRALIAN MEDICAL COUNCIL	1/09/2015
4245	Revenue	Revenue & Alliances	EMBASSY OF AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Embassy of Australia 19/21	1/04/2019
4246	Revenue	Revenue &	WHOLE OF	Virgin Australia Airlines Pty Ltd &	WOAG 16-19	1/05/2016

		Alliances	AUSTRALIAN GOVERNMENT	ors		
4247	Revenue	Revenue & Alliances	Department of Housing and Public Works	Virgin Australia Airlines Pty Ltd & ors	State of Queensland 2017	1/08/2017
4248	Revenue	Revenue & Alliances	AUSTRALIAN CATHOLIC UNIVERSITY LIMITED	Virgin Australia Airlines Pty Ltd & ors	AUSTRALIAN CATHOLIC UNIVERSITY LIMITED	1/01/2009
4249	Revenue	Revenue & Alliances	AUSTRALIAN NATIONAL UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	AUSTRALIAN NATIONAL UNIVERSITY (ANU)	1/01/2019
4250	Revenue	Revenue & Alliances	BOND UNIVERSITY LIMITED	Virgin Australia Airlines Pty Ltd & ors	BOND UNIVERSITY LIMITED - UPH 2019	1/01/2019
4251	Revenue	Revenue & Alliances	CENTRAL QUEENSLAND UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	CENTRAL QUEENSLAND UNIVERSITY - UPH 2019	1/01/2019
4252	Revenue	Revenue & Alliances	CHARLES DARWIN UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	CHARLES DARWIN UNIVERSITY - 2019	1/01/2019
4253	Revenue	Revenue & Alliances	CHARLES STURT UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	Charles Sturt Uni - UPH 2019	1/01/2019
4254	Revenue	Revenue & Alliances	COOPERATIVE RESEARCH CENTRES ASSOCIATION INC	Virgin Australia Airlines Pty Ltd & ors	COOPERATIVE RESEARCH CENTRES ASSOCIATION INC- UPH 2019	1/01/2019
4255	Revenue	Revenue & Alliances	CURTIN UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	CURTIN UNIVERSITY - UPH 2019	1/01/2019
4256	Revenue	Revenue & Alliances	DEAKIN UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	DEAKIN UNIVERSITY- UPH 2019	1/01/2019
4257	Revenue	Revenue & Alliances	EDITH COWAN UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	EDITH COWAN UNIVERSITY - UPH 2019	1/01/2019

4258	Revenue	Revenue & Alliances	JAMES COOK UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	JAMES COOK UNIVERSITY - UPH 2019	1/01/2019
4259	Revenue	Revenue & Alliances	LA TROBE UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	LA TROBE UNIVERSITY- UPH 2019	1/01/2019
4260	Revenue	Revenue & Alliances	MACQUARIE UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	Macquarie Uni - UPH 2019	1/01/2019
4261	Revenue	Revenue & Alliances	MONASH UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	MONASH UNIVERSITY- UPH 2019	1/01/2019
4262	Revenue	Revenue & Alliances	QUEENSLAND UNIVERSITY OF TECHNOLOGY	Virgin Australia Airlines Pty Ltd & ors	QUEENSLAND UNIVERSITY OF TECHNOLOGY- UPH 2019	1/01/2019
4263	Revenue	Revenue & Alliances	RMIT UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	RMIT UNIVERSITY- UPH 2019	1/01/2019
4264	Revenue	Revenue & Alliances	SOUTHERN CROSS UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	SOUTHERN CROSS UNIVERSITY- UPH 2019	1/01/2019
4265	Revenue	Revenue & Alliances	SWINBURNE UNIVERSITY OF TECHNOLOGY	Virgin Australia Airlines Pty Ltd & ors	SWINBURNE UNIVERSITY OF TECHNOLOGY- UPH 2019	1/01/2019
4266	Revenue	Revenue & Alliances	THE AUSTRALIA AND NEW ZEALAND SCHOOL OF GOVERNMENT	Virgin Australia Airlines Pty Ltd & ors	THE AUSTRALIA AND NEW ZEALAND SCHOOL OF GOVERNMENT- UPH 2019	1/01/2019
4267	Revenue	Revenue & Alliances	THE FEDERATION UNIVERSITY AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	THE FEDERATION UNIVERSITY AUSTRALIA- UPH 2019	1/01/2019
4268	Revenue	Revenue & Alliances	THE FLINDERS UNIVERSITY OF SOUTH AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	THE FLINDERS UNIVERSITY OF SOUTH AUSTRALIA- UPH 2019	1/01/2019

4269	Revenue	Revenue & Alliances	THE UNIVERSITY OF ADELAIDE	Virgin Australia Airlines Pty Ltd & ors	THE UNIVERSITY OF ADELAIDE- UPH 2019	1/01/2019
4270	Revenue	Revenue & Alliances	THE UNIVERSITY OF NOTRE DAME AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	THE UNIVERSITY OF NOTRE DAME AUSTRALIA - UPH 2019	1/01/2019
4271	Revenue	Revenue & Alliances	UNISUPER MANAGEMENT PTY LTD	Virgin Australia Airlines Pty Ltd & ors	UNISUPER MANAGEMENT- UPH 2019	1/01/2019
4272	Revenue	Revenue & Alliances	UNIVERSITY OF CANBERRA	Virgin Australia Airlines Pty Ltd & ors	University of Canberra - UPH 2019	1/01/2019
4273	Revenue	Revenue & Alliances	UNIVERSITY OF MELBOURNE	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF MELBOURNE- UPH 2019	1/01/2019
4274	Revenue	Revenue & Alliances	UNIVERSITY OF NEW ENGLAND	Virgin Australia Airlines Pty Ltd & ors	Uni of New England - UPH2019	1/01/2019
4275	Revenue	Revenue & Alliances	UNIVERSITY OF NEW SOUTH WALES	Virgin Australia Airlines Pty Ltd & ors	UNSW - UPH2019	1/01/2019
4276	Revenue	Revenue & Alliances	UNIVERSITY OF NEWCASTLE	Virgin Australia Airlines Pty Ltd & ors	University of Newcastle-UPH2019	1/01/2019
4277	Revenue	Revenue & Alliances	UNIVERSITY OF QUEENSLAND	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF QUEENSLAND- UPH 2019	1/01/2019
4278	Revenue	Revenue & Alliances	UNIVERSITY OF SOUTH AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF SOUTH AUSTRALIA -- UPH 2019	1/01/2019
4279	Revenue	Revenue & Alliances	UNIVERSITY OF SOUTHERN QUEENSLAND	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF SOUTHERN QUEENSLAND- UPH 2019	1/01/2019
4280	Revenue	Revenue & Alliances	UNIVERSITY OF SYDNEY	Virgin Australia Airlines Pty Ltd & ors	USYD - UPH 2019	1/01/2019

4281	Revenue	Revenue & Alliances	UNIVERSITY OF TASMANIA	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF TASMANIA- UPH 2019	1/01/2019
4282	Revenue	Revenue & Alliances	UNIVERSITY OF TECHNOLOGY SYDNEY	Virgin Australia Airlines Pty Ltd & ors	University of Technology-UPH2019	1/01/2019
4283	Revenue	Revenue & Alliances	UNIVERSITY OF THE SUNSHINE COAST	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF THE SUNSHINE COAST -UPH 2019	1/01/2019
4284	Revenue	Revenue & Alliances	UNIVERSITY OF WESTERN AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	UNIVERSITY OF WESTERN AUSTRALIA - UPH 2019	1/01/2019
4285	Revenue	Revenue & Alliances	UNIVERSITY OF WOLLONGONG	Virgin Australia Airlines Pty Ltd & ors	University of Wollongong-UPH-2019	1/01/2019
4286	Revenue	Revenue & Alliances	VICTORIA UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	VICTORIA UNIVERSITY- UPH 2019	1/01/2019
4287	Revenue	Revenue & Alliances	WESTERN SYDNEY UNIVERSITY	Virgin Australia Airlines Pty Ltd & ors	Western Sydney Uni - UPH 2019	1/01/2019
4288	Revenue	Revenue & Alliances	Shared Services South Australia	Virgin Australia Airlines Pty Ltd & ors	GOVERNMENT OF SOUTH AUSTRALIA	1/05/2017
4289	Revenue	Revenue & Alliances	ASPEN MEDICAL PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	ASPEN MEDICAL PTY LIMITED	1/08/2019
4290	Revenue	Revenue & Alliances	AIRSERVICES AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	AIRSERVICES AUSTRALIA-OCT-2019	1/10/2019
4291	Revenue	Revenue & Alliances	NORTHERN TERRITORY OF AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	GOVERNMENT OF NORTHERN TERRITORY OF AUSTRALIA-OCT-2019	1/10/2019
4292	Revenue	Revenue & Alliances	HYDRO-ELECTRIC CORPORATION	Virgin Australia Airlines Pty Ltd & ors	HYDRO TASMANIA-MAR-2020	1/02/2020
4293	Revenue	Revenue & Alliances	TASMANIAN GOVERNMENT	Virgin Australia Airlines Pty Ltd & ors	TASMANIAN GOVERNMENT-MAR-2020	1/03/2020

INSURANCE BOARD

4294	Revenue	Revenue & Alliances	Department of Treasury and Finance	Virgin Australia Airlines Pty Ltd & ors	2019 renewal	1/01/2020
4295	Revenue	Revenue & Alliances	AUSTRALIAN BROADCASTING CORPORATION	Virgin Australia Airlines Pty Ltd & ors	ABC	1/03/2017
4296	Revenue	Revenue & Alliances	NBN CO LTD	Virgin Australia Airlines Pty Ltd & ors	Nbnco	1/09/2018
4297	Revenue	Revenue & Alliances	Local Government Association of South Australia	Virgin Australia Airlines Pty Ltd & ors	smartfly	1/09/2018
4298	Revenue	Revenue & Alliances	Aircalin	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/03/2018
4300	Revenue	Revenue & Alliances	Air Canada	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	15/02/2018
4301	Revenue	Revenue & Alliances	Air China Limited	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/07/2016
4302	Revenue	Revenue & Alliances	Air India Ltd	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	15/11/2013
4304	Revenue	Revenue & Alliances	Air Mauritius Limited	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	24/10/2012
4305	Revenue	Revenue & Alliances	Air New Zealand Limited	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	10/09/2018
4306	Revenue	Revenue & Alliances	Air Tahiti Nui	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/09/2018
4307	Revenue	Revenue &	Asiana Airlines	Virgin Australia Airlines Pty Ltd &	Special Prorate Agreement	1/08/2014

		Alliances		ors		
4308	Revenue	Revenue & Alliances	All Nippon Airways	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	10/03/2020
4310	Revenue	Revenue & Alliances	Cathay Pacific	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/06/2016
4311	Revenue	Revenue & Alliances	China Southern	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	13/01/2013
4313	Revenue	Revenue & Alliances	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd & ors	Special Purpose Agreement	15/10/2017
4314	Revenue	Revenue & Alliances	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd	Codesharing Agreement	7/02/2009
4319	Revenue	Revenue & Alliances	EVA Airways	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	16/01/2016
4320	Revenue	Revenue & Alliances	Fiji Airways	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/06/2016
4321	Revenue	Revenue & Alliances	Garuda Indonesia	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/12/2018
4323	Revenue	Revenue & Alliances	Hawaiian Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	27/03/2019
4324	Revenue	Revenue & Alliances	Korean Airlines	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	15/07/2013
4325	Revenue	Revenue & Alliances	KLM Royal Dutch Airlines	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/11/2016
4326	Revenue	Revenue & Alliances	Malaysia Airlines Berhad	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/07/2014

4327	Revenue	Revenue & Alliances	Philippine Airlines Inc	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	17/04/2013
4328	Revenue	Revenue & Alliances	Qatar Airways	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	10/12/2019
4329	Revenue	Revenue & Alliances	Scoot Pte Ltd	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/10/2019
4330	Revenue	Revenue & Alliances	Thai Airways International Public Company Ltd	Virgin Australia Airlines Pty Ltd & ors	Special Prorate Agreement	1/04/2013
4337	Aircraft Operations	Supply	Xgenesis Management PTY LTD T/A Crowne Plaza Surfers Paradise	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	1/07/2018
4345	Aircraft Operations	Supply	MH Management (Qld) Pty Ltd T/A Oaks Oasis	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	9/02/2019
4348	Aircraft Operations	Supply	Schwartz Family Co Pty Ltd T/A RYDGES NEWCASTLE	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	3/05/2019
4350	Aircraft Operations	Supply	Hotel Grand Chancellor Townsville Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	18/09/2017
4352	Aircraft Operations	Supply	R&F Investments Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement	1/07/2016
4353	Aircraft Operations	Supply	Equity Transport Group (QLD) Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement - Brisbane	7/01/2018
4354	Aircraft Operations	Supply	Equity Transport Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement	1/07/2017
4357	Aircraft Operations	Supply	Alternate Chauffeured Transport T/A Limoso	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement	2/01/2018

4359	Aircraft Operations	Supply	Equity Transport Group (QLD) Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement - Gold Coast	7/01/2018
4360	Aircraft Operations	Supply	Equity Transport Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Crew Transportation Agreement	1/07/2018
4364	IT	Supply	Facebook Ireland Ltd	Virgin Australia Airlines Pty Ltd	WorkPlace Agreement	31/10/2019
4365	IT	Supply	SITA NV	Virgin Australia Airlines Pty Ltd	Master Services Agreement	12/06/2013
4366	IT	Supply	Pros, Inc.	Virgin Australia Airlines Pty Ltd	Master Services Agreement and Amendments (30/9/2014),	30/09/2014
4367	Aircraft Operations	Supply	Boeing Training & Flight Services Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Simulator Usage Order – Exclusive Contract Number: FT-16-410-JV	15/11/2016
4369	Aircraft Operations	Supply	Boeing Training & Flight Services Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Facility Agreement	1/10/2014
4370	IT	Supply	Vedaleon Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Software License Agreement for the Supply Implementation and Maintenance of Business to Business Corporate Booking Portal	7/06/2017
4372	IT	Supply	Sabre GBLB, Inc.	Virgin Australia Airlines Pty Ltd	Master Services Agreement	23/11/2006
4373	IT	Supply	SITA SC	Virgin Australia Airlines Pty Ltd	Communications and Infrastructure Solution Line Service Agreement	9/12/2015
4374	IT	Supply	SITA SC	Virgin Australia Airlines Pty Ltd	Service Specific Agreement for Network Services	1/09/2009
4375	IT	Supply	Tealium, Inc.	Virgin Australia Airlines Pty Ltd	TiQ Service Order and MSA	28/04/2017
4380	IT	Supply	SITA Advanced Travel Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	Aircom Services	7/10/2010

4382	IT	Supply	IBS Software Canada Ltd	Virgin Australia Airlines Pty Ltd	Software License Agreement	30/11/2006
4383	IT	Supply	IBS Software Canada Ltd	Virgin Australia Airlines Pty Ltd	Support and Maintenance Agreement	30/03/2007
4384	IT	Supply	IBS Software Canada Ltd	Virgin Australia Airlines Pty Ltd	Amendment to the Pairing License Agreement, the PBS license agreement and the Support and Maintenance Services Agreement	31/10/2013
4386	Revenue	Revenue & Alliances	MURDOCH UNIVERSITY	Virgin Australia Airlines Pty Ltd	MURDOCH UNIVERSITY - UPH 2019	1/01/2019
4387	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 6289364	31/03/2020
4388	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 5516832	1/03/2020
4389	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 3884570	1/03/2020
4390	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 5509788	1/03/2020
4391	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 5029875	1/03/2020
4392	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 2087276	1/03/2020
4393	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 2229985	1/03/2020
4394	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 6426281	28/10/2019
4395	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 7283416	23/09/2019

4396	IT	Supply	Oracle Corporation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Oracle Support Service Number 7211576	22/09/2019
4397	IT	Supply	E&E IT Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	VA-19-EEVN0281_01AUG20-31Jan21	1/08/2020
4398	IT	Supply	E&E IT Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	VA-19-EEVN0282_01AUG20-31Jan21	1/08/2020
4399	IT	Supply	E&E IT Solutions Pty Ltd	Virgin Australia Airlines Pty Ltd	VA-19-EEVN0283_01AUG20-31Jan21	1/08/2020
4400	IT	Supply	Talent International (NSW) Pty Ltd	Virgin Australia Airlines Pty Ltd	VA19-TAVN0333_22JUN20-18DEC20	22/06/2020
4401	IT	Supply	Talent International (NSW) Pty Ltd	Virgin Australia Airlines Pty Ltd	VA19-TAVN0332_22JUN20-18DEC20	22/06/2020
4402	IT	Supply	Talent International (NSW) Pty Ltd	Virgin Australia Airlines Pty Ltd	VA20-TAVN0334_19AUG20-31Jan21	19/08/2020
4403	IT	Supply	Talent International (NSW) Pty Ltd	Virgin Australia Airlines Pty Ltd	VA15-TAVN0330_01JUL20-31DEC20	1/07/2020
4404	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement and all current Statements of Work	15/09/2014
4405	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 1-9MCXUT	9/11/2018
4406	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 1-9QYJPO	25/02/2019
4407	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 5-00000013652	7/07/2020
4408	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 1-96SYVA	19/02/2018
4409	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 1-96T8RZ	19/02/2018

4410	IT	Supply	Optus Networks Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Form of Agreement 1-9449D7	11/01/2018
4416	Property Leases	Supply	Central Highlands Regional Council	Virgin Australia Airlines Pty Ltd	Lease/Sublease	1/07/2016
4433	Property Leases	Supply	Brisbane Airport Corporation Pty Ltd	Virgin Australia Airlines Pty Ltd	Brisbane Airport Deed Covenant on Assignment of Lease and Licence	1/02/2020
4444	Finance	Supply	Beaconfield Partners Pty Ltd	Virgin Australia Airlines Pty Ltd	Consultancy Service Agreement	27/07/2020
4445	IT	Supply	Enablo Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Resale Agreement	11/12/2019
4446	IT	Supply	Facebook Ireland Ltd	Virgin Australia Airlines Pty Ltd	Workplace Agreement	31/10/2019
4451	IT	Supply	SITA Information Networking Computing USA Inc	Virgin Australia Airlines Pty Ltd	World Tracer Service Agreement	7/09/2004
4464	VARA	VARA	The Commonwealth of Australia as represented by the Department of Infrastructure and Regional Development	Virgin Australia Airlines Pty Ltd	Services Agreement for Airlines Services to the Indian Ocean Territories	31/10/2016
4466	VARA	VARA	Gruyere Management Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	30/05/2019
4467	VARA	VARA	Consolidated Minerals Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	1/09/2017
4469	VARA	VARA	St Ives Gold Mining Company Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	30/07/2020
4470	VARA	VARA	Altura Lithium Operation Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	24/06/2020

4471	VARA	VARA	Roy Hill Holdings Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	1/11/2019
4472	Safety	Supply	Westpac Banking Corporation	Virgin Australia Airlines Pty Ltd	Single Touch Payroll Terms and Conditions	3/08/2018
4478	IT	Supply	Microsoft Pty Ltd	Virgin Australia Airlines Pty Ltd	Microsoft Enterprises Services Work Order Agreement Number E8978716 x20-12519	21/12/2018
4479	IT	Supply	Microsoft Pty Ltd	Virgin Australia Airlines Pty Ltd	Product Selection Form x20-12823 21/12/2018	21/12/2018
4480	IT	Supply	Microsoft Pty Ltd	Virgin Australia Airlines Pty Ltd	Server and Cloud Enrolment	21/12/2018
4481	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW262 - Application Support and Maintenance Services	1/01/2020
4482	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW244 - Testing Services	15/10/2019
4483	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW87 - Datawarehouse Support	20/06/2016
4484	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW275 - Kuldeep	3/02/2020
4485	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW 287 - IX Support	1/07/2020
4486	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW 288 - Datawarehouse NITIN ONSITE SUPPORT	1/07/2020
4487	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	SOW 286 - Robotics Centre of Excellence	1/07/2020
4488	IT	Supply	Illion Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Work Order - Risk & Marketing Solutions	1/07/2020
4489	IT	Supply	Rivium Pty Ltd	Virgin Australia Airlines Pty Ltd	Splunk PCI Install Scope of Works	10/06/2020

4490	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	SOW 166 - DWH rentals	14/01/2020
4491	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 7 -Core Compute & EUC - Support Service - OCT16-NOV20	1/10/2016
4492	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 11 - Core Compute & EUC - Support Service - OCT17-NOV20	1/10/2017
4493	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 12 - Core Compute & EUC - Support Service - JAN18-FEB21	1/01/2018
4494	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 14 - Core Compute & EUC - Support Service - APR18-MAY21	1/04/2018
4495	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 16 - Core Compute & EUC - Support Service - JUN18-JUL21	1/06/2018
4496	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 17 - Core Compute & EUC - Support Service - SEP18-NOV21	1/09/2018
4497	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 18 - Core Compute & EUC - Support Service - JAN19-FEB22	1/01/2019
4498	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 19 - Core Compute & EUC - Support Service - APR19-APR22	1/04/2019
4499	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Change Request 20 - Core Compute & EUC - Support Service - JUL19-JUL22	1/07/2019
4500	Customer & Product	Supply	Singapore Airlines Limited	Virgin Australia Airlines Pty Ltd	Amendment and Restatement - Reciprocal Lounge Access Agreement	1/08/2011
4501	Customer & Product	Supply	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd & ors	Lounge Usage Agreement	8/07/2009
4502	Customer & Product	Supply	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd & ors	Lounge Access Agreement	26/08/2010

4503	Customer & Product	Supply	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd & ors	Amendment and Restatement Etihad Guest Reciprocal Participation Agreement	15/04/2013
4506	Customer & Product	Supply	Virgin Atlantic Airways Ltd	Virgin Australia Airlines Pty Ltd	Premium Customer Handling Agreement	1/02/2010
4509	Customer & Product	Supply	South African Airways SOC Limited	Virgin Australia Airlines Pty Ltd & ors	TERM SHEET FOR INTERIM PREMIUM CUSTOMER HANDLING AND RECIPROCAL LOUNGE ACCESS. South African Airways and Virgin Australia	30/04/2015
4513	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	Access Agreement	1/03/2018
4514	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	Deed of Consent to Sub-licence	16/05/2018
4516	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	Access Agreement	Unknown
4518	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	Deed regarding Alliance Ticket Sales	25/10/2017
4519	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	Mutual Support Agreement	17/07/2017
4524	IT	Supply	TPG Telecom Ltd	Virgin Australia Airlines Pty Ltd	SalesOrders CA13704727	15/07/2020
4526	Airport	Supply	Brisbane Airport Corporation Pty Ltd	Virgin Australia Airlines Pty Ltd	Radio Equipment Licence Agreement - Domestic	1/06/2018
4529	IT	Supply	Litera	Virgin Australia Airlines Pty Ltd	Workshare 8/9/10 Comparison Edition 12 month Subscription	28/08/2019
4530	IT	Supply	GuardSquare NV	Virgin Australia Airlines Pty Ltd	Gold Support 12 Months	10/07/2019

4531	IT	Supply	GuardSquare NV	Virgin Australia Airlines Pty Ltd	iXGuard Enterprise License Renewal per Application	10/07/2019
4532	IT	Supply	GuardSquare NV	Virgin Australia Airlines Pty Ltd	DexGuard Enterprise License Renewal	10/07/2019
4533	IT	Supply	Atlassian	Virgin Australia Airlines Pty Ltd	Atlassian Access (Cloud) 400 Users (Annual Payments) Downgrade from 500 Users	19/09/2019
4534	IT	Supply	GitKraken	Virgin Australia Airlines Pty Ltd	GitKraken Pro - Team Annual Pricing (10-99 Users)	2/10/2019
4535	IT	Supply	SmartBear Inc	Virgin Australia Airlines Pty Ltd	SmartBear Soap UI Pro Fixed User Subscription, 1 Year Renewal, 3 Users	1/10/2019
4536	IT	Supply	RSA (THE SECURITY DIV OF EMC)	Virgin Australia Airlines Pty Ltd	SID ACCESS BASE EDITION QTY 10005-50000 ENHMNT 1MO MNTCE SK	21/10/2019
4537	IT	Supply	LiveTiles	Virgin Australia Airlines Pty Ltd	Livetiles Enterprise Suite unlimited use	30/10/2019
4538	IT	Supply	JETBRAINS S.R.O	Virgin Australia Airlines Pty Ltd	Jetbrains IntelliJ IDEA - Commercial annual subscription	14/11/2019
4539	IT	Supply	Thycotic Software Ltd	Virgin Australia Airlines Pty Ltd	Server Support terms and conditions	13/12/2019
4540	IT	Supply	JETBRAINS S.R.O	Virgin Australia Airlines Pty Ltd	Jetbrains IntelliJ IDEA - Commercial annual subscription	19/12/2019
4541	IT	Supply	BrowserStack Inc.	Virgin Australia Airlines Pty Ltd	BrowserStack Enterprise Automate Mobile - Includes Unlimited	9/12/2019
4542	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	XD CC Team Subs-Lvl2-1M	20/01/2020
4543	IT	Supply	Articulate(use microway)	Virgin Australia Airlines Pty Ltd	Articulate 360 TEAMS Annual Subscription -- 12 Month RENEWAL	3/02/2020

4544	IT	Supply	Articulate(use microway)	Virgin Australia Airlines Pty Ltd	Articulate 360 TEAMS Seat - Annual Subscription	5/02/2020
4545	IT	Supply	JETBRAINS S.R.O	Virgin Australia Airlines Pty Ltd	Jetbrains IntelliJ IDEA - Commercial annual subscription	21/02/2020
4546	IT	Supply	OpenText Pty Ltd	Virgin Australia Airlines Pty Ltd	Exceed Single License (Electronic) Maintenance	28/02/2020
4547	IT	Supply	OpenText Pty Ltd	Virgin Australia Airlines Pty Ltd	Connectivity Protect Anytime	28/02/2020
4548	IT	Supply	OpenText Pty Ltd	Virgin Australia Airlines Pty Ltd	Exceed Single License (Electronic) Maintenance	28/02/2020
4549	IT	Supply	OpenText Pty Ltd	Virgin Australia Airlines Pty Ltd	Connectivity Protect Anytime	28/02/2020
4550	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	Premiere Pro CC Team Subs RNW-Lvl3-12M	27/02/2020
4551	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	Captivate Team Subs RNW-Lvl3-12M	27/02/2020
4552	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	CC Tms All Apps-Team Subs RNW-Lvl3-12M	27/02/2020
4553	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	Dreamweaver CC Team Subs RNW-Lvl3-12M	27/02/2020
4554	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	InDesign CC Team Subs RNW-Lvl3-12M	27/02/2020
4555	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	Photoshop CC Team Subs RNW-Lvl3-12M	27/02/2020
4556	IT	Supply	Adobe Systems Software Ireland	Virgin Australia Airlines Pty Ltd	XD CC Team Subs RNW-Lvl3-12M	27/02/2020
4557	IT	Supply	Adobe Systems Software	Virgin Australia Airlines Pty Ltd	InCopy CC Team Subs RNW-Lvl3-12M	27/02/2020

Ireland

4558	IT	Supply	Tenable Network Security Pty Ltd	Virgin Australia Airlines Pty Ltd	Tenable Quote Required - TIO-VM: Tenable.io Vulnerability Manager	4/03/2020
4559	IT	Supply	Tenable Network Security Pty Ltd	Virgin Australia Airlines Pty Ltd	Tenable Quote Required - Standard Tenable.io VM container	4/03/2020
4560	IT	Supply	MicroWay Pty Ltd	Virgin Australia Airlines Pty Ltd	Articulate 360 TEAMS Annual Subscription -- 12 Month RENEWAL	23/03/2020
4561	IT	Supply	Tableau Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Tableau Desktop Professional User Maintenance Renewal EDU/NF	20/03/2020
4562	IT	Supply	Atlassian Pty Ltd	Virgin Australia Airlines Pty Ltd	QMetrix Test Management for Jira Cloud for Jira Core (Cloud) 500 Users (Annual Payments) Renewal	15/05/2020
4563	IT	Supply	Atlassian Pty Ltd	Virgin Australia Airlines Pty Ltd	Jira Software (Cloud) Standard 500 Users (Annual Payments) Renewal	15/05/2020
4564	IT	Supply	Symantec Asia Pacific Pte Ltd	Virgin Australia Airlines Pty Ltd	Symantec Protection Suite Enterprise Edition - maintenance (renewal) (1 year) - 1 device	25/05/2020
4565	IT	Supply	Sharing Minds Pty Ltd	Virgin Australia Airlines Pty Ltd	Nintex NCAP Enterprise Licenses	24/06/2020
4566	IT	Supply	Symantec Asia Pacific Pte Ltd	Virgin Australia Airlines Pty Ltd	Symantec Data Loss Prevention Enterprise Suite - subscription	24/06/2020
4567	IT	Supply	Tenable Network Security Pty Ltd	Virgin Australia Airlines Pty Ltd	Nessus Professional - On Premise - Annual Subscription Rnwl	2/07/2020
4568	IT	Supply	Tenable Network Security Pty Ltd	Virgin Australia Airlines Pty Ltd	Nessus Professional - On Premise - Annual Subscription Rnwl	2/07/2020
4569	IT	Supply	Tenable Network Security Pty Ltd	Virgin Australia Airlines Pty Ltd	Advanced Support for Nessus Professional provides technical	2/07/2020

4570	IT	Supply	MicroWay Pty Ltd	Virgin Australia Airlines Pty Ltd	Jetbrains All Products Pack - Commercial annual subscription	13/07/2020
4571	IT	Supply	MicroWay Pty Ltd	Virgin Australia Airlines Pty Ltd	Jetbrains IntelliJ IDEA Ultimate - Commercial annual subscription	13/07/2020
4572	IT	Supply	RED HAT ASIA-PACIFIC PTY. LTD.	Virgin Australia Airlines Pty Ltd	JBoss Enterprise Application Platform with Management - premium subscription (renewal) (1 year) - 16 cores	14/07/2020
4573	IT	Supply	RED HAT ASIA-PACIFIC PTY. LTD.	Virgin Australia Airlines Pty Ltd	Red Hat Enterprise Linux Server - premium subscription - 2 sockets, 1 physical/2 virtual nodes	14/07/2020
4580	IT	Supply	Arinc Incorporated	Virgin Australia Airlines Pty Ltd	Master Service Agreement for Muse	3/03/2009
4581	IT	Supply	Teledyne Technologies Incorporated	Virgin Australia Airlines Pty Ltd	Teledyne Wireless Groundlink Communication Manager Software Licence Agreement	11/09/2013
4582	IT	Supply	Contino PTY Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	7/06/2019
4585	Revenue	Revenue & Alliances	Air Charter Network Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Charter Services Agreement	21/11/2019
4587	Property Leases	Supply	FLIGHT CENTRE TRAVEL GROUP LIMITED	Virgin Australia Airlines Pty Ltd	DEED OF CONSENT TO SUBLEASE	1/09/2020
4595	Fuel	Supply	International Air Transport Association	Virgin Australia Airlines Pty Ltd	Multilateral IATA Fuel Quality Pool Agreement	11/06/2010
4596	Engineering	Supply	The Boeing Aircraft Company	Virgin Australia Airlines Pty Ltd	Master agreement including the supply of maintenance data services for the B737 aircraft fleet	20/12/2002
4597	Engineering	Supply	The Boeing Aircraft Company	Virgin Australia Airlines Pty Ltd	Master agreement including the supply of maintenance data services for the	17/12/2007

B777 aircraft fleet

4598	Engineering	Supply	The Boeing Aircraft Company	Virgin Australia Airlines Pty Ltd	Agreement for the supply of Toolbox Mobile Library maintenance data services for the B777 aircraft fleet	20/01/2017
4599	Engineering	Supply	The Boeing Aircraft Company	Virgin Australia Airlines Pty Ltd	Agreement for the supply of Toolbox Mobile Library maintenance data services for the B737 & B777 aircraft fleet	2/07/2018
4600	Engineering	Supply	SilkAir (Singapore) Private Limited	Virgin Tech Pty Ltd	STANDARD GROUND HANDLING AGREEMENT - PROCEDURE FOR LINE MAINTENANCE	1/12/2017
4604	VARA	VARA	Fokker Services B.V.	Virgin Australia Regional Airlines Pty Ltd	Continued Airworthiness Service Agreement 2.0 including Documentation Revision Service	12/08/2014
4608	IT	Supply	CCTX Pty Ltd	Virgin Australia Airlines Pty Ltd	Hosted Services Agreement	20/11/2019
4609	Finance	Supply	American Express Australia Ltd	Virgin Australia Airlines Pty Ltd	Virgin Australia Agency Line of Credit Terms of Use - American Express Complimentary Flight (Terms)	18/02/2019
4610	Safety	Supply	Institutes for Behavior Resources, Inc.	Virgin Australia Airlines Pty Ltd	Master Services Agreement	22/10/2014
4616	IT	Supply	COMPUTERSHARE INVESTOR SERVICES PTY LIMITED	Virgin Australia Holdings Limited	Computershare – Registry Terms and Conditions of Service	26/11/2015
4574	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Mini IT Sales Agreement (Domestic Terminal, COM1 to IG76)	28/02/2020
4575	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Mini IT Sales agreement (Domestic Terminal Temp Offices)	02/2020

4576	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Mini IT Sales Agreement (Domestic Terminal Fibre Services)	19/04/2018
4577	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Third Party CCTV Access Agreement – Apron Monitoring (CSBNE-CCTV003)	18/10/2016
4578	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Electricity Supply Agreement	31/12/2020

Counterparty	Virgin Australia Parties	Contract	Date
Various	Virgin Australia Airlines Pty Ltd	Travel Agency Main Agreement for travel agent account	
International Air Transport Association	Virgin Australia Airlines Pty Ltd	Agreement for the provision of BSP Services to an Airline's General Sales Agents	14/08/2017
International Air Transport Association & anor	Virgin Australia Airlines Pty Ltd	Audit Agreement	16/01/2015
International Air Transport Association	Virgin Australia Airlines Pty Ltd	Contract for the Provision of IATA Timatic Services	7/08/2015
International Air Transport Association	Virgin Australia Airlines Pty Ltd	IATA Direct Data Solutions Contributed Data License Agreement	3/02.2017
Qantas Airways Limited, Regional Aviation Association of Australia Limited and Sydney Airports Corporation Limited	Virgin Australia Airlines Pty Ltd	Shareholders' Agreement in respect of Association of Airport Co-Ordination Australia Pty Ltd	16/12/2003

Part 2

Number	Division	Stream	Supplier	Virgin Australia Parties	Contract	Date
140	Customer & Product	Supply	Nu-Pure Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Goods Supply Agreement (Australia)	8/07/2019
162	IT	Supply	Atech Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Service Level Agreement	1/01/2019
275	Aircraft Operations	Supply	Aviem International, Inc.	Virgin Australia Airlines Pty Ltd	Service Agreement	1/07/2011
944	VARA	VARA	AViat Global Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Interim Service Level Agreement (SLA) Airbus A320 (IAE V2500) Maintenance Services	14/12/2018
974	VARA	VARA	Margaret River Busselton Tourism Association (Inc)	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement	1/07/2018
1100	VARA	VARA	Western Australia Institute of Martial Arts Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Services Agreement for Practical Security Training	18/02/2019
1480	Property Leases	Supply	City of Kalgoorlie-Boulder	Virgin Australia Regional Airlines Pty Ltd	Lease of Kalgoorlie-Boulder Airport	1/07/2009
1496	Property Leases	Supply	Newcastle Airport Partnership Company 1 Pty Ltd Newcastle Airport Partnership Company 2 Pty Ltd Newcastle Airport Partnership Company 3 Pty Ltd Newcastle Airport Partnership Company 4 Pty Ltd	Virgin Australia Cargo Pty Ltd	Exercise of Option for Sub Lease at Newcastle Airport Site	2/12/2018

1499	Property Leases	Supply	Pearl Coast Properties Pty Ltd	Virgin Australia Cargo Pty Ltd	Licence Agreement	15/07/2019
1506	Property Leases	Supply	Sunshine Coast Airport Pty Ltd	Virgin Australia Cargo Pty Ltd	Periodic Licence	19/02/2018
1516	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Cargo Pty Ltd	Sublease	17/08/2015
1517	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Cargo Pty Ltd	Sublease	17/08/2015
1773	IT	Supply	De Lage Landon Pty Ltd	Virgin Australia Airlines Pty Ltd and Virgin Blue Holdings Limited	Master Instalment Payment Agreement Schedule	2/12/2011
1775	IT	Supply	DXC Technology Australia Pty Limited	Virgin Australia Airlines Pty Ltd	Master Service Agreement for IT Services and SOW for Managed Services for Amazon Web Services.	13/06/2014
1776	IT	Supply	DXC Technology Australia Pty Limited	Virgin Australia Airlines Pty Ltd	Master Service Agreement for IT Services and SOW for Managed Services for Amazon Web Services.	13/06/2014
1791	IT	Supply	NIIT Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	1/07/2014
1833	IT	Supply	TATA Consultancy Services Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Provision of Information Technology Services	10/03/2019
2056	Customer & Product	Supply	Global-C Limited	Virgin Australia Airlines Pty Ltd	Products Agreement for In Flight Products	1/02/2019
2057	Customer & Product	Supply	Unilode Aviation Solutions Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Agreement for Supply of Services	1/12/2018
2159	Safety	Supply	Elumina Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Agreement to provide Quickclaim Comcare for Virgin Australia Airlines Pty Ltd	17/11/2016

2281	Cargo	Supply	K.D. National Services Pty Ltd	Virgin Australia Cargo Pty Ltd	Cargo Terminal Services Agreement	29/09/2019
2292	Cargo	Supply	Northwest Aviation Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement - Simplified Procedure	1/06/2018
2302	Cargo	Supply	Mrs Elizabeth Anne Gray	Virgin Australia Cargo Pty Ltd	Cargo Terminal Services Agreement	29/09/2019
2338	Engineering	Supply	Honeywell Aerospace Singapore PTE Ltd	Virgin Australia Airlines Pty Ltd	GTCP 131-9B APU Not to Exceed Repair Agreement (Agreement No – 10-ATR-APAC-014GH)	24/05/2012
3245	Aircraft Operations	Supply	JEPPESEN AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd	Master Services Agreement VIR-19787 and all current Supplements	24/04/2014
3286	IT	Supply	Trax Technology Solutions Pte Ltd	Virgin Australia Airlines Pty Ltd	Purchase and Support Agreement	5/01/2001
4102	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd & ors	Marketing and Distribution Agreement	30/06/2019
4154	Property Leases	Supply	Mackay Airport Pty Limited	Virgin Australia Cargo Pty Ltd	Letter of Offer - Lease Building 11 & Associated Apron Licence	11/04/2016
4223	VARA	VARA	Freightshop Pty Ltd	Virgin Australia Cargo Pty Ltd	Cargo General Sales and Services Agency Agreement	27/02/2020
4439	Property Leases	Supply	Townsville Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Letter of Offer - Licence	1/10/2017
4441	Property Leases	Supply	Gold Coast Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	1/08/2009
4442	Property Leases	Supply	City of Karratha	Virgin Australia Cargo Pty Ltd	Lease Proposal	6/05/2020
4512	Revenue	Revenue & Alliances	Alliance Aviation Services Pty Limited	Virgin Australia Airlines Pty Ltd and Virgin Australia Regional Airlines Pty	Charter Alliance Agreement	17/08/2016

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4517	Revenue	Revenue & Alliances	Alliance Airlines Pty Limited	Virgin Australia Airlines Pty Ltd	IATA Standard Ground Handling Agreement	17/07/2017
4583	IT	Supply	De Lage Landen Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Instalment Payment Schedule Number 010	16/01/2020
4592	Engineering	Supply	Rockwell Collins Simulation & Training Solutions	Virgin Australia Airlines Pty Ltd	Software License Agreement	16/04/2007
4593	Engineering	Supply	Rockwell Collins Inc., Air Transport Systems	Virgin Australia Airlines Pty Ltd	Preferred Supplier Agreement for BFE/SPE Avionics Equipment between Virgin Blue Airlines and Rockwell Collins	10/12/2010
4594	Engineering	Supply	Rockwell Collins Inc	Virgin Australia Airlines Pty Ltd	Preferred Supplier Agreement for BFE/SPE Avionics Equipment between Rockwell Collins and Virgin Australia	29/03/2018

Part 3

Each of the contracts described in sections 3.1 and 3.2 in relation to each facility will be an Excluded Contract subject to the Deed Proponent confirming to the Deed Administrators in the Excluded Contracts Designation Notice that the counterparty has entered into an amendment agreement in relation to the contracts relating to that facility with the relevant Deed Companies prior to Completion, and any conditions to the effectiveness of the amendments contemplated by that amendment agreement have been satisfied or waived (or will be satisfied simultaneously with Completion).

3.1 ANZ MOFA

1. Facility Agreement between VAA, VAH, Tiger Airways and Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (**ANZ**) dated 19 August 2013 as amended from time to time.
2. Specific Security Agreement between VAA and ANZ dated 19 August 2013.
3. Leasehold Mortgage between VAA and ANZ dated 19 August 2013.
4. Specific Security Agreement between VAA and ANZ dated 23 December 2015 (in relation to the B737-700 aircraft with registration VH-HBY).
5. Specific Security Agreement between VAA and ANZ dated 23 December 2015 (in relation to the B737-700 aircraft with registration VH-VBZ).
6. Specific Security Agreement dated 15 December 2017 (in relation to the B737-800 aircraft with registrations VH-VOL).
7. Specific Security Agreement between VAA and ANZ dated 15 December 2017 (in relation to the B737-800 aircraft with registrations VH-VON).
8. Specific Security Agreement between Tiger Airways and ANZ dated on or about 31 January 2020 (V2527M-A5 engines).
9. Access Agreement between the VAA, ANZ and Aviation Training Australasia Pty Ltd ACN 110 309 487 dated 19 August 2013.
10. Deed of consent relating to the sub-lease of the Property (3 Melia St, Brisbane Airport) between VAA, ANZ and Brisbane Airport Corporation Pty Limited ACN 076 870 650 dated 19 August 2013.
11. Priority Deed between VAA, ANZ and Commonwealth Bank of Australia ABN 48 123 123 124 dated 19 August 2013.
12. Amendment and Restatement Deed (Facility Agreement) between VAA, VAH and ANZ dated on or about 27 December 2013.
13. Amendment and Restatement Deed No. 2 (Facility Agreement) between VAA, VAH and ANZ dated on or about 28 February 2014.
14. Amendment and Restatement Deed No. 3 (Facility Agreement) between VAA, VAH and ANZ dated 23 December 2015.
15. Amendment and Restatement Deed No. 4 (Facility Agreement) between VAA, VAH and ANZ dated on or about 23 December 2016.
16. Amendment and Restatement Deed No. 5 (Facility Agreement) between VAA, VAH and ANZ dated 15 December 2017.
17. Amendment and Restatement Deed No. 6 (Facility Agreement) between VAA, VAH and ANZ dated 12 December 2018.

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18. Amendment and Restatement Deed No. 7 (Facility Agreement) between VAA, VAH and ANZ dated 11 June 2019.
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19. Amendment and Restatement Deed No. 8 (Facility Agreement) between VAA, VAH, Tiger Airways and ANZ dated on or about 31 January 2020.
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3.2 VRPL Loan Facility

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1. 2014 Loan Facility Deed between VAA and Velocity Rewards Pty Ltd ACN 580 890 951 as trustee for the Loyalty Trust (**VRPL**) dated 27 August 2014 as amended and restated by a variation letter dated 27 August 2017 between VAA and VRPL and as further amended by a supplemental deed dated 28 July 2016 between VAA and VRPL, an extension deed dated 27 August 2018 between VAA and VRPL, an amendment deed dated 29 July 2019 between VAA and VRPL and a facility limit increase deed dated 18 December 2019 between VAA and VRPL.
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2. Specific security deed (convertible notes) between VAAH and VRPL dated 27 August 2014.
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3. Deed Poll of Undertaking dated 14 August 2019 between VAA, VRPL and VAAH and accompanying notice from VAAH and VAA to VRPL.
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3.3 Merchant Facilities

Each of the contracts described in this section 3.3 will be an Excluded Contract subject to the Deed Proponent confirming to the Deed Administrators in the Excluded Contracts Designation Notice that the counterparty has entered into an amendment or waiver agreement in relation to the contract with the relevant Deed Companies prior to Completion, and any conditions to the effectiveness of the amendments or waivers contemplated by that amendment or waiver agreement have been satisfied or waived (or will be satisfied simultaneously with Completion).

Worldpay Merchant Facility

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1. Merchant Services Agreement between VAA, VAIA, Worldpay (UK) Limited, a company incorporated under the laws of England and Wales with company number 07316500, Worldpay Limited, a company incorporated under the laws of England and Wales with company number 03424752, Worldpay AP Ltd, a company incorporated under the laws of England and Wales with company number 05593466 and Worldpay Pty Ltd ACN 603 950 287 dated 21 June 2017 as amended from time to time and most recently by the Amendment Agreement entered into in 2019.
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American Express Merchant Facility

2. Worldwide Agreement for American Express Card Acceptance between VAA and American Express Travel Related Services Company, Inc., a New York (U.S.A.) corporation as well as VAIA, VARA, VAA (SE Asia), Virgin Holidays, VAC, Tiger Airways and Tiger International dated 1 July 2018.

Diners Club Merchant Facility

3. Air Carrier Agreement Terms and Conditions between VAA, VAIA and Diners Club International Ltd dated 18 December 2009.

POLi Payment Services Agreement

4. POLi Payment Services Agreement – Australia and New Zealand POLi Direct between VAA and POLi Payments Pty Limited ABN 73 105 393 664 dated 28 June 2017.

Mastercard Processing Agreement

5. MiGS Processing Agreement between VAA and MasterCard Asia/Pacific Pte Ltd, a company incorporated in Singapore (registered number 199306324E) dated 15 February 2008 as amended from time to time including most recently by a Variation Letter dated 14 February 2014.
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3.4 Other

Each of the contracts described in this section 3.4 will be an Excluded Contract subject to the Deed Proponent confirming to the Deed Administrators in the Excluded Contracts Designation Notice that the counterparty has entered into an amendment agreement in relation to the contract with the relevant Deed Companies prior to Completion, and any conditions to the effectiveness of the amendments contemplated by that amendment agreement have been satisfied or waived (or will be satisfied simultaneously with Completion).

Number	Division	Stream	Supplier	Virgin Australia Parties	Contract	Date
15	Aircraft Operations	Supply	CAE Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Simulator Purchase Agreement for a Series 7000XR, Full Flight Simulator	28/06/2019
17	Aircraft Operations	Supply	Aviation Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Equipment and Facilities Agreement	18/05/2015

129	Customer & Product	Supply	Lufthansa Systems GmbH & Co. KG	Virgin Australia Airlines Pty Ltd	BIFI Amendment Agreement	21/09/2020
131	Customer & Product	Supply	Airline Cleaning Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Supply Agreement	08/2020
132	Customer & Product	Supply	Perth Inflight Catering Services Pty Ltd as Trustee for The Ismar Family Trust T/A Perth Inflight Catering	Virgin Australia Airlines Pty Ltd	Supply Agreement	08/2020
134	Customer & Product	Supply	Stellar Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Inflight Entertainment Supply Agreement	1/08/2017
139	Customer & Product	Supply	Touchpoint Global Pty Ltd	Virgin Australia Airlines Pty Ltd	Software Licence and Services Agreement	1/01/2014
141	Customer & Product	Supply	Perpetuity International Pty Ltd	Virgin Australia Airlines Pty Ltd	Uniform Supply Agreement	7/02/2020
142	Customer & Product	Supply	CUB Pty Ltd	Virgin Australia Airlines Pty Ltd	Business Support and Supply Agreement	1/07/2012
152	IT	Supply	Accertify Inc	Virgin Australia Airlines Pty Ltd	Master Terms and Conditions	27/03/2015
167	CSD	Supply	Swissport Pty Ltd	Virgin Australia Airlines Pty Ltd	STANDARD GROUND HANDLING AGREEMENT - SIMPLIFIED PROCEDURE Annex B - Location(s), Agreed Services and Charges - to the Standard Ground Handling Agreement (SGHA) of January 2008	1/01/2017
169	CSD	Supply	Swissport New Zealand Ltd	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement (SGHA) - Simplified Procedure Annex B (January 2008) for Auckland (AKL), Wellington (WLG), Christchurch (CHC), Dunedin (DUD), and Queenstown (ZQN)	25/11/2017

172	CSD	Supply	Menzies Aviation (Ground Services) Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	AHM 830 Ground Handling Charge Note - Kalgoorlie (KGI)	1/10/2020
179	Aircraft Operations	Supply	Lodging Solutions, LLC, DBA Accommodations Plus International	Virgin Australia Airlines Pty Ltd	Crew Accommodation and Transportation Management Services Agreement	1/09/2015
182	CSD	Supply	Aus Flight Handling Pty Ltd atf AFH Trading Trust	Virgin Australia Airlines Pty Ltd	STANDARD GROUND HANDLING AGREEMENT - SIMPLIFIED PROCEDURE Annex B - Location(s), Agreed Services and Charges - to the Standard Ground Handling Agreement (SGHA) of January 2008	1/12/2019
183	CSD	Supply	Oceania Aviation Services Pty Ltd	Virgin Australia Airlines Pty Ltd	STANDARD GROUND HANDLING AGREEMENT - SIMPLIFIED PROCEDURE Annex B - Location(s), Agreed Services and Charges - to the Standard Ground Handling Agreement (SGHA) of January 2008	1/12/2016
186	CSD	Supply	Northwest Aviation Services Pty Ltd	Virgin Australia Airlines Pty Ltd	STANDARD GROUND HANDLING AGREEMENT - SIMPLIFIED PROCEDURE Annex B - Location(s), Agreed Services and Charges - to the Standard Ground Handling Agreement (SGHA) of January 2008	1/06/2018
187	Engineering	Supply	Macquarie Bank Limited	Virgin Australia Airlines Pty Ltd & ors	MASTER LEASE AGREEMENT	10/01/2015
188	VARA	VARA	Weston Aviation Services Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Standard Ground Handling Agreement	1/04/2019
197	CSD	Supply	Capital Transport Services (VIC) Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Services Agreement for Baggage Courier Services	1/04/2020

203	CSD	Supply	Northern Airport Services Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Standard Ground Handling Agreement (SGHA) - Simplified Procedure Annex B (2008) - Kununarra (KNX)	1/02/2020
860	People	Supply	PageUp People Pty Ltd	Virgin Australia Airlines Pty Ltd	PageUp People Recruitment Software	25/07/2016
904	Finance	Supply	Accelya Kale Solutions Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement and SOW1	1/07/2018
912	Agency Agreements	Revenue & Alliances	Consolidated Travel Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
913	Agency Agreements	Revenue & Alliances	Expedia Group, Inc.	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
914	Agency Agreements	Revenue & Alliances	GBT Australia Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
915	Agency Agreements	Revenue & Alliances	Corporate Travel Management Group PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
916	Agency Agreements	Revenue & Alliances	CT Partners PTY LTD	Virgin Australia Airlines Pty Ltd	Agency Agreement	1/07/2020
918	Agency Agreements	Revenue & Alliances	CWT Australia Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
919	Agency Agreements	Revenue & Alliances	Webjet Marketing Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
920	Agency Agreements	Revenue & Alliances	Helloworld Group Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
921	Agency Agreements	Revenue & Alliances	Flight Centre Travel Group Limited	Virgin Australia Airlines Pty Ltd	Agency Agreement	1/07/2020
953	VARA	VARA	Taliska Investments Pty	Virgin Australia Regional Airlines	Lease	21/12/2012

			Ltd	Pty Ltd		
994	VARA	VARA	Taleris Global LLP	Virgin Australia Airlines Pty Ltd	Taleris Software License and Support Agreement	1/07/2015
1014	VARA	VARA	UFS Australasia Pty Ltd T/A Allsite Structure Rentals	Virgin Australia Regional Airlines Pty Ltd	Rental Agreement	7/12/2012
1064	VARA	VARA	Qantas Airways Limited	Virgin Australia Regional Airlines Pty Ltd	Training Agreement	1/04/2019
1250	Marketing	Supply	DDB Sydney Pty Ltd	Virgin Australia Airlines Pty Ltd	Advertising Agency Agreement	14/12/2017
1268	Marketing	Supply	PHD Network Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Media Planning and Buying Services Agreement	25/06/2019
1276	Marketing	Supply	Carlton Football Club Limited	Virgin Australia Airlines Pty Ltd	Sponsorship Agreement	11/01/2016
1277	Marketing	Supply	Australian Football League	Virgin Australia Airlines Pty Ltd	Deed of Variation and Renewal - Sponsorship Agreement	18/3/2019
1278	Marketing	Supply	Australian Football League	Virgin Australia Airlines Pty Ltd	Virgin Australia Air Travel Terms and Conditions Deed of Variation and Renewal	16/4/2019
1280	Marketing	Supply	GCFC Limited	Virgin Australia Airlines Pty Ltd	Sponsorship Agreement	1/01/2019
1288	Marketing	Supply	EveryMundo LLC	Virgin Australia Airlines Pty Ltd	Master Products Service Agreement	1/06/2017
1363	Facilities	Supply	BGIS Pty Ltd	Virgin Australia Airlines Pty Ltd	Facilities Management Services Agreement	18/02/2018
1454	Property Leases	Supply	Adelaide Airport Ltd	Virgin Australia Airlines Pty Ltd	Memorandum of Underlease	17/02/2006

1460	Property Leases	Supply	Australia Pacific Airports (Launceston) Pty Ltd	Virgin Australia Airlines Pty Ltd	Lease	1/12/2008
1461	Property Leases	Supply	Australia Pacific Airports (Launceston) Pty Ltd	Virgin Australia Airlines Pty Ltd	Lease	25/04/2016
1463	Property Leases	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Commercial Lease	1/07/2007
1466	Property Leases	Supply	Brisbane Airport Corporation Pty Ltd	Virgin Australia Airlines Pty Ltd	Sublease	15/12/2005
1467	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	1/07/2014
1470	Property Leases	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Heads of Agreement	1/01/2019
1472	Property Leases	Supply	Cairns Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Casual Tenancy Agreement	1/11/2007
1474	Property Leases	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	13/03/2013
1475	Property Leases	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	20/05/2019
1476	Property Leases	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	13/03/2013
1479	Property Leases	Supply	City of Greater Geraldton	Virgin Australia Regional Airlines Pty Ltd	Deed of Lease	1/10/2012
1481	Property Leases	Supply	City of Karratha	Virgin Australia Airlines Pty Ltd	Lease of Part of the Karratha Airport Terminal	1/12/2014
1482	Property Leases	Supply	The Council of the City of Coffs Harbour	Virgin Australia Airlines Pty Ltd	Lease and Agreement	1/07/2014

1492	Property Leases	Supply	Hobart International Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Deed of Sublease	24/11/2014
1497	Property Leases	Supply	Newcastle Airport Partnership Company 1 Pty Ltd Newcastle Airport Partnership Company 2 Pty Ltd Newcastle Airport Partnership Company 3 Pty Ltd Newcastle Airport Partnership Company 4 Pty Ltd	Virgin Australia Airlines Pty Ltd	Sublease and Variation of Lease	1/04/2015
1502	Property Leases	VARA	Perth Airport Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Commercial Lease	4/06/2013
1504	Property Leases	Supply	Rockhampton Regional Council	Virgin Australia Airlines Pty Ltd	Lease/Sublease	1/09/2006
1507	Property Leases	Supply	Sunshine Coast Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Lease	1/02/2019
1508	Property Leases	TT	Sydney Airport Corporation Limited	Tiger Airways Australia Pty Ltd	Terms Sheet	1/08/2017
1509	Property Leases	Supply	Sydney Airports Corporation Limited	Virgin Australia Airlines Pty Ltd	Sublease	6/12/2002
1510	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Proposed Pricing Agreement	31/01/2013
1511	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Proposed Sub-Lease to Virgin Blue Airlines Pty Limited	1/08/2010
1512	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Sublease	1/03/2008

1513	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Proposed Sub-Lease to Virgin Blue Airlines Pty Ltd	1/08/2006
1515	Property Leases	TT	Sydney Airport Corporation Limited	Tiger Airways Australia Pty Ltd	Sublease	1/06/2012
1518	Property Leases	Supply	Sydney Airport Corporation Ltd	Virgin Australia Airlines Pty Ltd	Proposed Sub-Lease to Virgin Blue Airlines Pty Ltd	4/08/2006
1519	Property Leases	Supply	Taliska Investments Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	VARA HQ lease	21/12/2012
1521	Property Leases	Supply	Townsville Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Lease	
1751	Customer & Product	Supply	Coca Cola Amatil (Aust) Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Goods Supply Agreement (Australia)	1/08/2017
1779	IT	Supply	IBS Software Europe Ltd	Virgin Australia Airlines Pty Ltd	iCargoNet Hosted Software Agreement and Amendments	28/04/2015
1780	IT	Supply	IBS Software Canada Ltd	Virgin Australia Airlines Pty Ltd	Software License and Services Agreement	29/10/2002
1811	IT	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement	31/10/2019
1835	IT	Supply	TECH MAHINDRA LIMITED	Virgin Australia Airlines Pty Ltd	Master Services Agreement , SoWs 171, 170	24/11/2014
1856	Aircraft Operations	Supply	DTN, LLC, FEIN 20-5551424	Virgin Australia Airlines Pty Ltd	Services Agreement for Data and Briefing Services for Aviation Weather Forecasting	11/02/2019
1870	Airport	Supply	Adelaide Airport Ltd	Virgin Australia Airlines Pty Ltd	LANDING FEE AGREEMENT	1/07/2017
1871	Airport	Supply	Adelaide Airport Ltd	Virgin Australia Airlines Pty Ltd	Priority Licence	17/02/2006

1873	Airport	Supply	Adelaide Airport Ltd	Virgin Australia Airlines Pty Ltd	PFC Deed	23/10/2003
1875	Airport	Supply	Alice Springs Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Aeronautical Pricing Agreement (Domestic)	1/03/2015
1880	Airport	Supply	Ballina Shire Council	Virgin Australia Airlines Pty Ltd	Services Agreement	1/01/2017
1881	Airport	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Commercial Agreement	20/02/2020
1882	Airport	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Aviation Services & Charges Agreement - Runway Systems	6/04/2017
1883	Airport	Supply	Brisbane Airport Corporation Pty Limited	Virgin Australia Airlines Pty Ltd	Aviation Services & Charges Agreement - Terminal, Aprons & Related Infrastructure	20/01/2020
1884	Airport	Supply	Broome International Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Airport Services Agreement	1/01/2015
1885	Airport	Supply	Cairns Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Aeronautical Pricing Agreement (Domestic)	1/07/2018
1887	Airport	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Airfield Services Agreement	16/12/2016
1888	Airport	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Aircraft Gates Licence	19/10/2010
1896	Airport	Supply	Coffs Harbour City Council	Virgin Australia Airlines Pty Ltd	Airport Services and Pricing Agreement	1/07/2015
1898	Airport	Supply	Darwin International Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Aeronautical Pricing Agreement	1/07/2017
1902	Airport	Supply	Central Highlands Regional Council	Virgin Australia Airlines Pty Ltd	Terms of Use	14/05/2016

1904	Airport	Supply	Gold Coast Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement	31/07/2018
1905	Airport	Supply	Hamilton Island Travel Pty Limited	Virgin Australia Airlines Pty Ltd	Route Agreement - BNE & SYD FY15 - FY19	1/07/2014
1907	Airport	Supply	Hobart International Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Aeronautical Pricing Agreement	1/07/2010
1912	Airport	Supply	AUSTRALIA PACIFIC AIRPORTS (LAUNCESTON) PTY. LIMITED	Virgin Australia Airlines Pty Ltd	Aeronautical Facilities Agreement	1/07/2010
1917	Airport	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement	24/04/2018
1918	Airport	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Terminal Facilities Agreement	24/07/2017
1919	Airport	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	T3 Future Development Agreement	6/04/2018
1925	Airport	Supply	Newcastle Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Conditions of Use	1/07/2016
1932	Airport	Supply	Perth Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement (Domestic & International) - Perth Airport	1/07/2018
1934	Airport	Supply	Port Macquarie-Hastings Council	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement	1/07/2019
1941	Airport	Supply	Rockhampton Regional Council	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement	1/07/2019
1942	Airport	Supply	Sunshine Coast Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement	1/07/2019

1945	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Terminal 2 (Domestic) Agreement	6/12/2002
1946	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Terminal 2 (Domestic) - Pier A Redevelopment Pricing Agreement	1/03/2012
1948	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	T2 Commercial Agreement	6/12/2002
1949	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Kiosk Licence Agreement	11/01/2019
1950	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Aeronautical Services Agreement for International Air Operators	13/08/2018
1952	Airport	Supply	Townsville Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Airport Use and Charges Agreement	1/07/2013
1963	Airport	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Terminal Services Agreement	19/10/2010
1967	Airport	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Check-in Counter Licence	19/10/2010
1982	CCO	Supply	Adobe Systems Software Ireland Limited	Virgin Australia Airlines Pty Ltd	Adobe Enterprise Licensing Terms (Adobe Contract Number: 00788871), including all Sales Orders entered into under the Adobe Enterprise Licensing Terms	29/11/2019
1994	CCO	Supply	SITEL Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Contact Centre Services entered and each Statement of Work	1/10/2017
2016	CCO	Supply	Cover-More Insurance Services Pty Ltd	Virgin Australia Airlines Pty Ltd	Authorised representative agreement	30/10/2015
2039	CCO	Supply	Expedia Inc. and Expedia Lodging Partner Services Sarl	Virgin Australia Airlines Pty Ltd	Expedia Co-Brand Marketing Agreement	15/11/2018

2050	CCO	Supply	Amadeus IT Group, S.A.	Virgin Australia Airlines Pty Ltd	Global Distribution Agreement (GDA)	1/11/2011
2055	Customer & Product	Supply	B/E Aerospace, INC. Commercial Aircraft Segment	Virgin Australia Airlines Pty Ltd	General Terms and Product Support Agreement for Aircraft Passenger Seats	17/12/2013
2160	Safety	Supply	Employers Mutual Limited (EML)	Virgin Australia Airlines Pty Ltd	Services Agreement for Claims Management Services	1/09/2017
2184	Safety	Supply	Intelix Technologies Inc.	Virgin Australia Airlines Pty Ltd	Intelix Technologies Inc. Software licence Agreement	30/09/2013
2195	Safety	Supply	MedAire (APMEA) Pte Ltd	Virgin Australia Airlines Pty Ltd	Master Services Agreement for Education, Medical and Security services dated April 2019	1/04/2019
2198	Safety	Supply	Multipoint Technologies Pty Ltd	Virgin Australia Airlines Pty Ltd	Products and Services Agreement for provision of Emergency Medical Kits	1/07/2019
2242	Safety	Supply	Unified Healthcare Group Pty Ltd	Virgin Australia Airlines Pty Ltd	Master Service Agreement	1/05/2016
2344	Engineering	Supply	Delta Air Lines Inc	Virgin Australia Airlines Pty Ltd	Maintenance Services Agreement	23/11/2015
2358	Engineering	Supply	CFM International Inc	Virgin Australia Airlines Pty Ltd	Letter Agreement NO.1 TO GTA No.CFM-1-2694635901	4/03/2018
2368	Engineering	Supply	AAR Landing Gear Services a division of AAR Landing Gear LLC, a Florida limited liability company of 9371 NW 100th Street, Miami, FL 33178 USA	Virgin Australia Airlines Pty Ltd	Maintenance Services Agreement	1/01/2016
2374	Engineering	Supply	Safran Landing Systems plc	Virgin Australia Airlines Pty Ltd	737NG / 737MAX Nose and Main Wheel and Carbon Brake Agreement	22/09/2015

2381	Engineering	Supply	Goodyear	Virgin Australia Airlines Pty Ltd	Products and Services Agreement for the Supply of Aircraft Tyres	1/08/2016
2383	Engineering	Supply	TP Aerospace Technics Pty Ltd	Virgin Australia Airlines Pty Ltd	Aircraft Component Maintenance Services Agreement	21/09/2016
2399	Engineering	Supply	Schenker Australia Pty Limited	Virgin Australia Airlines Pty Ltd	Freight Forwarding Agreement	4/06/2014
2403	Engineering	Supply	Permagard	Virgin Australia Airlines Pty Ltd	Agreement for the Supply of Services	5/03/2018
2410	Engineering	Supply	GSAero	Virgin Australia Airlines Pty Ltd	Part 21M/J Engineering Design Services	27/10/2016
2420	Engineering	Supply	Aircraft Interiors Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Products and Services Agreement: Carpet Fabrication	1/09/2018
2544	Engineering	Supply	SANAD AERO SOLUTIONS GMBH	VIRGIN AUSTRALIA AIRLINES PTY LIMITED	INVENTORY ACCESS AGREEMENT IN RELATION TO B737NG AND ERJ COMPONENTS	27/07/2011
2579	Engineering	Supply	Rockwell Collins Simulation and Training Solutions LLC (Collins Aerospace)	Virgin Australia Airlines Pty Ltd	Visual System Agreement for New B737MAX and Spare Projector	16/12/2019
2616	Engineering	Supply	Interiors Aeroservices Pty Ltd	Virgin Australia Airlines Pty Ltd	Aircraft Component Maintenance Services Agreement	1/05/2017
2629	Engineering	Supply	PDQ Airspaces Pte Ltd	Virgin Australia Airlines Pty Ltd	Products and Services Agreement for Hardware Category	3/12/2019
2909	Engineering	Supply	Pacific Sky (Beijing) Consulting Pty Ltd	Virgin Australia Airlines Pty Ltd	Warranty Services Agreement Pacific Sky (Beijing) Consulting Pty Ltd 2020	5/01/2019
3032	Engineering	Supply	GE Aviation Systems Ltd	Virgin Australia Airlines Pty Ltd	Aircraft Component Maintenance Services Agreement	1/06/2017
3305	Aircraft	Supply	Aero Adapt Pty Ltd	Virgin Australia Airlines Pty Ltd	Standard Ground Handling Agreement	18/10/2018

Operations

3660	Revenue	Revenue & Alliances	UNISPACE GLOBAL PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/04/2019
3665	Revenue	Revenue & Alliances	MCI AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3843	Revenue	Revenue & Alliances	ORKDALE PTY LTD AS TRUSTEE FOR THE ORKDALE TRUST T/A GLOCAL JET INTERNATIONAL	Virgin Australia Airlines Pty Ltd	Virgin Australia Corporate Air Travel Services Agreement	1/10/2018
3867	Agency Agreements	Revenue & Alliances	BCD Travel (Australia) Holdings Pty Ltd	Virgin Australia Airlines Pty Ltd	Agency Agreement	1/07/2020
3868	Agency Agreements	Revenue & Alliances	The CT Connections Travel Group Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3869	Agency Agreements	Revenue & Alliances	TRAVELGENIO AUSTRALIA PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3971	Revenue	Revenue & Alliances	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd & ors	Codeshare agreement	1/10/2010
3872	Agency Agreements	Revenue & Alliances	CARNIVAL PLC T/A CARNIVAL AUSTRALIA	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3873	Agency Agreements	Revenue & Alliances	TRAVEL ONLINE PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3875	Agency Agreements	Revenue & Alliances	AZ JILING PTY LTD T/A TRAVEL EXCHANGE(PERTH)	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3876	Agency Agreements	Revenue & Alliances	HAMILTON ISLAND TRAVEL PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020

3877	Agency Agreements	Revenue & Alliances	SPECIALIST HOLIDAYS PTY LIMITED	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3878	Agency Agreements	Revenue & Alliances	KALHAVEN HOLDINGS PTY LTD T/A DISCOVER AUSTRALIA HOLIDAYS	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3980	Revenue	Revenue & Alliances	Etihad Airways PJSC	Virgin Australia Airlines Pty Ltd & ors	Commercial Cooperation Agreement	26/08/2010
3881	Agency Agreements	Revenue & Alliances	THE TRAVEL CORPORATION PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3882	Agency Agreements	Revenue & Alliances	TRIP.COM AUSTRALIA Pty Limited	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3883	Agency Agreements	Revenue & Alliances	CLUB MEDITERRANEE (AUSTRALIA) PTY LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3884	Agency Agreements	Revenue & Alliances	RCL CRUISES LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3885	Agency Agreements	Revenue & Alliances	AUSTRALIA NEW ZEALAND CENTRAL RESERVATIONS OFFICE PTY LIMITED T/A ANZCRO	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3897	Agency Agreements	Revenue & Alliances	First Travel Group Limited	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3900	Agency Agreements	Revenue & Alliances	Argo Travel	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3901	Agency Agreements	Revenue & Alliances	Lodhias Travel Services Limited	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3902	Agency	Revenue &	MACQUARIE	Virgin Australia Airlines Pty Ltd &	Agency Agreement	1/07/2020

	Agreements	Alliances	TRAVELWORLD SERVICES LIMITED	ors		
3903	Agency Agreements	Revenue & Alliances	ONEWORLD FLIGHT CENTRE LTD	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3904	Agency Agreements	Revenue & Alliances	PAN PACIFIC TOURS SUVA	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3905	Agency Agreements	Revenue & Alliances	South Pacific Travel	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
3906	Agency Agreements	Revenue & Alliances	GUADALCANAL TRAVEL SERVICES	Virgin Australia Airlines Pty Ltd & ors	Agency Agreement	1/07/2020
4107	Cargo	Supply	Menzies Aviation (Australia) Pty Ltd	Virgin Australia Cargo Pty Ltd	Cargo Terminal Services Agreement	1/04/2018
4109	Cargo	Supply	Pak Fresh Handling Pty Ltd	Virgin Australia Cargo Pty Ltd	Cargo Handling Services Agreement_Pak Fresh	1/04/2020
4121	Aircraft Operations	Supply	GE Flight Efficiency Services, Inc. And Naverus Inc	Virgin Australia Airlines Pty Ltd	Agreement #20170831VA-FRM_FM- EX123	19/04/2018
4152	Property Leases	Supply	Cairns Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Proposed Lease of Premises, Domestic Terminal Building	15/06/2009
4153	Property Leases	Supply	Cairns Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Lease/Sublease	25/10/2018
4155	Property Leases	Supply	Gold Coast Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	30/05/2012
4156	Property Leases	Supply	Town of Port Hedland	Virgin Australia Airlines Pty Ltd	Lease of a Portion of Port Hedland International Airport Terminal Building and Lease between Virgin Australia and Town of Port Hedland	1/04/2009

4157	Property Leases	Supply	Mackay Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Proposed Lease	1/07/2011
4184	Finance	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Products and Services Agreement for HR & Payroll Records Conversion to Digital Cover Page	26/02/2019
4333	Aircraft Operations	Supply	Action NMSW Pty Ltd T/A Novotel South Wharf	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	6/08/2018
4335	Aircraft Operations	Supply	LPP Hospitality Pty Ltd t/as Larmont Sydney	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	2/02/2019
4349	Aircraft Operations	Supply	Burswood Nominees Limited ABN 24 078 250 307 A.T.F. Burswood Property Trust ABN 35 491 489 282 trading as Crown Perth	Virgin Australia Airlines Pty Ltd	Crew Accommodation Agreement	9/02/2018
4368	Aircraft Operations	Supply	Boeing Singapore Training and Flight Services Pte. Ltd.	Virgin Australia Airlines Pty Ltd	Order No. 18-VOZ-122087-FT	12/11/2018
4381	IT	Supply	IBS Software Europe Ltd	Virgin Australia Airlines Pty Ltd	iFly Staff Hosted Software Agreement and amendments	18/11/2013
4385	Engineering	Supply	Aircraft Interiors Australia Pty Ltd	Virgin Australia Airlines Pty Ltd & ors	Products and Services Agreement: Curtain and Tie Backs	1/07/2017
4412	Property Leases	Supply	Adelaide Airport Ltd	Virgin Australia Airlines Pty Ltd	Agreement for Lease	13/02/2020
4414	Property Leases	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Licence Agreement for Ground Services Equipment Areas	13/03/2013
4415	Property Leases	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Sublease	13/03/2013

4420	Property Leases	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Melbourne Airport Passenger Lounge Lease	10/02/2014
4421	Property Leases	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Melbourne Airport Passenger Lounge Lease (Rooftop)	13/01/2014
4422	Property Leases	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Melbourne Airport Terminal Building Lease	7/02/2019
4423	Property Leases	Supply	Australia Pacific Airports (Melbourne) Pty Limited	Virgin Australia Airlines Pty Ltd	Melbourne Airport Terminal Building Lease	9/05/2017
4424	Property Leases	Supply	Perth Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Commercial Lease	22/11/2015
4427	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Terms Sheet	31/12/2014
4429	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Proposed Sub-Lease	1/10/2007
4430	Property Leases	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Sublease	1/02/2004
4437	Property Leases	VARA	Perth Airport Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Lease and Variation of Sublease	14/01/2013 1/07/2018
4447	Airport	Supply	Alice Springs Airport Pty Ltd	Virgin Australia Airlines Pty Ltd	Deed of Variation of Aeronautical Pricing Agreement (Domestic)	1/07/2015
4461	VARA	VARA	Rio Tinto Services Limited	Virgin Australia Regional Airlines Pty Ltd	Umbrella Supply Contract Services (and Associated Goods) plus Variation Agreements No. 1 to 4	30/06/2008
4462	VARA	VARA	Argyle Diamonds Limited	Virgin Australia Regional Airlines Pty Ltd	Contract for Services (and Associated Goods) Perth Argyle Air Charter Service and Variation Agreements No. 1 to 3	1/07/2013

4463	VARA	VARA	BHP Billiton Iron Ore Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Services Contract for the provision of charter aviation services and Amending Deed	9/06/2014
4465	VARA	VARA	Chevron Australia Pty Ltd	Virgin Australia Regional Airlines Pty Ltd	Aircraft Services Contract No. C1565700 and Work Order No C1566454 – Onslow	1/09/2017
4468	VARA	VARA	Pilgangoora Operations Pty Ltd	Virgin Australia Regional Airlines Pty Ltd (Administrators Appointed)	Charter Services Agreement	22/09/2020
4521	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Conditions of Use	1/07/2020
4522	Airport	Supply	Sydney Airport Corporation Limited	Virgin Australia Airlines Pty Ltd	Price Agreement for Domestic Runway Charge	1/05/2012
4523	Airport	Supply	Canberra Airport Pty Limited	Virgin Australia Airlines Pty Ltd	Baggage Reclaim Licence	19/10/2010
4602	Engineering	Supply	CFM International Inc	Virgin Australia Airlines Pty Ltd	General Terms Agreement No. CFM CFM-1-2694635901	31/03/2018
4603	Engineering	Supply	CFM International Inc	Virgin Australia Airlines Pty Ltd	Letter regarding Change to VAA B737Max Order	1/08/2019
4611	IT	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Statement of Work - AR Conversion	22/02/2019
4612	IT	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Goods Annexure Payroll Digital Solution	30/07/2018
4613	IT	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Kodak Scanner Welshpool	24/05/2018
4614	IT	Supply	Ricoh Australia Pty Ltd	Virgin Australia Airlines Pty Ltd	Customer Contract to Master Services Agreement	31/10/2019

Part 4

MSN 40998

1. Sublease Agreement between VB Leaseco No 2 as lessor and VAA as lessee dated 23 November 2011.
2. Sublease Amendment Agreement between VB Leaseco No 2 as lessor and VAA as lessee dated on or about 30 March 2012.
3. Sublease Amendment Agreement between VB Leaseco No 2 as lessor and VAA as lessee dated 17 November 2016.
4. Lessee Guarantee Confirmation between VAA as lessee guarantor and as sublessee, VB Leaseco No 2 as lessee and Melbourne Aircraft Leasing (UK) Limited as lessor dated 14 June 2017.
5. Deed of Guarantee between VAA as guarantor and Melbourne Aircraft Leasing (UK) Limited as lessor dated 17 November 2016.
6. Assignment of Insurances between VAA as assignor and Melbourne Aircraft Leasing (UK) Limited as assignee dated 17 November 2016.
7. Airframe Warranty Agreement between Platypus Aircraft Leasing (Ireland) Limited as owner, Melbourne Aircraft Leasing (UK) Limited as lessor, VB Leaseco No 2 as lessee and VAA dated 17 November 2016.
8. Engine Warranty Assignment Agreement between Platypus Aircraft Leasing (Ireland) Limited as assignee, Melbourne Aircraft Leasing (UK) Limited as lessor, VB Leaseco No 2 as lessee and VAA as assignor dated 17 November 2016.
9. Consent and Agreement (Engine Warranties) between CFM International, Inc., Platypus Aircraft Leasing (Ireland) Limited as owner, Melbourne Aircraft Leasing (UK) Limited as lessor, VB Leaseco No 2 as lessee and VAA dated 17 November 2016.
10. PPS Side Letter from VB Leaseco No 2 as lessee and VAA as sublessee to Platypus Aircraft Leasing (Ireland) Limited as owner and Melbourne Aircraft Leasing (UK) Limited as lessor dated 17 November 2016.
11. Deregistration Power of Attorney from VAA to Melbourne Aircraft Leasing (UK) Limited as lessor and attorney dated 17 November 2016.
12. Quiet Enjoyment Undertaking from Platypus Aircraft Leasing (Ireland) Limited as owner to VB Leaseco No 2 as lessee and VAA as sublessee dated 17 November 2016.

MSN 36605

13. Deed of Lease Amendment between Aircraft Leasing IV Limited, VB 800, VAA and VAH dated 26 December 2019.

14. Side Letter regarding Aircraft Lease Agreement from BOC Aviation (USA) Corporation to VB 800 and VAA dated 11 March 2015.
 15. Sublease Agreement between VB 800 and VAA dated 11 March 2015.
 16. Sublease Amendment Agreement between VB 800 and VAA dated 4 September 2018.
 17. Joint and Several Guarantee between VAH and VAA as guarantors and Aircraft Leasing IV Limited dated 14 September 2018.
 18. Notice of Security from VB 800 to VAA dated 4 September 2018.
 19. Acknowledgement of Subordination from VB 800 and VAA to AS Air Lease IV (Ireland) Limited dated 4 September 2018.
 20. Assignment of Insurances from VB 800, VAA and Aircraft Leasing IV Limited as assignee dated 4 September 2018.
 21. Airframe Warranty Agreement between BOC Aviation (USA) Corporation, AS Air Lease 71 (Ireland) Limited, VB 800 and VAA and acknowledged by The Boeing Company dated 4 September 2018.
 22. Engine Warranty Agreement between BOC Aviation (USA) Corporation, VAA as assignor and Aircraft Leasing IV Limited as assignee dated 4 September 2018.
 23. Engine Consent and Agreement in respect of the Engine Warranty Agreement from CFM International, Inc. to BOC Aviation (USA) Corporation, VAA as assignor and Aircraft Leasing IV Limited as assignee dated 4 September 2018.
 24. Notice and Acknowledgment of Security Assignment from Aircraft Leasing IV Limited to Citibank, N.A., VB 800, VAA and VAH dated 5 September 2018.
 25. Deregistration Power of Attorney granted by VAA in favour of Aircraft Leasing IV Limited dated 4 September 2018.
 26. Letter of Quiet Enjoyment from Citibank, N.A. to VB 800 and VAA dated 5 September 2018.
 27. Quiet Enjoyment Letter from AS Air Lease 71 (Ireland) Limited to VB 800 and VAA dated 4 September 2018.
- MSN 36607**
28. Deed of Lease Amendment between Aircraft Leasing VI Limited, VB 800, VAA and VAH dated 26 December 2019.
 29. Sublease Agreement between VB 800 and VAA dated 6 November 2009.
 30. Sublease Amendment Agreement between VB 800 and VAA dated 6 June 2019.

31. Consent Letter and Reservation of Rights in respect of cabin modifications by BOC Aviation (USA) Corporation dated 9 May 2011 and attached letter from VAA dated 25 March 2011 and letter from VAA dated 11 July 2011.

32. Joint and Several Guarantee between VAH and VAA as guarantors and Aircraft Leasing VI Limited dated 6 June 2019.

33. Acknowledgement of Subordination from VB 800 and VAA to Aircraft Leasing VI Limited dated 6 June 2019.

34. Assignment of Insurances between VB 800, VAA and Aircraft Leasing VI Limited as assignor dated 6 June 2019.

35. Airframe Warranty Agreement between BOC Aviation (USA) Corporation, AS Air Lease 108 (Ireland) Limited, VB 800 and VAA and acknowledged by The Boeing Company dated 6 June 2019.

36. Initial Notice in respect of the Engines Warranties Agreement (ESN 802642) from Aircraft Leasing VI Limited and VAA and acknowledged by CFM International, Inc. dated 6 June 2019.

37. Initial Notice in respect of the Engines Warranties Agreement (ESN 802648) from Aircraft Leasing VI Limited and VAA and acknowledged by CFM International, Inc. dated 6 June 2019.

38. Notice and Acknowledgment of Security Assignment from Aircraft Leasing VI Limited to UMB Bank, N.A., VB 800, VAA and VAH dated 28 May 2019.

39. Deregistration Power of Attorney granted by VAA in favour of Aircraft Leasing VI Limited dated 6 June 2019.

40. Letter of Quiet Enjoyment from UMB Bank, N.A. to VB 800 and VAA dated 6 June 2019.

41. Quiet Enjoyment Letter from AS Air Lease 108 (Ireland) Limited to VB 800 and VAA dated 6 June 2019.

MSN 39449

42. Aircraft Lease Agreement between MSN 39449 Leasing Limited as lessor and VB LeaseCo as lessee dated 10 September 2010.

43. Aircraft Lease Novation and Amendment Deed between MSN 39449 Leasing Limited as existing lessor, Falcon Aerospace France 4 SARL as new lessor and VB Leaseco as lessee dated 9 April 2017.

44. Aircraft Lease Amendment Agreement between Falcon Aerospace France 4 SARL and VB Leaseco as lessee dated 15 June 2017.

45. Aircraft Lease Novation and Amendment Deed No. 2 between Falcon Aerospace France 4 SARL, Aircraft Leasing IV Limited as new lessor and VB Leaseco dated 30 August 2018.

46. Sublease Agreement between VB Leaseco and VAA dated 10 September 2010.
47. Sublease Amendment Agreement between VB Leaseco and VAA dated on or about 9 April 2017.
48. Sublease Amendment Agreement between VB Leaseco and VAA dated 30 August 2018.
49. Guarantee between VAA as guarantor and Aircraft Leasing IV Limited dated 30 August 2018.
50. Assignment of Insurances between VAA as assignor and Aircraft Leasing IV Limited as assignee dated 30 August 2018.
51. Airframe Warranty Agreement between Falcon Aerospace France 4 SARL, AS Air Lease 74 (Ireland) Limited, Aircraft Leasing IV Limited, VAA and VB Leaseco and acknowledged by The Boeing Company dated 30 August 2018.
52. Notice and Acknowledgment of Security Assignment between Aircraft Leasing IV Limited, Citibank, N.A., VB Leaseco and VAA dated 30 August 2018.
53. Letter of Quiet Enjoyment from Citibank, N.A. to VB Leaseco and VAA dated 30 August 2018.
54. Quiet Enjoyment Undertaking between AS Air Lease 74 (Ireland) Limited as owner and VB Leaseco dated 30 August 2018.

MSN 39450

55. Aircraft Lease Agreement between MSN 39450 Leasing Limited as lessor and VB Leaseco as lessee dated 10 September 2010.
56. Aircraft Lease Novation and Amendment Deed between MSN 39450 Leasing Limited as existing lessor, Falcon Aerospace France 5 SARL as new lessor and VB Leaseco as lessee dated 7 April 2017.
57. Aircraft Lease Amendment Agreement No. 1 between Falcon Aerospace France 5 SARL and VB Leaseco as lessee dated 15 June 2017.
58. Aircraft Lease Novation and Amendment Deed No. 2 between Falcon Aerospace France 5 SARL, Aircraft Leasing IV Limited and VB Leaseco dated 4 September 2018.
59. Sublease Agreement between VB Leaseco and VAA dated 10 September 2010.
60. Sublease Amendment Agreement between VB Leaseco and VAA dated on or about 7 April 2017.
61. Sublease Amendment Agreement between VB Leaseco and VAA dated 4 September 2018.
62. Guarantee between VAA as guarantor and Aircraft Leasing IV Limited dated 4 September 2018.

63. Assignment of Insurances from VAA as assignor and Aircraft Leasing IV Limited as assignee dated 4 September 2018.
64. Airframe Warranty Agreement between Falcon Aerospace France 5 SARL, AS Air Lease 74 (Ireland) Limited, Aircraft Leasing IV Limited, VAA and VB Leaseco and acknowledged by The Boeing Company dated 4 September 2018.
65. Notice and Acknowledgment of Security Assignment between Aircraft Leasing IV Limited, Citibank, N.A., VB Leaseco and VAA dated 4 September 2018.
66. Letter of Quiet Enjoyment from Citibank, N.A. to VB Leaseco and VAA dated 4 September 2018.
67. Quiet Enjoyment Undertaking from AS Air Lease 74 (Ireland) Limited to VB Leaseco dated 4 September 2018.

MSN 33758

68. Notice of Replacement Schedule (Loan) issued by DVB Bank SE Singapore Branch to VAA the JPA No. 120 Co., Ltd. and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 22 October 2018
69. Agency and Security Trustee Fee Letter issued by DVB Bank SE Singapore Branch and acknowledged by VAA dated 15 October 2018
70. Aircraft Operating Lease Agreement between JPA No. 120 Co., Ltd. and VAA dated 15 October 2018
71. Notice of Replacement Schedule (Lease) issued by JPA No. 120 Co., Ltd. to VAA with a copy to DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and DVB Bank SE Singapore Branch dated 22 October 2018
72. Guarantee and Indemnity between JPA No. 120 Co., Ltd. and VAH dated 15 October 2018
73. Tax Representation Letter issued by JPA No. 120 Co., Ltd. to VAH and VAA dated 15 October 2018
74. Assignment of Insurances between VAA as assignor and JPA No. 120 Co., Ltd. as assignee dated 15 October 2018
75. Notice and Acknowledgement of Assignment issued by DVB Bank SE Singapore Branch, DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and JPA No. 120 Co., Ltd. to VAA and VAH dated 15 October 2018
76. Payment Direction Letter (MSN 33758) between VAA, VAH and DVB Bank SE Singapore Branch dated 15 October 2018
77. Delivery Letter – MSN 33758 issued by VAA to JPA No. 120 Co., Ltd., with a copy to DVB Bank SE Singapore Branch and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited, amongst others dated 17 October 2018

MSN 33796

78. Notice of Replacement Schedule (Loan) issued by DVB Bank SE Singapore Branch to VAA, JPA No. 121 Co., Ltd. and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 22 October 2018.

79. Agency and Security Fee Letter issued by DVB Bank SE Singapore Branch, and acknowledged by VAA dated 15 October 2018.

80. Aircraft Operating Lease Agreement between JPA No. 121 Co., Ltd. and VAA dated 15 October 2018.

81. Notice of Replacement Schedule (Lease) issued by JPA No. 121 Co., Ltd. to VAA with a copy to DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and DVB Bank SE Singapore Branch dated 22 October 2018.

82. Guarantee and Indemnity between JPA No. 121 Co., Ltd. and VAA dated 15 October 2018.

83. Tax Representation Letter issued by JPA No. 121 Co., Ltd. to VAA and VAA dated 15 October 2018.

84. Assignment of Insurances between VAA as assignor and JPA No. 121 Co., Ltd. as assignee dated 15 October 2018.

85. Notice and Acknowledgement of Assignment issued by DVB Bank SE Singapore Branch, DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and JPA No. 121 Co., Ltd. to VAA and VAA dated 15 October 2018.

86. Payment Direction Letter (MSN 33796) between VAA, VAA and DVB Bank SE Singapore Branch dated 15 October 2018.

87. Delivery Letter – MSN 33796 issued by VAA to JPA No. 121 Co., Ltd., with a copy to DVB Bank SE Singapore Branch and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited, amongst others dated 17 October 2018.

- MSN 36602**

88. Notice of Replacement Schedule (Loan) issued by the DVB Bank SE Singapore Branch to VAA, JPA No. 124 Co., Ltd. and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 25 October 2018.

89. Agency and Security Trustee Fee Letter issued by DVB Bank SE Singapore Branch, and acknowledged by VAA dated 15 October 2018.

90. Aircraft Operating Lease Agreement between JPA No. 124 Co., Ltd. and VAA dated 15 October 2018.

91. Notice of Replacement Schedule (Lease) issued by JPA No. 124 Co., Ltd. to VAA with a copy to DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and DVB Bank SE Singapore Branch dated 25 October 2018.

92. Guarantee and Indemnity between JPA No. 124 Co., Ltd. and VAA dated 15 October 2018.

93. Tax Representation Letter issued by JPA No. 124 Co., Ltd. to VAA and VAH dated 15 October 2018.
 94. Assignment of Insurances between VAA as assignor and JPA No. 124 Co., Ltd. as assignee dated 15 October 2018.
 95. Notice and Acknowledgement of Assignment issued by DVB Bank SE Singapore Branch, DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and JPA No. 124 Co., Ltd. to VAA and VAH dated 15 October 2018.
 96. Payment Direction Letter (MSN 36602) between VAA, VAH and DVB Bank SE Singapore Branch dated 15 October 2018.
 97. Delivery Letter – MSN 36602 issued by VAA to JPA No. 124 Co., Ltd., with a copy to DVB Bank SE Singapore Branch and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 22 October 2018.
- MSN 36603**
98. Notice of Replacement Schedule (Loan) issued by DVB Bank SE Singapore Branch to VAA, JPA No. 125 Co., Ltd. and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 22 October 2018.
 99. Agency and Security Trustee Fee Letter issued by DVB Bank SE Singapore Branch, and acknowledged by VAA dated 15 October 2018.
 100. Aircraft Operating Lease Agreement between JPA No. 125 Co., Ltd. and VAA dated 15 October 2018.
 101. Notice of Replacement Schedule (Lease) issued by JPA No. 125 Co., Ltd. to VAA with a copy to DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited and DVB Bank SE Singapore Branch dated 22 October 2018.
 102. Guarantee and Indemnity between JPA No. 125 Co., Ltd. and VAH dated 15 October 2018.
 103. Tax Representation Letter issued by JPA No. 125 Co., Ltd. to VAA and VAH dated 15 October 2018.
 104. Assignment of Insurances between VAA as assignor and JPA No. 125 Co., Ltd. as assignee dated 15 October 2018.
 105. Notice and Acknowledgement of Assignment issued by DVB Bank SE Singapore Branch, the Banks and JPA No. 125 Co., Ltd. to VAA and VAH dated 15 October 2018.
 106. Payment Direction Letter (MSN 36603) between VAA, VAH and DVB Bank SE Singapore Branch dated 15 October 2018.
 107. Delivery Letter – MSN 36603 issued by VAA to JPA No. 125 Co., Ltd., with a copy to DVB Bank SE Singapore Branch and DVB Transport Finance Limited, Tokyo Branch and IBJ Leasing Company Limited dated 18 October 2018.

MSN 41005

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108. Loan Note Subscription Agreement between Short Haul 17 2, VAA, VAH, Bank of China Limited, Sydney Branch and Bank of China Limited, Singapore Branch dated 7 July 2017, with Replacement Principal Repayment Schedule (MSN 41005) under Loan Note Subscription Agreement (initialled).
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109. Security Trust Deed between Short Haul 17 2, VAA, Bank of China Limited, Sydney Branch, Bank of China Limited, Singapore Branch and VA LeaseCo No.4 Pty Ltd dated 6 July 2017.
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110. Junior Loan Agreement between Short Haul 17 2 and VAA dated 7 July 2017, with Amortisation Schedule (MSN 41005) under Junior Loan Agreement (initialled).
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111. Aircraft Lease Agreement (chattel paper) between Short Haul 17 2 and VAA dated 31 August 2017.
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112. Aircraft Lease Agreement (non-chattel paper) between Short Haul 17 2 and VAA dated 31 August 2017.
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113. Specific Security Agreement (Insurances and Subleases) between VAA and Bank of China Limited, Sydney Branch dated 31 August 2017.
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114. Specific Security Deed (Borrower Shares) between VAA and Bank of China Limited, Sydney Branch dated 7 July 2017.
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115. Engine Warranty Agreement between CFM International, Inc., VAA, Short Haul 17 2 and Bank of China Limited, Sydney Branch dated 10 July 2017.
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116. Engine Warranty Supplement No.1 between VAA, Short Haul 17 2, CFM International, Inc. and Bank of China Limited, Sydney Branch dated 31 August 2017.
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MSN 41042

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117. Loan Note Subscription Agreement between Short Haul 17 2, VAA, VAH, Bank of China Limited, Sydney Branch and Bank of China Limited, Singapore Branch dated 7 July 2017, with Replacement Principal Repayment Schedule (MSN 41042) under Loan Note Subscription Agreement (initialled).
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118. Security Trust Deed between Short Haul 17 2, VAA, Bank of China Limited, Sydney Branch, Bank of China Limited, Singapore Branch and VA LeaseCo No.4 Pty Ltd dated 6 July 2017.
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119. Junior Loan Agreement between Short Haul 17 2 and VAA dated 7 July 2017, with Amortisation Schedule (MSN 41042) under Junior Loan Agreement (initialled).
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120. Aircraft Lease Agreement (chattel paper) between Short Haul 17 2 and VAA dated 14 September 2017.
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121. Aircraft Lease Agreement (non-chattel paper) between Short Haul 17 2 and VAA dated 14 September 2017.
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122. Specific Security Deed (Insurances and Subleases) between VAA and Bank of China Limited, Sydney Branch dated 14 September 2017.

123. Specific Security Deed (Borrower Shares) between VAA and Bank of China Limited, Sydney Branch dated 7 July 2017.

124. Engine Warranty Agreement between CFM International, Inc., VAA, Short Haul 17 2 and Bank of China Limited, Sydney Branch dated 10 July 2017.

125. Engine Warranty Supplement No.2 between VAA, Short Haul 17 2, CFM International, Inc. and Bank of China Limited, Sydney Branch dated 14 September 2017.

MSN 37823

126. Notice of Replacement Schedule (Loan) issued by Australia and New Zealand Banking Group Limited as facility agent to VAA, JPA No. 172 Co., Ltd., Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks and Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers dated 24 July 2019.

127. Agency Fee Letter issued by Australia and New Zealand Banking Group Limited as facility agent and acknowledged by VAA dated 17 June 2019.

128. Security Trustee Fee Letter issued by ANZ Fiduciary Services Pty Ltd as security trustee and acknowledged by VAA dated 17 June 2019.

129. Aircraft Operating Lease Agreement between JPA No. 172 Co., Ltd. as lessor and VAA dated 17 June 2019.

130. Amending Deed (Lease Agreement) between JPA No. 172 Co., Ltd. and VAA dated 10 July 2019.

131. Notice of Replacement Schedule (Lease) issued by JPA No. 172 Co., Ltd. to VAA with a copy to Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 24 July 2019.

132. Guarantee and Indemnity between JPA No. 172 Co., Ltd. and VAH dated 17 June 2019.

133. Tax Representation Letter issued by JPA No. 172 Co., Ltd. to VAA and VAH dated 17 June 2019.

134. Owner Consent and Acknowledgement between VAA and JPA No. 172 Co., Ltd. dated 22 July 2019.

135. Assignment of Insurances between VAA and JPA No. 172 Co., Ltd. dated 26 July 2019.

136. Notice and Acknowledgement of Assignment issued by ANZ Fiduciary Services Pty Ltd as security trustee, Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks and JPA No. 172 Co., Ltd. to VAA as seller and lessee and VAH dated 22 July 2019.

137. Payment Direction Letter (MSN 37823) between VAA, VAH, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 22 July 2019.
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138. Delivery Letter – MSN 37823 issued by VAA to JPA No. 172 Co., Ltd., with a copy to Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers, ANZ Fiduciary Services Pty Ltd as security trustee and Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks dated 22 July 2019.
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139. Aircraft Sublease Agreement – MSN 37823 between Tiger Airways and VAA dated 25 September 2019.
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140. Assignment of Insurances relating to the financing of one (1) Boeing 737-800 aircraft with manufacturer's serial number 37823 and Australian registration mark VH-VUX dated 25 September 2019 between Tiger Airways and VAA dated 25 September 2019.
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141. Notice and acknowledgement of Assignment to Sublessee – MSN 37823 between VAA, Tiger Airways, ANZ Fiduciary Services Pty Ltd, Australia and New Zealand Banking Group Limited, Australia and New Zealand Banking Group Limited, Tokyo Branch, IBJ Leasing Company, Limited and JPA No. 172 Co., Ltd.
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142. Security Assignment (Sublease) dated 25 September 2019 between VAA and JPA No., Ltd.
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- MSN 37824**
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143. Notice of Replacement Schedule (Loan) issued by Australia and New Zealand Banking Group Limited as facility agent to VAA, JPA No. 173 Co., Ltd., Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks, and Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers dated 3 September 2019.
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144. Agency Fee Letter issued by Australia and New Zealand Banking Group Limited as facility agent and acknowledged by VAA dated 17 June 2019.
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145. Security Trustee Fee Letter issued by ANZ Fiduciary Services Pty Ltd as security trustee and acknowledged by VAA dated 17 June 2019.
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146. Aircraft Operating Lease Agreement between JPA No. 173 Co., Ltd. as lessor and VAA dated 17 June 2019.
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147. Amending Deed (Lease Agreement) between JPA No. 173 Co., Ltd. and VAA dated 10 July 2019.
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148. Notice of Replacement Schedule (Lease) issued by JPA No. 173 Co., Ltd. to VAA with a copy to Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 3 September 2019.
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149. Guarantee and Indemnity between JPA No. 173 Co., Ltd. and VAH dated 17 June 2019.
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150. Tax Representation Letter issued by JPA No. 173 Co., Ltd. to VAA and VAH dated 17 June 2019.
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151. Owner Consent and Acknowledgement between VAA and JPA No. 173 Co., Ltd. dated 26 August 2019.

152. Assignment of Insurances made between VAA and JPA No. 173 Co., Ltd. dated 5 September 2019.

153. Notice and Acknowledgement of Assignment issued by ANZ Fiduciary Services Pty Ltd as security trustee, Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks and JPA No. 173 Co., Ltd. to the VAA as seller and lessee and VAA dated 26 August 2019.

154. Payment Direction Letter (MSN 37824) between VAA, VAAH, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 26 August 2019.

155. Delivery Letter – MSN 37824 issued by VAA to JPA No. 173 Co., Ltd., with a copy to Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers, ANZ Fiduciary Services Pty Ltd as security trustee and Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks dated 30 August 2019.

MSN 37825

156. Notice of Replacement Schedule (Loan) issued by Australia and New Zealand Banking Group Limited as facility agent to VAA, JPA No. 174 Co., Ltd., Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks and, Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers dated 3 September 2019.

157. Agency Fee Letter issued by Australia and New Zealand Banking Group Limited as facility agent and acknowledged by VAA dated 14 June 2019.

158. Security Trustee Fee Letter issued by ANZ Fiduciary Services Pty Ltd as security trustee and acknowledged by VAA dated 14 June 2019.

159. Aircraft Operating Lease Agreement between JPA No. 174 Co., Ltd. as lessor and VAA dated 14 June 2019.

160. Amending Deed (Lease Agreement) between JPA No. 174 Co., Ltd. and VAA dated 10 July 2019.

161. Notice of Replacement Schedule (Lease) issued by JPA No. 174 Co., Ltd. to VAA with a copy to Australia and New Zealand Banking Group Limited, Tokyo Branch and IBJ Leasing Company, Limited as banks, Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 3 September 2019.

162. Guarantee and Indemnity between JPA No. 174 Co., Ltd. and VAA dated 14 June 2019.

163. Tax Representation Letter issued by JPA No. 174 Co., Ltd. to VAA and VAAH dated 14 June 2019.

164. Owner Consent and Acknowledgement between VAA and JPA No. 174 Co., Ltd. dated 26 August 2019.

165. Assignment of Insurances made between VAA and JPA No. 174 Co., Ltd. dated 6 September 2019.

166. Notice and Acknowledgement of Assignment issued by ANZ Fiduciary Services Pty Ltd as security trustee, Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited, Tokyo Branch and IJB Leasing Company, Limited as banks and JPA No. 174 Co., Ltd. to VAA as seller and lessee and VAA dated 26 August 2019.

167. Payment Direction Letter (MSN 37825) between VAA, VAA, Australia and New Zealand Banking Group Limited as facility agent and ANZ Fiduciary Services Pty Ltd as security trustee dated 26 August 2019.

168. Delivery Letter – MSN 37825 issued by VAA to JPA No. 174 Co., Ltd., with a copy to Australia and New Zealand Banking Group Limited as facility agent, Australia and New Zealand Banking Group Limited and DVB Bank SE Singapore Branch as debt co-arrangers, ANZ Fiduciary Services Pty Ltd as security trustee and Australia and New Zealand Banking Group Limited, Tokyo Branch and IJB Leasing Company, Limited as banks dated 2 September 2019

MSN 41002

169. Aircraft Operating Lease Agreement between JSA Aircraft 41002, LLC\ as lessor and VB Leaseco as lessee dated 21 May 2012 as amended, supplemented and novated from time to time.

170. Lease Transaction and Amendment Deed between Vantaa Aviation Leasing Limited, VB Leaseco and JSA International U.S. Holdings, LLC (as successor by merger to JSA Aircraft 41002, LLC) dated 4 December 2019.

171. Initial Aircraft Operating Sublease Agreement between VB Leaseco as lessor and VAA as lessee dated 21 May 2012.

172. Initial Sublease Security Assignment between VB Leaseco as assignor and Vantaa Aviation Leasing Limited as assignee dated 4 December 2019.

173. Initial Sublease Consent and Agreement between VAA and Vantaa Aviation Leasing Limited dated 4 December 2019.

174. Airframe Warranty Agreement (Post-Delivery Sale with Lease) between Vantaa Aviation Leasing Limited, JSA International U.S. Holdings, LLC and VAA and acknowledged by The Boeing Company dated 4 December 2019.

175. Initial Notice (Engine Warranty Agreement (ESN 960850)) between Vantaa Aviation Leasing Limited, VAA and acknowledged by CFM International Inc. dated 4 December 2019.

176. Initial Notice (Engine Warranty Agreement (ESN 960858)) between Vantaa Aviation Leasing Limited, VAA and acknowledged by CFM International Inc. dated 4 December 2019.

177. Assignment of Insurances between VAA as assignor and Vantaa Aviation Leasing Limited as assignee dated 4 December 2019.

178. Deregistration Power of Attorney between VB Leaseco and Vantaa Aviation Leasing Limited dated 4 December 2019.

179. Deregistration Power of Attorney between VAA and Vantaa Aviation Leasing Limited dated 4 December 2019.

180. Lessee Guarantee between VAA as guarantor and Vantaa Aviation Leasing Limited dated 4 December 2019.

MSN 41027

181. Aircraft Operating Lease Agreement between GAL MSN 41027 Limited as lessor, VB Leaseco as lessee and VAA as guarantor dated 11 December 2014.

182. Aircraft Operating Lease Termination Agreement between Goshawk Aviation Limited as owner, GAL MSN One Limited, VB Leaseco and VAA dated 11 December 2014.

183. Aircraft Sublease Agreement between VAA and VB Leaseco dated 12 August 2015.

184. Rent Fixing Letter between VB Leaseco, VAA and GAL MSN 41027 Limited dated 5 June 2015.

185. Owner Consent and Acknowledgement between VB Leaseco, VAA and GAL MSN 41027 Limited dated 12 August 2015.

186. Lessee Security Assignment between the VB Leaseco as assignor and the GAL MSN 41027 Limited as assignee dated 12 August 2015.

187. Notice and Acknowledgment of Assignment issued by GAL MSN 41027 Limited to VB Leaseco, VAA and VAH with a copy to Norddeutsche Landesbank Girozentrale as security trustee dated 12 August 2015.

188. Quiet Enjoyment Letter between Norddeutsche Landesbank Girozentrale as security trustee and GAL MSN 41027 Limited to VB Leaseco dated 12 August 2015.

189. Assignment of Insurances between VAA as assignor and GAL MSN 41027 Limited as assignee dated 12 August 2015.

190. Replacement VAH Guarantee between VAH as guarantor, VB Leaseco and VAA as obligors and GAL MSN 41027 Limited and Goshawk Aviation Limited as beneficiaries dated 11 December 2014.

191. Deed of Partial Release and Amendment – VAH Guarantee between VAH, GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited and Goshawk Aviation Limited dated 11 December 2014.

192. Partial Release and Amending Deed – Goshawk Guarantee between GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited, Goshawk Aviation Limited and VB Leaseco dated 11 December 2014.

193. Airframe Warranty Agreement between VAA, VB Leaseco, GAL MSN 41027 Limited, Norddeutsche Landesbank Girozentrale as security trustee and acknowledged by The Boeing Company dated 12 August 2015.

194. Engine Warranties Assignment between VAA as assignor, GAL MSN 41027 Limited as assignee and VB Leaseco dated 12 August 2015.

195. Notice of Assignment to Engine Manufacturer issued by VAA to CFM International Inc. dated 12 August 2015.

196. Engine Consent and Agreement between CFM International Inc., VAA, GAL MSN 41027 Limited, Norddeutsche Landesbank Girozentrale as security trustee and VB Leaseco dated 12 August 2015.

197. Engine Supplement between GAL MSN 41027 Limited and VB Leaseco dated 12 August 2015.

198. Deregistration Power of Attorney issued by GAL MSN 41027 Limited dated 2 September 2015.

- MSN 41028**

199. Operating Lease Agreement between GAL MSN 41027 Limited as lessor, VB Leaseco as lessee and VAA as guarantor dated 2 September 2015.

200. Aircraft Operating Lease Termination Agreement between Goshawk Aviation Limited as owner, GAL MSN Three Limited, VB Leaseco and VAA dated 2 September 2015.

201. Rent Fixing Letter between VB Leaseco, VAA and GAL MSN 41027 Limited dated 2 September 2015.

202. Sublease agreement between VB Leaseco and VAA dated 2 September 2015.

203. Owner Consent and Acknowledgement between VB Leaseco, VAA and GAL MSN 41027 Limited dated 2 September 2015.

204. Lessee Security Assignment between VB Leaseco as assignor and GAL MSN 41027 Limited as assignee dated 2 September 2015.

205. Notice and Acknowledgment of Assignment from Norddeutsche Landesbank Girozentrale as security trustee and GAL MSN 41027 Limited to VB Leaseco, VAA and VAAH dated 2 September 2015.

206. Quiet Enjoyment Letter between Norddeutsche Landesbank Girozentrale as security trustee and GAL MSN 41027 Limited to VB Leaseco dated 2 September 2015.

207. Assignment of Insurances between VAA as assignor and GAL MSN 41027 Limited as assignee dated 2 September 2015.
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208. VAH Guarantee between VAH as guarantor, VB Leaseco and VAA as obligors and GAL MSN 41027 Limited and Goshawk Aviation Limited as beneficiaries dated 2 September 2015.
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209. Second Partial Release and Amending Deed – VAH Guarantee between VAH, GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited and Goshawk Aviation Limited dated 2 September 2015.
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210. Second Partial Release and Amending Deed – Goshawk Guarantee between GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited, Goshawk Aviation Limited and VB Leaseco dated 2 September 2015.
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211. Airframe Warranties Agreement between VAA, VB Leaseco, GAL MSN 41027 Limited, Norddeutsche Landesbank Girozentrale as security trustee and acknowledged by The Boeing Company dated 2 September 2015.
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212. Engine Agreement Assignment between VAA as assignor, GAL MSN 41027 Limited as assignee and VB Leaseco dated 2 September 2015.
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213. Engine Consent and Agreement between CFM International Inc., VAA, GAL MSN 41027 Limited, Norddeutsche Landesbank Girozentrale as security trustee and VB Leaseco dated 2 September 2015.
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214. Notice of Assignment to Engine Manufacturer from VAA to CFM International Inc. dated 2 September 2015.
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215. Engine Supplement between GAL MSN 41027 Limited and VB Leaseco dated 2 September 2015.
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216. Deregistration Power of Attorney issued by GAL MSN 41027 Limited dated 2 September 2015.
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MSN 41029

217. Operating Lease Agreement between GAL MSN Three Limited as lessor, VB Leaseco as lessee and VAA as guarantor dated 24 June 2014.
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218. Sublease Agreement between VB Leaseco and VAA dated 6 October 2015.
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219. Rent Fixing Letter between VB Leaseco, VAA and GAL MSN Three Limited dated 5 June 2015.
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220. Owner Consent and Acknowledgement between VB Leaseco, VAA and GAL MSN Three Limited dated 6 October 2015.
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221. Lessee Security Assignment between the VB Leaseco as assignor and GAL MSN Three Limited as assignee dated 6 October 2015.
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222. VAH Guarantee between VAH as guarantor, GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited and Goshawk Aviation Limited as beneficiaries and VB Leaseco and VAA as obligors dated 24 June 2014.

223. Notice and Acknowledgment of Assignment from Citibank, N.A., London Branch as security trustee and GAL MSN Three Limited to VB Leaseco, VAA and VAH dated 6 October 2015.

224. Assignment of Insurances between VAA as assignor and GAL MSN Three Limited as assignee dated 6 October 2015.

225. Quiet Enjoyment Letter from Citibank, N.A., London Branch as security trustee and GAL MSN Three Limited to VB Leaseco dated 6 October 2015.

226. Airframe Warranties Agreement between VAA, VB Leaseco, GAL MSN Three Limited, Citibank, N.A., London Branch as security trustee and acknowledged by The Boeing Company dated 6 October 2015.

227. Engine Agreement Assignment between VAA as assignor, GAL MSN Three Limited as assignee and VB Leaseco dated 6 October 2015.

228. Notice of Assignment from VAA and GAL MSN Three Limited to CFM International Inc., dated 6 October 2015.

229. Engine Consent and Agreement between CFM International Inc., VAA, GAL MSN Three Limited, Citibank, N.A., London Branch as security trustee and VB Leaseco dated 6 October 2015.

230. Engine Supplement between GAL MSN Three Limited and VB Leaseco dated 6 October 2015.

231. Deregistration Power of Attorney issued by GAL MSN Three Limited dated 6 October 2015

MSN 41030

232. Operating Lease Agreement between GAL MSN Three Limited as lessor, VB Leaseco as lessee and VAA as guarantor dated 24 June 2014.

233. Sublease Agreement between VAA and VB Leaseco dated 2 November 2015.

234. Rent Fixing Letter between VB Leaseco, VAA and GAL MSN Three Limited dated 19 June 2015.

235. Owner Consent and Acknowledgement between VB Leaseco, VAA and GAL MSN Three Limited dated 2 November 2015.

236. Lessee Security Assignment between the VB Leaseco as assignor and GAL MSN Three Limited as assignee dated 2 November 2015.

237. VAH Guarantee between VAH as guarantor, GAL MSN One Limited, GAL MSN Two Limited, GAL MSN Three Limited and Goshawk Aviation Limited as beneficiaries and VB Leaseco and VAA as obligors dated 24 June 2014.

238. Notice and Acknowledgment of Assignment from Citibank, N.A., London Branch as security trustee and GAL MSN Three Limited to VB Leaseco, VAA and VAH dated 2 November 2015.

239. Quiet Enjoyment Letter from Citibank, N.A., London Branch as security trustee and GAL MSN Three Limited to VB Leaseco dated 2 November 2015.

240. Assignment of Insurances between VAA as assignor and GAL MSN Three Limited as assignee dated 2 November 2015.

241. Airframe Warranties Agreement between VAA, VB Leaseco, GAL MSN Three Limited, Citibank, N.A., London Branch as security trustee and acknowledged by The Boeing Company dated 2 November 2015.

242. Engine Agreement Assignment between VAA as assignor, GAL MSN Three Limited as assignee and VB Leaseco dated 2 November 2015.

243. Notice of Assignment from VAA and GAL MSN Three Limited to CFM International Inc., dated 2 November 2015.

244. Engine Consent and Agreement between CFM International Inc., VAA, GAL MSN Three Limited, Citibank, N.A., London Branch as security trustee and VB Leaseco dated 2 November 2015.

245. Engine Supplement between GAL MSN Three Limited and VB Leaseco dated 2 November 2015.

246. Deregistration Power of Attorney issued by GAL MSN Three Limited dated 2 November 2015.

MSN 39924

247. Aircraft Sublease Agreement between VAA and VB Leaseco No 2 dated 18 July 2012.

248. Aircraft Sublease Amendment Agreement between VAA and VB Leaseco No 2 dated on or about 14 May 2014.

249. Aircraft Subsublease between VAA and VAIA dated 7 December 2014.

250. Lease Agreement Amendment Deed between Pioneer Aircraft Leasing UK Limited, VB Leaseco No 2, VAA and Goshawk Aviation Limited (Lessor Guarantor) dated 18 September 2018.

251. Guarantee granted by VAA as guarantor in favour of Pioneer Aircraft Leasing UK Limited dated 14 May 2014.

252. Notice and Acknowledgment of Assignment to VB Leaseco No 2, VAA, and VAIA from Citibank, N.A., not in its individual capacity but solely as security trustee and Pioneer Aircraft Leasing UK Limited dated 5 June 2019.

253. Subordination Agreement between Pioneer Aircraft Leasing UK Limited, VAA and VAIA and VB Leaseco No 2 dated 7 June 2016.

254. Assignment of Insurances between VAA as assignor and Pioneer Aircraft Leasing UK Limited as assignee dated 14 May 2014.

255. Deregistration Power of Attorney between VB Leaseco No 2, VAA and VAIA dated 5 June 2019.

MSN 40699

256. Aircraft Lease Agreement between Goshawk Aviation Leasing UK 1 Limited (formerly Sky Aircraft B40699 UK Limited) as lessor and VB Leaseco dated 7 March 2013.

257. Aircraft Lease Novation and Amendment Deed between SMBC Aviation Capital Japan Co., Ltd as prior lessor, Goshawk Aviation Leasing UK 1 Limited and VB Leaseco dated 29 March 2018.

258. Aircraft Sublease Agreement between VAA and VB Leaseco dated 9 August 2013.

259. Aircraft Sublease Amendment Agreement between VAA and VB Leaseco dated 7 December 2014.

260. Aircraft Sublease Amendment Agreement between VAA and VB Leaseco dated 29 March 2018.

261. Aircraft SubSublease Agreement between VAA and VAIA dated 7 December 2014.

262. Aircraft SubSublease Amendment Agreement between VAA and VAIA dated on or about 29 March 2018.

263. Lessee Guarantee granted by VAA in favour of Goshawk Aviation Leasing UK 1 Limited dated 29 March 2018.

264. Lessee Consent from Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as secured party and Goshawk Aviation Leasing UK 1 Limited and acknowledged by VB Leaseco dated 29 March 2018.

265. Confirmation of Quiet Enjoyment from Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as secured party and Sky Aircraft B40699 Limited as owner to VB Leaseco dated 29 March 2018.

266. Subordination Acknowledgment from VAIA, VAA and VB Leaseco and acknowledged by Goshawk Aviation Leasing UK 1 Limited dated 29 March 2018.

267. Assignment of Insurances between VB Leaseco as assignor and Goshawk Aviation Leasing UK 1 Limited as assignee dated 29 March 2018.

268. Assignment of Insurances between VAA as assignor and Goshawk Aviation Leasing UK 1 Limited as assignee dated 29 March 2018.

269. Airframe Warranties Assignment between VAA as assignor and Goshawk Aviation Leasing UK 1 Limited as assignee dated 29 March 2018.

270. Boeing Warranty Notice from VAA, Goshawk Aviation Leasing UK 1 Limited and VB Leaseco and acknowledgment from The Boeing Company dated 29 March 2018

271. Engine Warranty Assignment between VAA, Goshawk Aviation Leasing UK 1 Limited and VB Leaseco dated 29 March 2018.

272. Consent and Agreement of Engine Manufacturer between Goshawk Aviation Leasing UK 1 Limited, VAA, VB Leaseco and CFM International Inc dated 29 March 2018.

273. Deregistration Power of Attorney from VB Leaseco dated 29 March 2018.

274. Deregistration Power of Attorney from VAA dated 29 March 2018.

MSN 41037

275. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

276. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

277. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) dated 19 December 2019, signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch).

278. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

279. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) dated 19 December 2019, signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch

280. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

281. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 9 January 2020.
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282. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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283. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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284. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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285. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
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286. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 8 January 2020.
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287. Airframe Warranties Assignment between Short Haul 16 2 as assignor, VAA as lessee, VA Borrower 19 2 as assignee and BNP Paribas (Singapore Branch), not in its individual capacity but solely as security trustee dated 9 January 2020.
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288. Post-Delivery Sale with Lease and Security Letter signed by Short Haul 16 2, VA Borrower 19 2, VAA, and BNP Paribas (acting through its Singapore branch) and the Boeing Company dated 9 January 2020.
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289. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 7 January 2020.
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290. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 10 January 2020.
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291. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 7 January 2020.
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MSN 38708

292. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlelake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.
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293. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.
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294. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes), signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

295. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

296. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

297. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlelake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

298. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 15 January 2020.

299. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

300. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

301. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

302. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.

303. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 13 January 2020.

304. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

305. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 15 January 2020.

306. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

MSN 38709

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307. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.
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308. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.
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309. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.
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310. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.
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311. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.
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312. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.
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313. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 15 January 2020.
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314. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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315. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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316. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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317. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
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318. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 13 January 2020.
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319. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

320. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 15 January 2020.

321. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

MSN 38710

322. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

323. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

324. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

325. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

326. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

327. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

328. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 15 January 2020.

329. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

330. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

331. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

332. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.

333. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 13 January 2020.

334. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

335. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 15 January 2020.

336. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

MSN 38711

337. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

338. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

339. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

340. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

341. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

342. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

343. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 15 January 2020.

344. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

345. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

346. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

347. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.

348. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 14 January 2020.

349. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 13 January 2020.

350. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

351. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 15 January 2020.

352. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

353. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 13 January 2020.

354. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 13 January 2020.

MSN 38712

355. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlelake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

356. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

357. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

358. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

359. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

360. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

361. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 15 January 2020.

362. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

363. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

364. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

365. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.

366. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 14 January 2020.

367. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 13 January 2020.

368. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

369. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 15 January 2020.

370. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 13 January 2020.

371. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 13 January 2020.

372. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 13 January 2020.

MSN 38713

373. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

374. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

375. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

376. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

377. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

378. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

379. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 16 January 2020.

380. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

381. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

382. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.

383. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.

384. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 15 January 2020.

385. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 14 January 2020.

386. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.

387. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 16 January 2020.

388. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.

389. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

390. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

MSN 38714

391. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

392. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

393. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

394. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

395. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

396. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.
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397. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 16 January 2020.
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398. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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399. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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400. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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401. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
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402. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 15 January 2020.
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403. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 14 January 2020.
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404. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
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405. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 16 January 2020.
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406. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
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407. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.
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408. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.
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MSN 38715

409. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.
410. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.
411. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.
412. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.
413. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.
414. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.
415. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 16 January 2020.
416. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
417. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
418. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
419. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
420. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 15 January 2020.

421. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 14 January 2020.

422. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.

423. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 16 January 2020.

424. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.

425. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

426. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

MSN 38716

427. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.

428. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.

429. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.

430. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.

431. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.

432. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.

433. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 16 January 2020.
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434. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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435. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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436. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
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437. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
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438. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 15 January 2020.
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439. Assignment of Insurances granted by VAA as assignor in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 14 January 2020.
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440. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
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441. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 16 January 2020.
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442. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
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443. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.
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444. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.
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MSN 38717

445. Loan Note Subscription Agreement between VA Borrower 19 2, VAA, VAH, each person listed in Part 1 of Schedule 2 therein as original senior subscribers, each person listed in Part 2 of Schedule 2 therein as original junior subscriber, each person listed in Part 3 of Schedule 2 therein as original fixed rate provider, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee and Castlelake Aviation Holdings (Ireland) Limited as facility manager dated 19 December 2019.
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446. Security Trust Deed between, amongst others, VA Borrower 19 2, VAA and BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 17 December 2019.
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447. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Loan Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas (acting through its Singapore branch) dated 19 December 2019.
448. Side Letter executed as a deed by BNP Paribas (acting through its Singapore branch) as MLAB, AS Air Lease Holdings 9T DAC as original junior subscriber, AS Air Lease 113 (Ireland) Limited as related junior subscriber, VA Borrower 19 1 as previous borrower, VA Borrower 19 2 as new borrower, VAA and VAH dated 19 December 2019.
449. Side Letter regarding 'List of Proposed Offerees in Relation to the Loan Note Subscription Agreement' (Refinancing Junior Notes) signed for and on behalf of VAA, and signed by way of confirmation for and on behalf of BNP Paribas, acting through its Singapore branch dated 19 December 2019.
450. Deed of Rectification between BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee, BNP Paribas (acting through its Singapore branch) as MLAB, facility agent and registrar, Castlelake Aviation Holdings (Ireland) Limited as facility manager, each party listed in Schedule 1 therein as other finance parties, VA Borrower 19 2 as borrower, VA Borrower 19 1 as related borrower, VAA and VAH dated 16 January 2020.
451. Replacement Principal Repayment Schedule from BNP Paribas (acting through its Singapore branch) not in its individual capacity but solely as facility agent, to VA Borrower 19 2, VAA and VAH dated 16 January 2020.
452. Senior Subscriber Prepayment Fee Letter from BNP Paribas and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
453. Senior Subscriber Prepayment Fee Letter from Goldman Sachs Lending Partners LLC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
454. Prepayment Fee Letter from AS Air Lease Holdings 9T DAC and confirmed and agreed by VA Borrower 19 2 and VAA dated 19 December 2019.
455. Specific Security Deed (Shares) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity but solely as security trustee dated 19 December 2019.
456. Specific Security Deed (Subleases) granted by VAA in favour of BNP Paribas (acting through its Singapore branch), not in its individual capacity, but solely as security trustee dated 15 January 2020.
457. Virgin Australia Airlines Aircraft Lease Agreement (chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
458. Replacement Rent Payment Schedule from VA Borrower 19 2 as lessor and acknowledged and agreed by VAA as lessee dated 16 January 2020.
459. Virgin Australia Airlines Aircraft Lease Agreement (non-chattel paper) between VA Borrower 19 2 as lessor and VAA as lessee dated 14 January 2020.
460. Virgin Australia Airlines Aircraft Sublease Agreement (chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

461. Virgin Australia Airlines Aircraft Sublease Agreement (non-chattel-paper) between VAA as lessor and VAIA as lessee dated 14 January 2020.

MSN 36608

462. Aircraft Sublease Agreement between VB 800 as sublessor and VAA as sublessee dated 21 December 2009.

463. Aircraft Sublease Amendment Agreement between VB 800 as lessor and VAA as lessee dated 29 July 2014.

464. Joint and Several Guarantee between VAH as guarantor, VAA as guarantor and AWAS 36608 UK Limited as lessor dated 29 July 2014.

465. Assignment of Insurances between VAA as sublessee and AWAS 36608 UK Limited as lessor dated 29 July 2014.

466. Notice and Acknowledgment of Assignment of Lease, Lease Guarantee and Assignment of Insurances between VB 800 as lessee, VAH as guarantor and VAA as guarantor, AWAS 36608 UK Limited as assignor, JRQ 5 Limited as assignee, BNP Paribas as security agent dated 29 July 2014.

467. Acknowledgement of Subordination from VB 800 as lessee, VAA as sublessee and AWAS 36608 UK Limited as lessor dated 29 July 2014.

468. Airframe Warranties Letter Agreement between VAA, JRQ 5 Limited as new owner, AWAS 36608 UK Limited as new lessor and The Boeing Company dated 29 July 2014.

469. Engine Warranty Agreement between VAA as assignor, AWAS 36608 UK Limited as new lessor and JRQ 5 Limited as assignee dated 29 July 2014.

470. Engine Consent and Agreement between CFM International, Inc. as engine manufacturer, VAA as assignor, AWAS 36608 UK Limited as assignee and JRQ 5 Limited as assignee dated 29 July 2019.

471. Deregistration Power of Attorney between VAA as principal, VB 800 as principal, AWAS 36608 UK Limited as lessor and attorney, JRQ 5 Limited as attorney and BNP Paribas, Singapore Branch as attorney dated 29 July 2014.

MSN 39413

472. Aircraft Lease Agreement between AWAS 39413 UK Limited as lessor and VB Leaseco as lessee dated 31 March 2011.

473. Lease Supplement No. 1 between VB LeaseCo as lessee and AWAS 39413 UK Limited as lessor dated 31 March 2011.

474. Amendment to Aircraft Lease Agreement between AWAS 39413 UK Limited as lessor and VB Leaseco as lessee dated 26 June 2018.

475. Sublease Agreement between VB Leaseco as sublessor and VAA as sublessee dated 31 March 2011.

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476. Lessee Parent Guarantee between VAH as guarantor and AWAS 39413 UK Limited as beneficiary dated 26 June 2018.
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477. Lessee Guarantee between VAA as guarantor and AWAS 39413 UK Limited as beneficiary dated 31 March 2011.
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478. Assignment of Insurances and Requisition Proceeds between VAA as assignor and AWAS 39413 UK Limited as lessor dated 31 March 2011.
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479. Subordination Acknowledgment from VAA as sublessee to AWAS 39413 UK Limited as lessor, AWAS 39413 Limited as owner and Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security agent dated 31 March 2011.
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480. Notice of Assignment of the Lease to VB Leaseco from AWAS 39413 UK Limited as assignor and AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security agent and assignee dated 31 March 2011.
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481. Acknowledgement of Assignment from the Lessee from VB Leaseco as lessee to AWAS 39413 UK Limited as assignor, AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security agent dated 31 March 2011.
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482. Notice of Assignment of the Lease to VAA as sublessee from AWAS 39413 UK Limited as assignor and AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security agent and assignee dated 31 March 2011.
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483. Acknowledgement of Assignment of the Lease from VAA as sublessee to AWAS 39413 UK Limited as assignor, AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security agent dated 31 March 2011.
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484. Notice of Assignment and Related Matters to Lease Parties from AWAS 39413 UK Limited as assignor, AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale as security agent to VAH, VB Leaseco and VAA dated 26 June 2018.
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485. Acknowledgement of Assignment from the Lease Parties from VAH, VB Leaseco and VAA to AWAS 39413 UK Limited as assignor, AWAS 39413 Limited as assignee and Landesbank Hessen-Thüringen Girozentrale as security agent dated 26 June 2018.
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486. Engine Manufacturer Consent and Agreement between CFM International, S.A. as engine manufacturer, Landesbank Hessen-Thüringen Girozentrale, Irish Branch as security trustee and assignee, AWAS Aviation Trading Limited, AWAS 39413 Limited as assignor, AWAS 39413 UK Limited and VB Leaseco dated 31 March 2011.
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487. Quiet Enjoyment Undertaking from AWAS 39413 Limited as grantor and VB Leaseco as lessee dated 31 March 2011.
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488. Deregistration Power of Attorney between VB Leaseco as lessee and AWAS 39413 UK Limited as lessor and attorney dated 31 March 2011.
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489. Deregistration Power of Attorney between VAA as initial operator and AWAS 39413 UK Limited as lessor and attorney dated 31 March 2011.
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MSN 41015

490. Loan Note Subscription Agreement between Short Haul 18 1 as borrower, VAA, VAH as guarantor and Deutsche Bank AG, Singapore Branch as original subscriber, mandated lead arranger, underwriter, facility agent, registrar, security trustee and Interest Rate Swap Counterparty dated 21 December 2017, amended and restated on 29 January 2018.
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491. Deed of amendment and restatement – Loan Note Subscription Agreement between Short Haul 18 1 as borrower, VAA, VAH as guarantor and Deutsche Bank AG, Singapore Branch original subscriber, mandated lead arranger, underwriter, facility agent, registrar, security trustee and Interest Rate Swap Counterparty dated 29 January 2018.
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492. Security Trust Deed between Short Haul 18 1 as borrower, VAA as initial beneficiary, Deutsche Bank AG, Singapore Branch as security trustee and initial beneficiary dated 21 January 2018.
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493. Junior Loan Agreement between Short Haul 18 1 as borrower and VAA as junior lender dated 25 January 2018.
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494. Lease Agreement between Short Haul 18 1 as lessor and VAA as lessee dated 25 January 2018.
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495. Specific Security Deed (Shares) between VAA as grantor and Deutsche Bank AG, Singapore Branch as security trustee dated 21 December 2017.
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496. Specific Security Deed (Insurances and Subleases) between VAA as grantor and Deutsche Bank AG, Singapore Branch as security trustee dated 25 January 2018.
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497. Engine Warranty Agreement between VAA, Short Haul 18 1 as owner, CFM International, Inc. (CFM) as engine manufacturer and Deutsche Bank AG, Singapore Branch as security trustee dated 29 January 2018
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498. Engine Warranty Supplement No. 1 between VAA, Short Haul 18 1 as owner, CFM as engine manufacturer and Deutsche Bank AG, Singapore Branch as security trustee dated on or about 29 January 2018.
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499. Offerees Confirmation between Deutsche Bank AG, Singapore Branch, VAA and Short Haul 18 1 dated 31 January 2018.
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MSN 39921

500. Aircraft Lease Agreement Amendment Deed between VB Leaseco No 2 as lessee, VAA as guarantor, Keos Aviation UK Limited as lessor, and Merx Aviation Finance Holdings, LLC as lessor guarantor dated 27 June 2017
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501. Aircraft Sublease Agreement between VB Leaseco No 2 and VAA dated 2 February 2011
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502. Sublease Amendment Deed between VB Leaseco No 2 and VAA dated on or about 31 March 2015
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503. Sublease Amendment Deed between VB Leaseco No 2 and VAA dated 27 June 2017
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504. Deed of Guarantee between VAA as guarantor and Keos Aviation UK Limited as lessor dated 31 March 2015

505. Assignment of Insurances between VAA as assignor and Keos Aviation UK Limited as assignee dated 31 March 2015

506. Notice of Security Assignment to VB Leaseco No 2 as lessee and VAA as sublessee from Keos Aviation UK Limited and Deutsche Bank Trust Company Americas as security trustee dated 2 July 2018

507. Deregistration Power of Attorney from VB Leaseco No 2 and VAA in favour of the Lessor dated 2 July 2018

MSN 39925

508. Aircraft Lease Agreement Amendment Deed between VB Leaseco No 2, VAA as guarantor, Keos Aviation UK Limited and Merx Aviation Finance Holdings, LLC as lessor guarantor dated 29 June 2018

509. Aircraft Sublease Agreement between VB Leaseco No 2 and VAA dated 20 September 2012

510. Sublease Amendment Deed between VB Leaseco No 2 and VAA dated on or about 2 April 2015

511. Sub-Sublease Agreement between VAA and VAIA dated 28 November 2012

512. Sub-Sublease Amendment Deed between VAA and VAIA dated on or about 2 April 2015

513. Deed of Guarantee between VAA as guarantor and Keos Aviation UK Limited as lessor dated 1 April 2015

514. Assignment of Insurances between VAA as assignor and Keos Aviation UK Limited as assignee dated 1 April 2015

515. Notice of Security Assignment to VB Leaseco No 2 as lessee and VAA as sublessee from Keos Aviation UK Limited and Deutsche Bank Trust Company Americas as security trustee dated 2 July 2018

516. Deregistration Power of Attorney from VB Leaseco No 2 and VAA in favour of Keos Aviation UK Limited dated 2 July 2018

MSNs 40700, 40701 and 40702

517. Participation Agreement between VAA as sublessee, as commercial lender and as commercial loan agent, VB Leaseco as lessee, Short Haul 14 2 as lessor, Short Haul 14 1 as lessor parent, TD Bank, N.A. as Ex-Im Bank Lender and Ex-Im Bank Loan Agent, Wells Fargo Bank Northwest, National Association as security trustee and Export-Import Bank of the United States dated 21 August 2014.

518. Omnibus Amendment Agreement between VAA as sublessee, commercial lender and commercial loan agent, VB Leaseco as lessee, Short Haul 14 2 as lessor, Short Haul 14 1 as lessor parent, TD Bank, N.A. as Ex-Im Bank Lender, Ex-Im Bank Loan Agent, Wells Fargo Bank Northwest, National Association as security trustee and Export-Import Bank of the United States.

519. Security Trust Deed between VAA as sublessee, VB Leaseco as lessee, Short Haul 14 1 as lessor parent, Short Haul 14 2 as lessor, CBA Corporate Services (NSW) Pty Limited as Australian Security Trustee and Wells Fargo Bank Northwest, National Association as security trustee dated 22 August 2014.

520. Commercial Loan Agreement between Short Haul 14 2 as borrower, VAA as commercial lender and commercial loan agent dated 24 August 2014.

521. Master Lease Deed between Short Haul 14 2 as lessor and VB Leaseco as lessee dated 24 August 2014.

522. Master Sublease Deed between VB Leaseco as sublessor and VAA as sublessee dated 24 August 2014.

523. Master Subsublease Deed (Permitted sublease) between VAA as sublessee and VAIA as subsublessee dated 24 August 2014.

524. Lessee Guarantee between VB LeaseCo as guarantor, TD Bank, N.A. as Ex-Im Bank lender and Ex-Im Bank loan agent, VAA as commercial lender and commercial loan agent, Wells Fargo Bank Northwest, National Association as security trustee, CBA Corporate Services (NSW) Pty Limited as Australian security trustee and Export Import Bank of the United States dated 22 August 2014.

525. VA Guarantee Agreement between VAH, VAA, VAAH, VAIA and VAIH, each a guarantor, and TD Bank, N.A. as Ex-Im Bank lender and Ex-Im Bank loan agent, VAA as commercial lender and commercial loan agent to the extent that it is not a guarantor, Wells Fargo Bank Northwest, National Association as security trustee, CBA Corporate Services (NSW) Pty Limited as Australian security trustee and Export Import Bank of the United States, each a beneficiary dated 22 August 2014.

526. Specific Security Agreement - Shares (Lessor Parent) between VB Leaseco as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 22 August 2014.

527. Assignment of Sublease (U.S.) between VB Leaseco as assignor and Wells Fargo Bank Northwest, National Association as security trustee and assignee dated 22 August 2014.

528. Assignment of Permitted Sublease (U.S.) between VAA as assignor and Wells Fargo Bank Northwest, National Association as security trustee and assignee dated 22 August 2014.

529. Engine Warranty Agreement between VAA as sublessee, Short Haul 14 2 as lessor, CFM International, Inc. as engine manufacturer and Wells Fargo Bank Northwest, National Association as security trustee dated 25 August 2014.

MSN 40700

530. Master Lease Deed Supplement No. 2 between Short Haul 14 2 as lessor and VB Leaseco as lessee dated 17 September 2014.

531. Master Sublease Deed Supplement No. 2 between VB Leaseco as sublessor and VAA as sublessee dated 17 September 2014.

532. Master Subsublease Deed Supplement No. 2 between VAA as sublessee and VAIA as subsublessee dated 17 September 2014.

533. Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 16 September 2014.

534. Notice to Sublessee pursuant to Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco, CBA Corporate Services (NSW) Pty Limited, Short Haul 14 2 and VAA dated 17 September 2014.

535. Specific Security Agreement – Contractual Rights (Permitted Sublease) between VAA as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 16 September 2014

536. Notice to Sub-sublessee pursuant to Specific Security Agreement – Contractual Rights (Permitted Sublease) between VAA, CBA Corporate Services (NSW) Pty Limited, VAIA and VB Leaseco dated 17 September 2014.

537. Assignment of Insurances between VAA as assignor and Wells Fargo Bank Northwest, National Association as assignee dated 17 September 2014.

538. Sublessee Power of Attorney (Deed Poll) from VAA in favour of CBA Corporate Services (NSW) Pty Limited, Wells Fargo Bank Northwest, National Association and Export-Import Bank of the United States as attorneys dated 16 September 2014.

539. Engine Assignment Supplement No.2 between VAA as sublessee, Short Haul 14 2 as lessor, CFM International, Inc. as engine manufacturer and Wells Fargo Bank Northwest, National Association as security trustee dated 17 September 2014.

MSN 40701

540. Master Lease Deed Supplement No.3 between Short Haul 14 2 as lessor, VB Leaseco as lessee dated 5 March 2015.

541. Master Sublease Deed Supplement No.3 between VB Leaseco as sublessor and VAA as sublessee dated 5 March 2015.

542. Master Subsublease Deed Supplement No. 3 between VAA as sublessee and VAIA as subsublessee dated 5 March 2015.

543. Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco as mortgagor, CBA Corporate Services (NSW) Pty Limited as mortgagee dated 4 March 2015.

544. Notice to Sublessee pursuant to Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco, CBA Corporate Services (NSW) Pty Limited, Short Haul 14 2 and VAA dated 4 March 2015

545. Specific Security Agreement – Contractual Rights (Permitted Sublease) between VAA as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 4 March 2015.

546. Notice to Sub-sublessee pursuant to Specific Security Agreement – Contractual Rights (Permitted Sublease) between VAA as mortgagor, CBA Corporate Services (NSW) Pty Limited as mortgagee, VAIA as subsublessee and VB Leaseco dated 4 March 2015

547. Assignment of Subsublease between VAA as assignor and Wells Fargo Bank Northwest, National Association as security trustee and assignee dated 4 March 2015.

548. Assignment of Insurances between VAA as assignor and Wells Fargo Bank Northwest, National Association as security trustee and assignee dated 5 March 2015.

549. Engine Warranty Supplement No.3 between VAA as sublessee, Short Haul 14 2 as lessor, CFM International, Inc. as engine manufacturer and Wells Fargo Bank Northwest, National Association as security trustee dated 5 March 2015.

550. Sublessee Power of Attorney (Deed Poll) from VAA as assignee in favour of CBA Corporate Services (NSW) Pty Limited, Wells Fargo Bank Northwest, National Association and Export-Import Bank of the United States as attorneys dated 4 March 2015.

551. Cash Flow Memorandum between Short Haul 14 2, VAA, TD Bank, N.A. and Wells Fargo Bank Northwest, National Association, dated 2 March 2015.

MSN 40702

552. Master Lease Deed Supplement No.1 between Short Haul 14 2 and VB Leaseco dated 29 August 2014.

553. Master Sublease Deed Supplement No.1 between VB Leaseco as sublessor and VAA as sublessee dated 29 August 2014.

554. Master Subsublease Deed Supplement No.1 between VAA as sublessee and VAIA as subsublessee dated 29 August 2014.

555. Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 22 August 2019.

556. Notice to Sublessee pursuant to Specific Security Agreement – Contractual Rights (Sublease) between VB Leaseco, CBA Corporate Services (NSW) Pty Limited, VAA and Short Haul 14 2 dated 25 August 2014.

557. Specific Security Agreement – Contractual Rights (Permitted Sublessee) between VAA as mortgagor and CBA Corporate Services (NSW) Pty Limited as mortgagee dated 22 August 2014.

558. Notice to Sub-subslee pursuant to Specific Security Agreement – Contractual Rights (Permitted Sublease) between VAA, CBA Corporate Services (NSW) Pty Limited, VAIA and VB Leaseco dated 25 August 2014.

559. Assignment of Insurances between VAA as assignor and Wells Fargo Bank Northwest, National Association as security trustee as assignee dated 22 August 2014.

560. Engine Warranty Supplement No.1 between VAA, Short Haul 14 2, CFM International, Inc. as engine manufacturer and Wells Fargo Bank Northwest, National Association as Security Trustee dated 29 August 2014.

561. Sublessee Power of Attorney (Deed Poll) from VAA as assignor in favour of CBA Corporate Services (NSW) Pty Limited, Wells Fargo Bank Northwest, National Association and Export-Import Bank of the United States as attorneys dated 22 August 2014.

MSN 41020

562. Loan Facility Agreement between Short Haul 17 3, VAA, VAH and Australia and New Zealand Banking Group Limited dated 13 November 2017.

563. Junior Loan Agreement between Short Haul 17 3 and VAA dated 13 November 2017.

564. Specific Security Deed (Insurances and Subleases) between VAA and Australia and New Zealand Banking Group Limited dated 13 November 2017.

565. Notice to Third Party (Aircraft Lease Agreement) from Short Haul 17 3 to VAA, and confirmed by Australia and New Zealand Banking Group Limited, dated 14 November 2017, with acknowledgement from VAA to Australia and New Zealand Banking Group Limited dated 14 November 2017.

566. Notice of Mortgage of Insurances (Specific Security Agreement (Insurances and Subleases)) from VAA and Australia and New Zealand Banking Group Limited to JLT dated 13 November 2017.

567. Aircraft Lease Agreement (chattel paper) between Short Haul 17 3 and VAA dated 13 November 2017.

568. Aircraft Lease Agreement (non-chattel paper) between Short Haul 17 3 and VAA dated 13 November 2017.

569. Engine Warranty Agreement between CFM International, Inc., VAA, Short Haul 17 3 and Australia and New Zealand Banking Group Limited dated 13 November 2017.

570. Engine Warranty Supplement No. 1 between VAA, Short Haul 17 3, CFM International, Inc. and Australia and New Zealand Banking Group Limited dated 13 November 2017.

MSN 39926

571. Aircraft Lease Amendment Deed dated 22 June 2018 between SMBC Aviation Capital (UK) Limited, VB Leaseco No 2 and VAA

572. Aircraft Sublease Agreement dated 4 October 2012 between VB Leaseco No 2 and VAA

573. Sublease Amendment Letter dated 26 September 2019 between VB Leaseco No 2 and VAA

574. Aircraft Subsublease Agreement dated 7 December 2014 between VAA and VAIA

575. Subsublease Amendment Letter dated 26 September 2019 between VAA and VAIA

576. Subordination Agreement between 26 September 2019 between Nihon Life Creator Co., Ltd, VB Leaseco No 2, VAA, and VAIA

577. Deed of Guarantee dated 28 September 2019 between VAA and Nihon Life Creator Co., Ltd

578. Assignment of Insurances dated 26 September 2019 between VAA and Nihon Life Creator Co., Ltd

579. Notice of Assignment dated 26 September 2019 from Sumitomo Mitsui Banking Corporation and Nihon Life Creator Co., Ltd to VB Leaseco No 2, VAA and VAIA

580. Acknowledgement of Assignment dated 26 September 2019 from VB Leaseco No 2, VAA and VAIA to Sumitomo Mitsui Banking Corporation and Nihon Life Creator Co., Ltd

581. Deregistration Power of Attorney dated 26 September 2019 from VB Leaseco No 2, VAA and VAIA

MSN 40698

582. Aircraft Operating Lease Agreement dated 7 March 2013 between SMBC Aviation Capital Japan Co., Ltd and VB Leaseco

583. Engine Supplement dated 19 August 2013 between SMBC Aviation Capital Japan Co., Ltd and VB Leaseco

584. Aircraft Lease Novation and Amendment Deed dated 27 February 2018 between SMBC Aviation Capital Japan Co., Ltd, VB Leaseco, Kitakensetsu Co., Ltd, Kitakensetsu Co., Ltd and Kitakousan Co., Ltd

585. Lessor Consent and Lease Amendment dated 5 July 2019 between VB Leaseco and Kitakensetsu Co., Ltd

586. Aircraft Sublease Agreement dated 19 August 2013 between VB Leaseco and VAA

587. Sublease Amendment Letter dated 7 December 2014 between VB Leaseco and VAA

588. Sublease Amendment Letter dated 27 February 2018 between VB Leaseco and VAA

589. Aircraft Subsublease Agreement dated 7 December 2014 between VAA and VAIA

590. Subsublease Amendment Letter dated 27 February 2018 between VAA and VAIA

591. Subordination Acknowledgement dated 27 February 2018 from VAIA, VAA and VB Leaseco to Kitakensetsu Co., Ltd

592. Airframe Warranties Assignment dated 27 February 2018 between VAA, Kitakensetsu Co., Ltd and Kitakousan Co., Ltd and Sumitomo Mitsui Banking Corporation

593. Boeing Warranty Notice dated 27 February 2018 from VAA, Kitakensetsu Co., Ltd and Kitakousan Co., Ltd, Sumitomo Mitsui Banking Corporation and VB Leaseco to The Boeing Company

594. Engine Warranties Assignment dated 27 February 2018 between VAA, Kitakensetsu Co., Ltd and Kitakousan Co., Ltd, Sumitomo Mitsui Banking Corporation and VB Leaseco

595. Consent and Agreement of Engine Manufacturer dated 27 February 2018 between CFM International Inc, VAA, and Kitakensetsu Co., Ltd and Kitakousan Co., Ltd, Sumitomo Mitsui Banking Corporation and VB Leaseco

596. Guarantee and Indemnity dated 27 February 2018 between VAA and Kitakensetsu Co., Ltd and Kitakousan Co., Ltd

597. Assignment of Insurances dated 27 February 2018 between VB Leaseco and Kitakensetsu Co., Ltd and Kitakousan Co., Ltd

598. Assignment of Insurances dated 27 February 2018 between VAA and Kitakensetsu Co., Ltd and Kitakousan Co., Ltd

599. Notice of Security Assignment dated 27 February 2018 from Kitakensetsu Co., Ltd and Kitakousan Co., Ltd, Kitakensetsu Co., Ltd and Sumitomo Mitsui Banking Corporation to VB Leaseco

600. Notice of Security Assignment dated 27 February 2018 from Kitakensetsu Co., Ltd and Kitakousan Co., Ltd, Kitakensetsu Co., Ltd and Sumitomo Mitsui Banking Corporation to VAA

601. Deregistration Power of Attorney dated 27 February 2018 from VB Leaseco

602. Deregistration Power of Attorney dated 27 February 2018 from VAA

603. Lender Quiet Enjoyment Letter dated 27 February 2018 from Sumitomo Mitsui Banking Corporation to VB Leaseco, VAA and VAIA

MSN 40997

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604. Aircraft Lease Amendment Deed dated 6 July 2017 between SMBC Aviation Capital (UK) Limited, VB Leaseco No 2 and VAA
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605. Aircraft Sublease Agreement dated 8 November 2011 between VB Leaseco No 2 and VAA
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606. Sublease Amendment Letter dated 6 July 2017 between VB Leaseco No 2 and VAA
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607. Airframe Warranty Agreement dated 8 November 2011 between SMBC Aviation Capital (UK) Limited, VB Leaseco No 2 and VAA and acknowledged by The Boeing Company
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608. Engine Warranty Assignment Agreement dated 8 November 2011 between SMBC Aviation Capital (UK) Limited, VB Leaseco No 2 and VAA
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609. Consent and Agreement dated 8 November 2011 between CFM International Inc, SMBC Aviation Capital (UK) Limited, VAA and VB Leaseco No 2
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610. Deed of Guarantee dated 4 February 2011 between VAA and SMBC Aviation Capital (UK) Limited
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611. Assignment of Insurances dated 8 November 2011 between VAA and SMBC Aviation Capital (UK) Limited
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MSN 41012

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612. Aircraft Operating Lease Agreement between SMBC Aviation Capital Japan Co., Ltd and VB Leaseco dated 7 March 2013
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613. Aircraft Lease Amendment and Replacement Deed dated 19 April 2018 between SMBC Aviation Capital Japan Co., Ltd, Danke Holdings Co., Ltd and VB Leaseco
-
614. Engine Supplement dated 24 July 2013 between SMBC Aviation Capital Japan Co., Ltd and VB Leaseco
-
615. Aircraft Sublease Agreement dated 24 July 2013 between VB Leaseco and VAA
-
616. Sublease Amendment Agreement dated 7 December 2014 between VB Leaseco and VAA
-
617. Sublease Amendment Letter dated 19 April 2018 between VB Leaseco and VAA
-
618. Subordination Acknowledgement dated 19 April 2018 from VAA to Danke Holdings Co., Ltd
-
619. Airframe Warranties Assignment dated 19 April 2018 between VAA, Danke Holdings Co., Ltd and Sumitomo Mitsui Banking Corporation
-

620. Boeing Warranty Notice dated 19 April 2018 from VAA, Danke Holdings Co., Ltd, Sumitomo Mitsui Banking Corporation and VB Leaseco to The Boeing Company

621. Engine Warranties Assignment dated 19 April 2018 between VAA, Danke Holdings Co., Ltd, Sumitomo Mitsui Banking Corporation and VB Leaseco

622. Consent and Agreement of Engine Manufacturer dated 19 April 2018 between CFM International Inc, VAA, Danke Holdings Co., Ltd, Lender and VB Leaseco

623. Guarantee and Indemnity dated 19 April 2018 between VAA and Danke Holdings Co., Ltd

624. Assignment of Insurances dated 19 April 2018 between VB Leaseco and Danke Holdings Co., Ltd

625. Assignment of Insurances dated 19 April 2018 between VAA and Danke Holdings Co., Ltd

626. Notice of assignment to Lessee dated 19 April 2018 from Danke Holdings Co., Ltd and Sumitomo Mitsui Banking Corporation to VB Leaseco

627. Notice of assignment to Guarantor and Sublessee dated 19 April 2018 from Danke Holdings Co., Ltd and Sumitomo Mitsui Banking Corporation to VAA

628. Deregistration Power of Attorney dated 19 April 2018 from VB Leaseco

629. Deregistration Power of Attorney dated 19 April 2018 from VAA

630. Quiet Enjoyment Letter dated 19 April 2018 from Sumitomo Mitsui Banking Corporation to VB Leaseco and VAA

MSN 41004

631. Operating Lease Agreement dated 18 January 2016 between OAS Aviation (UK) Limited and VB Leaseco.

632. Aircraft Lease Transaction and Amendment Deed dated 18 January 2016 among Avolon Aerospace UK 3 Limited, VB Leaseco and OAS Aviation (UK) Limited.

633. Lease Amendment Agreement dated 20 January 2017 between OAS Aviation (UK) Limited and VB Leaseco.

634. Lease Extension and Amendment Agreement dated 16 May 2018 between OAS Aviation (UK) Limited and VB Leaseco.

635. Aircraft Sublease Agreement dated 12 December 2011 between VB Leaseco and VAA

636. Sublease Amendment Letter dated 20 January 2017 between VB Leaseco and VAA

637. Guarantee dated 18 January 2016 entered into between VAA and OAS Aviation (UK) Limited.
-
638. Guarantee Confirmation dated on or about 16 May 2018 from VAA in relation to the Guarantee.
-
639. Airframe Warranty Agreement dated 18 January 2016 entered into among Avolon Aerospace AOE 61 Limited, OAS Aviation (UK) Limited, VB Leaseco and VAA.
-
640. Engine Warranty Assignment Agreement dated 18 January 2016 entered into among Avolon Aerospace AOE 61 Limited, OAS Aviation (UK) Limited, VB Leaseco and VAA.
-
641. Consent and Agreement dated 18 January 2016 entered into among CFM International, Inc., OAS Aviation (UK) Limited, Avolon Aerospace AOE 61 Limited, VAA and VB Leaseco.
-
642. Security Assignment dated 18 January 2016 between VB Leaseco and OAS Aviation (UK) Limited.
-
643. Assignment of Insurances dated 18 January 2016 between VAA and OAS Aviation (UK) Limited.
-
644. Subordination Acknowledgement dated 18 January 2016 from VAA to OAS Aviation (UK) Limited.
-
645. Notice of Lease Security Assignment to VAA dated 18 January 2016 from VB Leaseco, OAS Aviation (UK) Limited to VAA.
-
646. Lessee Deregistration Power of Attorney dated 20 January 2017 to Mizuho Bank Ltd.
-
647. Sublessee Deregistration Power of Attorney dated 20 January 2017 to Mizuho Bank Ltd.
-
648. Notice of Sub-Lease Security Assignment to VAA dated 20 January 2017 from OAS Aviation (UK) Limited, Biko Kisen Co., Ltd. and Mizuho Bank Ltd to VB Leaseco and VAA.
-
649. Letter of Quiet Enjoyment Undertaking dated 20 January 2017 from Mizuho Bank Ltd to VB Leaseco.
-
650. Letter of Quiet Enjoyment Undertaking dated 20 January 2017 from Biko Kisen Co., Ltd. to VB Leaseco.
-
651. Sublessee Deregistration Power of Attorney dated on or about 18 January 2016 to OAS Aviation (UK) Limited.
-
652. Lessee Deregistration Power of Attorney dated on or about 18 January 2016 to OAS Aviation (UK) Limited.
-

MSN 40995

653. Aircraft Sublease Agreement dated 20 June 2011 between VB Leaseco 2 and VAA.

654. Aircraft Subsublease Agreement dated 19 March 2019 between VAA and Tiger Airways.

655. Guarantee dated 13 April 2012 between VAA and between OAS Aviation (UK) Limited.

656. Guarantee Confirmation dated 23 June 2017 from VAA in relation to the Guarantee.

657. Airframe Warranty Agreement dated 13 April 2012 entered into among between OAS Aviation (UK) Limited, VAA, VB Leaseco No 2 and Boeing.

658. Engine Warranty Assignment Agreement dated 13 April 2012 entered into among OAS Aviation (UK) Limited, VB Leaseco No 2 and VAA as assignor.

659. Consent and Agreement dated 13 April 2012 entered in to among CFM International, Inc., OAS Aviation (UK) Limited, VAA and VB Leaseco No 2.

660. Assignment of Insurances dated 13 April 2012 between VAA and OAS Aviation (UK) Limited.

661. Lessee Deregistration Power of Attorney dated 13 April 2012 to OAS Aviation (UK) Limited.

662. Sublessee Deregistration Power of Attorney dated 13 April 2012 to OAS Aviation (UK) Limited.

663. Notice and Acknowledgement of Sublease Security Assignment dated 26 July 2018 from IZAK Group Aircraft Leasing Kumiai, OAS Aviation (UK) Limited to VAA.

MSN 40994

664. Operating Lease Agreement dated 18 September 2012 between OAS Aviation (UK) Limited and VB Leaseco.

665. Aircraft Lease Transaction and Amendment Deed dated 18 September 2012 among Avolon Aerospace UK 1 Limited, VB Leaseco and OAS Aviation (UK) Limited.

666. Lease Extension and Amendment Agreement dated 27 June 2017 between OAS Aviation (UK) Limited and VB Leaseco.

667. Aircraft Sublease Agreement dated 8 June 2011 between VB Leaseco and VAA.

668. Guarantee dated 18 September 2012 between OAS Aviation (UK) Limited and VAA.

669. Guarantee Confirmation dated 27 June 2017 between OAS Aviation (UK) Limited and VAA.

670. Airframe Warranty Agreement dated 18 September 2012 entered into among Avolon Aerospace AOE 16 Limited, OAS Aviation (UK) Limited, VAA, VB Leaseco and Boeing.

671. Engine Warranty Assignment Agreement dated 18 September 2012 entered into among OAS Aviation (UK) Limited, VB Leaseco, VAA and Avolon Aerospace AOE 16 Limited.

672. Boeing Consent and Agreement dated 18 September 2012 entered into among CFM International, Inc., OAS Aviation (UK) Limited, Avolon Aerospace AOE 16 Limited, VAA and VB Leaseco.

673. Notice of Lease Security Assignment to VB Leaseco and VAA dated 27 September 2012 from OAS Aviation (UK) Limited, Chishima Real Estate Co., Ltd. to VB Leaseco and VAA.

674. Acknowledgement dated 27 September 2012 from VB Leaseco and VAA to Chishima Real Estate Co., Ltd. and OAS Aviation (UK) Limited.

675. Security Assignment dated 18 September 2012 between VB Leaseco and OAS Aviation (UK) Limited.

676. Notice of Lease Security Assignment to Sublessee dated 18 September 2012 from VB Leaseco and OAS Aviation (UK) Limited to VAA.

677. Sublessee Deregistration Power of Attorney dated 18 September 2012 to OAS Aviation (UK) Limited.

678. Lessee Deregistration Power of Attorney dated 18 September 2012 to OAS Aviation (UK) Limited.

679. Assignment of Insurances dated 18 September 2012 between VAA and OAS Aviation (UK) Limited.

680. Subordination Agreement dated 18 September 2012 from VAA to OAS Aviation (UK) Limited.

681. Notice and Acknowledgement in relation to Security Assignment dated 27 September 2012 between Chishima Real Estate Co., Ltd. and OAS Aviation (UK) Limited.

682. Letter of Quiet Enjoyment Undertaking dated 27 September 2012 from Chishima Real Estate Co., Ltd. to VB Leaseco.

MSN 41013

683. Lease Agreement dated 13 December 2019 between CIT Aerospace LLC as lessor and VAA as lessee

684. Assignment of Insurances dated 17 December 2019 between VAA as assignor and CIT Aerospace LLC as assignee

685. Guarantee dated 13 December 2019 between VAA as guarantor and CIT Aerospace LLC

686. Airframe Warranties Agreement (post-delivery sale with lease) dated 17 December 2019 between Short Haul 2017 No.1 Pty Ltd, CIT Aerospace LLC, VAA and The Boeing Company

687. Engine Warranties Initial Notice in respect of ESN 038166 dated 17 December 2019 between CIT Aerospace LLC, VAA and CFM International, Inc

688. Engine Warranties Initial Notice in respect of ESN 038195 dated 17 December 2019 between CIT Aerospace LLC, VAA and CFM International, Inc

689. Deregistration Power of Attorney dated 17 December 2019 from VAA

MSN 41016

690. Lease Agreement dated 13 December 2019 between CIT Aerospace LLC as lessor and VAA as lessee

691. Assignment of Insurances dated 17 December 2019 between VAA as assignor and CIT Aerospace LLC as assignee

692. Guarantee dated 13 December 2019 between VAA as guarantor and CIT Aerospace LLC

693. Airframe Warranties Agreement (post-delivery sale with lease) dated 17 December 2019 between Short Haul 2017 No.1 Pty Ltd, CIT Aerospace LLC, VAA and The Boeing Company

694. Engine Warranties Initial Notice in respect of ESN 038416 dated 17 December 2019 between CIT Aerospace LLC, VAA and CFM International, Inc

695. Engine Warranties Initial Notice in respect of ESN 038424 dated 17 December 2019 between CIT Aerospace LLC, VAA and CFM International, Inc

696. Deregistration Power of Attorney dated 17 December 2019 from VAA

ESN 907315

697. General Terms Agreement No. 01-383144177 between General Electric Company, GE Engine Services Distribution, LLC, VAA, VB LeaseCo and VAIA dated 19 March 2008 as amended from time to time.

698. Letter Agreement No.1 to General Terms Agreement No. 01-383144177 between General Electric Company, GE Engine Services Distribution, LLC, VAA and VAIA dated 19 March 2008 as amended from time to time.

699. Amendment Number 1 to Letter Agreement No.1 to General Terms Agreement No. 01-383144177 between General Electric Company, GE Engine Services Distribution, LLC, VAIA and VAA dated 18 July 2012.

700. Engine Lease Agreement between VB LeaseCo as lessee, VAH as guarantor, VAIA as initial sublessee, NAS Investments 76, Inc as lessor and owner dated 10 April 2013.

MSN 1922

701. Aircraft Operating Lease Agreement between VARA and Bank of America, N.A. dated 27 June 2019.

702. Lease Transaction and Amendment Deed between VARA, MSN 1922 Pte. Ltd. and Bank of America, N.A. dated 27 June 2019.

703. Assignment of Insurances between VARA and Bank of America, N.A. dated 27 June 2019.

704. Deregistration Power of Attorney between VARA and Bank of America, N.A. dated 27 June 2019.

MSN 2906

705. Aircraft Lease Agreement dated 28 September 2007 as amended, novated and supplemented from time to time now between UMB Bank, National Association not in its individual capacity but solely as owner trustee and VARA

706. Amendment No. 1 between Wells Fargo Trust Company, National Association not in its individual capacity but solely as owner trustee and Tiger Airways dated 14 September 2012

707. Amending Deed between Wells Fargo Trust Company, National Association not in its individual capacity but solely as owner trustee, Tiger Airways, VARA and Tiger Airways Singapore Pte. Ltd. dated 4 February 2015

708. Amendment No. 3 between Wells Fargo Trust Company, National Association not in its individual capacity but solely as owner trustee, Macquarie Aircraft Leasing Limited and Tiger Airways dated 24 September 2018

709. Novation Deed between Wells Fargo Trust Company, National Association not in its individual capacity but solely as owner trustee, Tiger Airways, VARA and VAA dated 23 March 2019

710. Aircraft Lease Novation and Amendment Agreement between Wells Fargo Trust Company, National Association not in its individual capacity but solely as owner trustee, VARA, UMB Bank, National Association not in its individual capacity but solely as owner trustee and Macquarie Aircraft Leasing Limited dated 12 November 2019

711. Guarantee and Indemnity between VAA and UMB Bank, National Association not in its individual capacity but solely as owner trustee dated 12 November 2019

MSN 2952

712. Aircraft Lease Agreement between BBAM Aircraft Holdings 115 S.A.R.L and VARA dated 20 November 2018.

713. Redelivery Agreement between BBAM Aircraft Holdings 115 S.A.R.L, Scoot Tigerair Pte. Ltd., Tiger Airways and VARA dated 20 November 2018.

714. Interim Operator Agreement between Tiger Airways and VARA dated 21 November 2018.

715. Subordination Acknowledgment between Tiger Airways, VARA and BBAM Aircraft Holdings 115 S.A.R.L dated 21 November 2018.

716. Guarantee by VAH in favour of BBAM Aircraft Holdings 115 S.A.R.L dated 21 November 2018.

717. Deed of Confirmation of Guarantee, Indemnity and Undertaking between VAH, Tiger Airways, Tiger Airways Holdings Pte. Ltd and Scoot Tigerair Pte. Ltd. dated 21 November 2018.

718. Deed of Guarantee, Indemnity and Undertaking between VAH, Tiger Airways, Tiger Airways Holdings Pte. Ltd and Scoot Tigerair Pte. Ltd. dated 5 February 2015.

719. Owner Quiet Enjoyment Letter to VARA from Wilmington Trust SP Services (Dublin) Limited, not in its individual capacity but solely as trustee of the Aircraft MSN 2952 (Ireland) Trust and as trustee for the beneficiary of that Trust dated 21 November 2018.

720. Deregistration Power of Attorney made by VARA dated 21 November 2018.

MSN 2982

721. Aircraft Lease Agreement dated 26 October 2006 as amended, novated and supplemented from time to time now between Melbourne Aircraft Leasing (UK) Limited and VARA

722. Aircraft Lease Novation, Termination and Amendment Agreement between RBS Aerospace Limited, RBS-CBFM Netherlands B.V., Tiger Airways Singapore Pte. Ltd., Mitsubishi UFJ Lease & Finance Company Limited and Tiger Airways dated 30 June 2011

723. Amending Deed between Mitsubishi UFJ Lease & Finance Company Limited, Tiger Airways and Tiger Airways Holdings Limited dated 19 December 2014

724. Aircraft Lease Novation and Amendment Deed between Mitsubishi UFJ Lease & Finance Company Limited, Melbourne Aircraft Leasing (UK) Limited and Tiger Airways dated 30 November 2016

725. Lease Amendment Agreement between Melbourne Aircraft Leasing (UK) Limited and Tiger Airways dated 29 March 2018

726. Aircraft Lease Novation and Amendment Deed between Melbourne Aircraft Leasing (UK) Limited, Tiger Airways and VARA dated 7 April 2018

727. CP Deferral Side Letter between Melbourne Aircraft Leasing (UK) Limited, Tiger Airways and VARA dated 7 April 2018

728. Maintenance Payments Balance Notice between Melbourne Aircraft Leasing (UK) Limited and Tiger Airways dated on or about 7 April 2018

729. Interim Operator Agreement between Tiger Airways and VARA dated 7 April 2018

730. Lessee Guarantee between VAA and Melbourne Aircraft Leasing (UK) Limited dated 7 April 2018

731. PPSA Letter from VARA to Platypus Aircraft Leasing (Ireland) Limited, Melbourne Aircraft Leasing (UK) Limited and Aircastle Advisor LLC dated 7 April 2018

732. Owner Quiet Enjoyment Letter from Platypus Aircraft Leasing (Ireland) Limited to VARA dated 7 April 2018

733. Deregistration Power of Attorney granted by VARA dated 7 April 2018

MSN 3332

734. Aircraft Operating Lease Agreement dated 16 October 2007 as amended, novated and supplemented from time to time now between Pembroke Aircraft Leasing (UK) Limited and VARA

735. Aircraft Lease Agreement Side Letter Amendment Agreement Amendment No 1 between SMBC Aviation Capital Australia Leasing Pty Limited (formerly RBS Australia Leasing Pty Ltd), and Tiger Airways dated 11 February 2009

736. Aircraft Lease Novation and Amendment Agreement between SMBC Aviation Capital Australia Leasing Pty Limited (formerly RBS Australia Leasing Pty Ltd), Pembroke Aircraft Leasing (UK) Limited and Tiger Airways dated 28 November 2012

737. Amending Deed between Pembroke Aircraft Leasing (UK) Limited, Tiger Airways and Tiger Airways Holdings Limited dated 29 July 2015

738. Deed of Amendment and Novation between Pembroke Aircraft Leasing (UK) Limited, Tiger Airways, VARA and VAH dated 18 June 2019

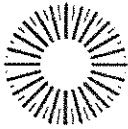
739. Lessee Guarantee between VAH and Pembroke Aircraft Leasing (UK) Limited dated 21 November 2019

740. Airframe Warranties Agreement Initial Notice between Pembroke Aircraft Leasing (UK) Limited, VARA and Airbus S.A.S. dated 21 November 2019

741. Engine Sublease Agreement (V12698) between VARA and Tiger Airways dated 21 November 2019

742. Division 83 Agreement between Pembroke Aircraft Leasing (UK) Limited and VARA dated 21 November 2019

743. Deregistration Power of Attorney granted by VARA dated 21 November 2019



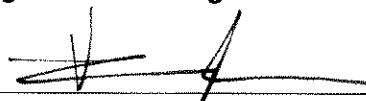
HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed

Administrator

Signed sealed and delivered by
Vaughan Strawbridge

sign here ► 

print name Vaughan Strawbridge

in the presence of

sign here ► 
Witness

print name Jillian Robertson

Administrator

Signed sealed and delivered by
Salvatore Algeri

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____



HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed

Administrator

Signed sealed and delivered by
Vaughan Strawbridge

sign here ► _____

print name _____

in the presence of

sign here ► _____
Witness

print name _____

Administrator

Signed sealed and delivered by
Salvatore Algeri

sign here ► _____

print name Salvatore Algeri _____

in the presence of

sign here ► _____
Witness

print name Georgina Whiting _____



HERBERT
SMITH
FREEHILLS

Administrator

Signed sealed and delivered by
John Greig

sign here ►

print name

JOHN GREIG

in the presence of

sign here ►

Witness

print name

Anna Joy Trevor

Administrator

Signed sealed and delivered by
Richard Hughes

sign here ►

print name

in the presence of

sign here ►

Witness

print name



HERBERT
SMITH
FREEHILLS

Administrator

Signed sealed and delivered by
John Greig

sign here ► _____

print name _____

in the presence of

sign here ► _____

Witness

print name _____

Administrator

Signed sealed and delivered by
Richard Hughes

sign here ► Richard Hughes

print name RICHARD HUGHES

in the presence of

sign here ► Susanna Olga Hart

Witness

print name Susanna Olga HART



Deed Companies

Signed sealed and delivered for and on behalf of each of the following companies:

Virgin Australia Holdings Limited (Administrators Appointed)
Virgin Australia Airlines Holdings Pty Ltd (Administrators Appointed)
VAH Newco No.1 Pty Ltd (Administrators Appointed)
Tiger Airways Australia Pty Limited (Administrators Appointed)
Virgin Australia Airlines Pty Ltd (Administrators Appointed)
Virgin Tech Pty Ltd (Administrators Appointed)
A.C.N. 098 904 262 Pty Ltd (Administrators Appointed)
Virgin Australia Regional Airlines Pty Ltd (Administrators Appointed)
Virgin Australia Holidays Pty Ltd (Administrators Appointed)
VB Ventures Pty Ltd (Administrators Appointed)
Virgin Australia Cargo Pty Ltd (Administrators Appointed)
VB Leaseco Pty Ltd (Administrators Appointed)
VB Investco Pty Ltd (Administrators Appointed) (In Liquidation)
VAH Newco No.2 Pty Ltd (Administrators Appointed) (In Liquidation)
Virgin Australia International Operations Pty Ltd (Administrators Appointed)
VBNC5 Pty Ltd (Administrators Appointed)
Short Haul 2017 No. 1 Pty Ltd (Administrators Appointed)
VB PDP 2010-11 Pty Ltd (Administrators Appointed)
VB LH 2008 No. 1 Pty Ltd (Administrators Appointed)
VB LH 2008 No. 2 Pty Ltd (Administrators



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Appointed)

737 2012 No.1 Pty. Ltd. (Administrators Appointed)

737 2012 No. 2 Pty Ltd (Administrators Appointed)

**VA Regional Leaseco Pty Ltd (Administrators
Appointed)**

VA Hold Co Pty Ltd (Administrators Appointed)

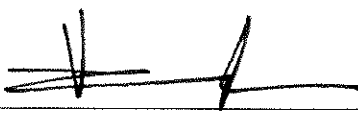
**Virgin Australia 2013-1 Issuer Co Pty Ltd
(Administrators Appointed)**

VA Lease Co Pty Ltd (Administrators Appointed)

**Short Haul 2016 No. 1 Pty Ltd (Administrators
Appointed)**

**Short Haul 2016 No. 2 Pty Ltd (Administrators
Appointed)**

by their joint and several administrator:

sign here ► 
Administrator

print name Vaughan Strawbridge

in the presence of

sign here ► 
Witness

print name Jillian Robertson



HERBERT
SMITH
FREEHILLS

Deed Proponent

Signed sealed and delivered by

BC Hart Aggregator, L.P.

By: BC Hart Investors, LLC

its general partner

By: Bain Capital Asia Fund IV, L.P.

its manager

By: Bain Capital Investors Asia IV,
LLC

its general partner

By: Bain Capital Investors, LLC

its manager



sign here ▶

Authorised signatory

sign here ▶

Witness

print name Ryan Cotton

print name

Attachment 3 - Section 75-225 Report

25 August 2020

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

**Virgin Australia Holdings Limited ACN 100 686 226
and subsidiaries listed in Appendix A
(all Administrators Appointed)
(the Virgin Group, Group or Companies)**

We, Vaughan Strawbridge, John Greig, Salvatore Algeri and Richard Hughes, were appointed Joint and Several Administrators to the entities listed in **Appendix A** to the attached report on 20 April 2020, except for Tiger International Number 1 Pty Ltd (Administrators Appointed) where we were appointed on 28 April 2020, pursuant to provisions of section 436A of the *Corporations Act 2001* (Cth).

We were also appointed as Joint and Several Administrators of two additional subsidiaries, VAH Newco No. 2 Pty Ltd (In Liquidation)(Administrators Appointed) and VB Investco Pty Ltd (In Liquidation)(Administrators Appointed) on 3 August 2020.

Please find attached a report for your information that details progress of the administration, information about the Companies' business, property and financial affairs and our opinion of what would be in the best interests of creditors for the future of the Companies, being that creditors approve the deeds of company arrangement as proposed to effect the completion of the sale of the business to BC Hart Aggregator, LP (**Bain**).

The future of the Companies is to be decided by the creditors at a meeting to be held at **10:00am AEST on Friday 4 September 2020**.

To assist creditors, we have provided an executive summary and responses to frequently asked questions (**FAQ**) at pages 6-14 of the report.

Should you have any queries regarding this report or the administration in general, please email us at:
virginadmin@deloitte.com.au.

Yours faithfully



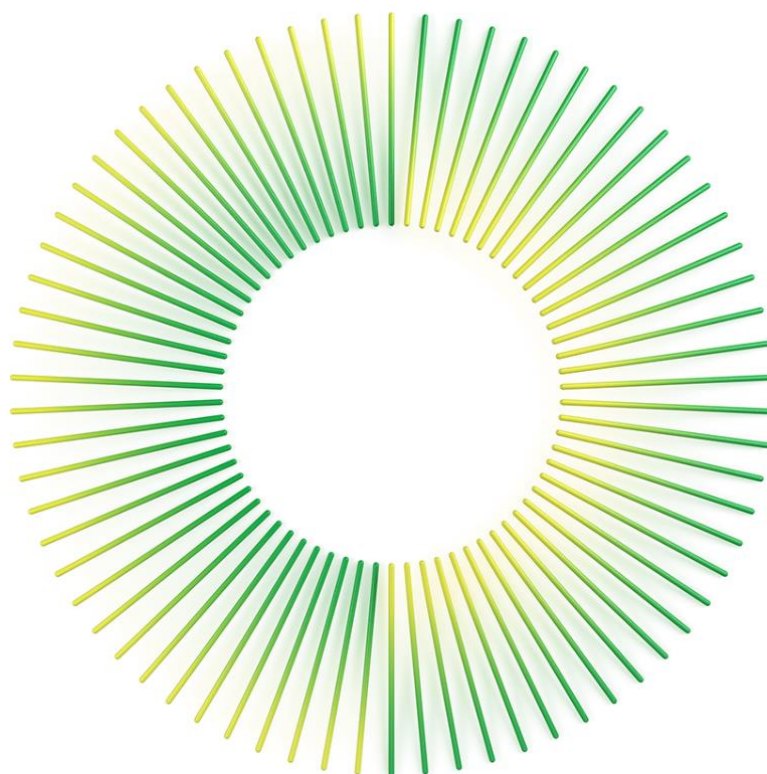
Vaughan Strawbridge
Joint and Several Administrator

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Report to Creditors pursuant to section 75-225 of the Insolvency Practice Rules (Corporations)

Virgin Australia Holdings Limited ACN 100 686 226
and subsidiaries listed in Appendix A
(all Administrators Appointed)

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Important notice

In the time available to us, we have undertaken the following to prepare this report and formulate our opinion:

- Communicated with the Companies' Directors, Secretary and Management regarding the status of the Companies and their assets and liabilities.
- Undertaken searches of databases such as ASIC, the PPSR, ASX, Australian Courts, ATO and other statutory agencies.
- Engaged solicitors to assist with the administration as required.
- Engaged advisers to provide assistance on the sale of business and evaluation of offers.
- Reviewed selected books and records including:
 - Consolidated audited financial statements for the period FY17, FY18, FY19 and reviewed interim statements for FY19 and FY20
 - Monthly management accounts from May 2018 to April 2020
 - Board minutes and board papers from 23 July 2019 to 20 April 2020
 - Monthly CEO reports to the board for April 2019 to April 2020
 - Financial agreements and contracts
 - Material supplier, equipment, and real property agreements
 - Employee contracts and information
 - Trade debtors and trade creditors
 - ASX announcements and reports issued by various credit rating agencies.
- Where relevant, communicated with and obtained information from third parties, including creditors, suppliers, lessors, financiers, industry regulators and government bodies.
- Reviewed amounts owed to creditors and used assumptions and commercial judgement to estimate existing, contingent and future debts.
- Reviewed the Reports on Company Activities and Property provided by the Directors on 16 June 2020 and amended forms on 10 July 2020.

Creditors should be aware that we have relied upon the above sources of information in preparing our report. We have done so in good faith in the belief that such statements, records and opinions are not false and misleading. Consequently, the report's accuracy and reliability is dependent on the quality of the information produced by these parties.

While we have endeavoured to verify the accuracy of the records, the financial accounts and other documentation pertaining to the Companies' affairs, in the amount of time available under the Act, we give no warranty as to the accuracy, completeness or reliability of same.

We have not conducted an audit of the books and records, financial accounts and other documentation pertaining to the Companies' affairs. We undertake no responsibility arising in any way whatsoever to any person for errors or omissions however caused by way of this report or accompanying documents.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report. After issuing our report, if we become aware of any additional information which may be material to the creditors' decision on how they will vote at the second creditors' meeting, we may provide a further written report and/or table the information at the second meeting.

Investigations undertaken

In the time available our investigations of the Companies' affairs have been detailed but are still only preliminary. Our statements and opinions are based on those preliminary investigations of the Companies' affairs, undertaken in a limited timeframe. A liquidator would undertake further investigations if appointed.

Our assessment of potential claims and offences are made on a preliminary basis on information available to us at the date of this report. We reserve our right to alter our assessment if further relevant information is provided after the date of this report or as a result of further investigations in the event any entities within the Group are wound up.

Return to creditors

In providing an estimated return (dividend) to creditors, we have made forecasts of asset realisations, trading income and liabilities, Voluntary Administrators' liabilities and the estimated total value of creditors' claims. These forecasts and estimates are based on the information available to us at the time of preparing our estimate and may change as events occur and claims are received from creditors. Whilst the forecasts and estimates are the result of our best assessment in the circumstances, creditors should note that the outcome for creditors may differ from the information provided in this report.

1 Executive summary

It is the opinion of the Voluntary Administrators that it is in the creditors' interests to approve the DOCAs proposed by Bain as detailed in this report as they provide for:

- *Certainty of the continuation of Virgin as Australia's second airline;*
- *Employee entitlements to be provided for in full;*
- *Continuation of a number of supply and finance arrangements; and*
- *A distribution to unsecured creditors of an estimated \$462 million to \$612 million.*

1.1 Appointment

We, Vaughan Strawbridge, John Greig, Salvatore Algeri and Richard Hughes, were appointed as Joint and Several Administrators (**Voluntary Administrators**) to the entities listed in **Appendix A** on 20 April 2020, except for Tiger International Number 1 Pty Ltd where we were appointed on 28 April 2020, pursuant to provisions of section 436A of the Corporations Act 2001 (Cth) (**Act**).

Our appointment as Voluntary Administrators was ratified by creditors at the concurrent first meeting of creditors held on 30 April 2020.

We were also appointed as Joint and Several Administrators on 3 August 2020 to two additional subsidiaries, VAH Newco No. 2 Pty Ltd (In Liquidation)(Administrators Appointed) (**VAH Newco 2**) and VB Investco Pty Ltd (In Liquidation)(Administrators Appointed) (**VB Investco**). Under the orders made by the Federal Court of Australia (**Court**) we were not required to hold the usual first meetings of creditors for these entities.

The entities subject to voluntary administration will be referred to as the **Virgin Group, Group or Companies**.

1.2 The role of voluntary administrators and purpose of this report

The purpose of the appointment of voluntary administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of a company. Creditors' claims are put on hold as at the date of the administrators' appointment and remain so for the duration of the voluntary administration.

The intention of a voluntary administration is to maximise the prospects of a company, or as much as possible of its business, continuing in existence, or, if that is not possible, then to achieve better returns to creditors than what would have been achieved by its immediate liquidation. The voluntary administrator must investigate the company's affairs and report to creditors on the alternative options available to the company. A voluntary administrator has all the powers of a director, including the power to sell the business of the company or individual assets in the lead up to the second meeting of creditors.

At the second meeting creditors can decide to: accept a deed of company arrangement (**DOCA**); return the company to the directors' control; or put the company into liquidation.

The purpose of this report is to provide creditors with information regarding the Virgin Group's business, property, affairs and financial circumstances (including our opinion) to assist creditors to make an informed decision at the second meeting.

1.3 Conduct of administration

Upon appointment, we took immediate steps to control the Companies' assets and continued to carry on the Companies' business.

We immediately sought expressions of interest for the sale and or recapitalisation of the Group. In order to provide us with enough time to conduct this process we applied to the Court for an extension of the time in which we needed to hold the second meeting of creditors (**Convening Period**).

Our application was heard on 13 May 2020 and the Court granted orders for an extension of the Convening Period to 18 August 2020. We applied to the Court for a further extension on 7 August 2020 with the orders being granted on 12 August 2020 to further extend the convening period to 31 August 2020. Further details for the reasons and benefits for the extension of the Convening Period are set out in **section 2.9**.

1.4 Sale of business

A public sale of business campaign was conducted in three phases over a two-month period commencing immediately after our appointment. After receiving a number of non-binding indicative offers (**NBIO**), we shortlisted four parties to conduct further due diligence during phase two of the NBIO process, which resulted in shortlisting two parties to undertake further detailed due diligence in phase three ahead of submitting a binding offer on 22 June 2020. After careful consideration of the offers received and based on all the information to hand at that time, on 26 June 2020 we exercised our power of sale as Voluntary Administrators and signed binding transaction documents in the form of a sale and implementation deed and other ancillary documents (**Sale Deed**) for the sale of the business to BC Hart Aggregator, LP (**Bain**).

On signing of the Sale Deed, Bain provided \$125m in interim funding for the continued operation of the Group and from 1 July 2020 became responsible for all liabilities incurred by the Group from trading the business. This funding and commitment were necessary for the continued trading of the Group.

The completion of the sale of the Group to Bain can occur by one of two methods and each method has a number of steps:

1. Execution of deeds of company arrangement and transfer of shares in Virgin Australia Holdings Limited (**VAH**) to Bain; or
2. Asset sale agreement (**ASA**) involving the transfer of the business and assets into a new corporate structure and placing the existing Companies into liquidation.

1.4.1 Completion of the sale of business by a DOCA

Bain has proposed to complete the sale by a DOCA structure (**Bain DOCA proposal**) involving 10 separate DOCAs covering all of the entities in voluntary administration. This structure will allow the continued operations of the Virgin Group business with the majority of current employees retaining their employment and the preservation of all their entitlements. The entitlement of employees not being retained will be paid in full without having to claim in the DOCAs.

For the DOCAs to come into effect, the majority of creditors present or attending by proxy at the second meeting of creditors, who also hold the majority in value of total claims will need to pass a resolution voting in favour of the DOCAs at the meeting.

As part of the process, it is proposed that all shares in VAH will be transferred to an entity nominated by Bain and this entity will become the 100% owner of VAH. Shareholders will receive no consideration for the transfer of the shares in VAH. This process will require an application to the Court and the DOCAs cannot be successfully completed until the Court approves that application.

Upon the transfer of all the shares in VAH, the DOCAs will complete and the proposed Creditors' Trust (**Creditors' Trust**) will be created to deal with the claims of and pay a distribution to the Virgin Group creditors.

Bain's preferred option for completing the sale is by a DOCA structure and the amount they will pay for the business will be higher if the sale is completed by a DOCA. We also estimate that the cost of completing the sale of the business by a DOCA structure will be less than an ASA (the return to creditors will be less in the event completion occurs under an ASA). The key elements of the sale, Bain's DOCA proposal and the Creditors' Trust, are set out in **sections 8, 9 and 10** of this report, respectively.

1.4.2 Completion of the sale by an asset sale agreement

Under the terms of the Sale Deed, in the event creditors do not vote in favour of the DOCAs proposed by Bain, the sale of the business and assets of the Group to Bain will be completed under an ASA and the Companies will be placed into liquidation.

Completion of the ASA is dependent upon transfer of the key assets of the business including Air Operators Certificates (AOCs) and Airport Slots (Slots). It will also require the transfer or novation of key agreements into a new corporate structure, including property, supplier, financing and service partnerships. For this reason, the time and cost to complete the sale of the business is expected to be greater than to complete the sale by a DOCA structure.

Bain will pay a lower amount reflective of the increased costs and complexities in the event the sale is completed by an ASA, resulting in a lower return to creditors than under the Bain DOCA proposal. In the event the sale did not complete, and the Companies ceased to trade and the assets sold on a piecemeal basis, there would be a significant shortfall to employees and minimal return to unsecured creditors.

1.4.3 Offer by Broad Peak Investment Advisers Pte. Ltd. and Tor Investment Management (Hong Kong) Ltd.

As previously advised to creditors, on 24 June 2020, we received a recapitalisation proposal (in the form of a deed of company arrangement proposal) as well as an offer of interim funding (which was conditional on acceptance of the recapitalisation proposal) from a group of Bond Holders being Broad Peak Investment Advisers Pte Ltd (for and on behalf of Broad Peak Master Fund II Limited and Broad Peak Asia Credit Opportunities Holdings Pte. Ltd) and Tor Investment Management (Hong Kong) Ltd (BP&T). Although received after the deadline for interested parties to submit a binding offer, we considered this proposal. The proposal was highly conditional and contained no evidence of committed funding to enable a transaction to be completed. In these circumstances, we were unable to take this proposal forward given the lack of certainty and the level of conditionality. BP&T submitted substantially the same proposal again on 20 July 2020 for consideration again by us. At this time and given that it was after the conclusion of the sale process this offer could not be considered. BP&T withdrew all of its proposals on 21 August 2020.

This is further discussed at **section 8.7**.

1.5 Estimated return to creditors

Creditors will receive a higher return on their outstanding debts in the event the Bain DOCA proposal is approved by creditors as compared to the alternatives, being:

1. If the completion of the sale to Bain is effected by way of the ASA (in the event the Bain DOCA proposal is not approved by creditors at the second meeting of creditors), we are obligated by the terms of the Sale Deed to adjourn the meeting for 45 business days in order to seek to effect the completion of the ASA. At the re-convened meeting it is likely that the Companies will be placed into liquidation. As it is unlikely all the steps will be finalised by this time to effect the completion of the sale, the completion will likely occur at a time when Companies are in liquidation (**ASA-liquidation**); or
2. If the ASA – liquidation is not effected, there would be no sale of the Group as a going concern and the Companies would cease to trade (**no sale-liquidation**).

A summary of the estimated average returns to unsecured creditors is provided in **Table 1** below.

Table 1: Summary of estimated average returns to priority and unsecured creditors

The Group	Liquidation				
	Bain DOCAs		ASA liquidation		No sale-liquidation
		High	Low	High	Low
Creditor Group					
Priority creditors/employees	%	100	100	100	100
Unsecured creditors / average return	%	13	9	7	4
Unsecured creditors – funds available for distribution after costs	\$m	612.8	462.0	310.1	207.2

A detailed comparison of returns to creditors under the Bain DOCA proposal, ASA-liquidation and no sale-liquidation are set out in the estimated statement of position (**ESOP**) at **section 11**.

We estimate that the DOCAs will provide an average return to unsecured creditors between 13% under a high scenario and 9% under a low scenario.

Under both scenarios where the sale of the business to Bain is completed, employees will receive their entitlements in full. The entitlement of continuing employees will be paid in the normal course and those staff who are leaving the Group will be paid their outstanding entitlements in full without having to submit a claim in the DOCA.

There are risks to a completion of the sale of the business under an ASA due to the complexities of transferring business critical assets such as AOC's and associated critical contracts to a new entity. The other benefits of a completion of the sale under the Bain DOCA proposal include certainty of completion and speed to completion.

The timing of a dividend being paid to unsecured creditors has been estimated under the scenarios as follows:

- 6 to 9 months in the event the Bain DOCA proposal is approved by creditors; or
- 18 to 36 months in the event the sale is completed under an ASA, or in the event completion does not occur and asset realisations are made on a piecemeal basis in liquidation.

1.6 Investigation, offences, voidable transactions

We have not identified any voidable transactions that would likely be recoverable by a liquidator, however further investigations would be undertaken should a liquidator be appointed. Details of our investigations are in **section 6**.

The investigations we have undertaken have not identified any breaches of directors' duties as outlined in section 180 to 184 of the Act or in respect to the obligations to maintain books and records under section 286 of the Act. The circumstances leading up to the insolvency of the Companies was unique and we have concluded the date of insolvency was due to an immediate and catastrophic reduction in capacity, in response to the announcements that were made by respective state and federal governments (**government**), on restrictions on domestic travel in Australia in response to the 2019 novel coronavirus pandemic (**COVID-19**). The restrictions on travel and reduction in capacity meant that the Virgin Group would likely be unable to pay its debts as and when they fell due. The Directors undertook immediate steps to seek additional funding to avoid the business being placed into voluntary administration, but ultimately were not successful in doing so. When all options for funding were exhausted the Directors resolved to place the Group into voluntary administration.

1.7 Voluntary Administrators' opinion

In respect to the entities subject to the Bain DOCA proposal and in accordance with section 75-225(3) of the Insolvency Practice Rules (IPR) we provide the following statement:

- It is our opinion that it is in the creditors' interests to approve the DOCAs proposed by Bain as this will result in a significantly greater return to creditors than would be achieved if the Companies were wound up.
- It is our opinion that it is not in the creditors' interests for the voluntary administration of the Companies to end.
- It is our opinion that it is not in the creditors' interests for the Companies to be wound up.

The reasons for our opinion are contained in **section 11** and **section 12**. The details of the DOCAs proposed by Bain and the Creditors' Trust are contained in **section 9** and **section 10** of this report.

1.8 Second meeting of creditors

Pursuant to section 439A of the Act, **the second meeting of creditors** for each of the Companies will be held at **10:00am AEST on Friday 4 September 2020**. The meetings will be held concurrently.

The meeting will be a virtual, online meeting hosted on the Microsoft Teams Live Events platform. Government health guidelines around social distancing means it would be inappropriate to convene a physical meeting. Recent interim amendments to the legislation that governs insolvent administrations provides that meetings of creditors may be held virtually, using technology that will give all persons entitled to attend a reasonable opportunity to participate without being physically present in the same place.

To attend the meeting, please register using the Microsoft Forms link: [VAHregistrationform.deloitte.com.au](https://vahregistrationform.deloitte.com.au)

Attached at **Appendix B** is the notice of meeting.

Instructions as to how to attend this meeting are contained at **section 14** and **Appendix C** of this report.

1.9 Frequently asked questions

Question	Response
1. Why am I receiving this report?	You are receiving this report because you have been identified as being owed money by the Virgin Group. This may include those customers who have paid for a flight but not yet taken it, are holding credits (including Conditional Credits issued during the Voluntary Administration), or who had bookings on cancelled flights where no refund, credit, re-accommodation on another flight, or alternative compensation has currently been provided. The Virgin Group is under a voluntary administration regime and we have been appointed Voluntary Administrators of the Virgin Group. More information on the voluntary administration process can be found on the Australian Securities and Investments (ASIC) website here: https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/voluntary-administration-a-guide-for-creditors/
2. I have a credit for a cancelled flight. What does this mean for me?	You should have received separate communications on how this process affects you. If, not, please refer to information on the Virgin website here: https://travel.virginaustralia.com/au/coronavirus-update/change-cancel Under the sale of the Virgin Group to Bain, at the completion of the sale, Virgin Group will provide 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. If you choose 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. In the event the sale of the business to Bain is unable to be completed, then it is likely the business will be wound down and you may be an unsecured creditor in the liquidation of the Group in respect to your Future Flight Credit. This means that you will be unlikely to receive compensation for the value of your ticket or booking as we presently estimate there will be no return to unsecured creditors in this scenario.
3. Who is in control of the Group?	The Voluntary Administrators are in control of the Group. We are working with Management to manage the operations of the Group. The Directors are providing assistance to the Voluntary Administrators. From 1 July 2020 Bain became responsible for all liabilities incurred by the Group from trading the business. An interim funding agreement was entered into with Bain on 26 June 2020 which provided \$125m in interim funding to the Voluntary Administrators for the purpose of funding the trading of the business from 1 July 2020 to completion of the sale to Bain.
4. When will I get paid the money I am owed?	Under the voluntary administration process described in the ASIC website referred to in question 1, repayment of any money owed to creditors is put on hold until the future of a company can be resolved at the second meeting of creditors. The estimated outcomes for different types of creditors is summarised at section 1.5 and explained in more detail at section 11.
5. What is the second meeting of creditors for?	Under the law that governs how voluntary administrations are conducted, after investigating the affairs of the company and forming an opinion on each of the three options available to creditors (below), including an opinion as to which option is in the best interests of creditors, the administrator must call a second creditors' meeting. At this meeting, creditors are given the opportunity to decide the future of the companies in the Virgin Group. Creditors can decide at this meeting to:

Question	Response
	1. Accept a deed of company arrangement; or 2. Return the company to the control of the directors; or 3. Put the company into liquidation.
6. What is the Voluntary Administrators' opinion on the three options?	It is our opinion that it is in the creditors' interests to approve the DOCAs proposed by Bain as this will result in a significantly greater return to creditors than would be achieved if the Companies were wound up. We have provided our opinion and reasons for our opinion at section 1.7 and section 12. We recommend creditors read these sections carefully. Our opinion is that the proposal put forward by Bain is in the best interest of creditors and it provides for the continued trading of the Group and the ongoing employment for the majority of employees.
7. When is the second meeting of creditors?	The second meeting of creditors will be a virtual, online meeting and will be scheduled for 10:00am AEST on Friday 4 September 2020. Further information is contained at section 14 .
8. Do I need to attend the meeting?	Attendance at the meeting is not compulsory. You may submit a vote prior to the meeting or arrange for a person to represent you at the meeting by way of a proxy. A proxy is a document containing instructions to the Voluntary Administrators on who you want to represent you at the meeting and how you wish to vote. Instructions on how to submit a proxy are detailed in section 14 and Appendix C .
9. What is a DOCA?	A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to as a result of the company entering voluntary administration. It provides the agreement and process by which a company will pay all or part of its debts and then be free of those debts. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up of the company, or both. More information on DOCAs can be found on the Australian Securities and Investments website below. The terms of the DOCAs are described in section 9. https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/voluntary-administration-a-guide-for-creditors/#deed-of-company-arrangement/
10. The report refers to secured and unsecured creditors. Which one am I?	The ASIC website referred to in question 1 explains the difference between a secured and unsecured creditor. For example, customers who hold tickets for bookings not honoured by the Virgin Group and creditors who hold notes or bonds are both unsecured creditors. Employees are a special class of unsecured creditor. Under the Corporations Act, employee claims are usually paid in priority to the claims of other unsecured creditors.
11. Why do some creditors get different returns in the DOCAs?	The law governing the voluntary administration process, the Corporations Act, specifies the ranking of different classes of creditors in voluntary administrations and liquidations. These rankings may be amended under a DOCA. If a DOCA is approved by creditors at a meeting of creditors, then unsecured creditors will be bound by the terms of the DOCA. Bain has proposed the terms of the DOCAs, including the amount they are willing to contribute to the different classes of creditors.
12. Why don't creditors get to vote on the other offers received to buy the business?	The Corporations Act sets down how the voluntary administration process works, the powers and obligations of the Voluntary Administrators and the role and rights of creditors. Subject to the overriding obligation to act in the best interests of the company and its creditors, a voluntary administrator has the statutory power to sell a company's business or to sell individual assets in the lead up to the second meeting. At the second meeting, the law specifies the three options available to creditors: end the voluntary administration and return the company to the directors' control; approve a deed of company arrangement; or

Question	Response
	wind up a company and appoint a liquidator. A voluntary administrator must give their opinion as to which of these options is in the creditors' interest. On 26 June 2020 we signed binding transaction documents with Bain to sell, by exercising our power of sale, the business and assets of the Group to Bain. As part of that agreement Bain has provided \$125 million to allow the business to continue to trade from 1 July 2020 to completion of the sale transaction. Based on information available to us and our review of the offers received for the purchase of the Group we concluded that the Bain offer was the best offer received. We are therefore of the opinion that it is in the best interest of the Group and its creditors for the Group to execute the DOCAs proposed by Bain, to be voted on by creditors at the second meeting.
13. What are Bain's plans for the Group?	Bain's plan for the Group is to ensure a stronger, more profitable and competitive Virgin Australia coming out of voluntary administration. Their focus will be on delivering exceptional experiences at great value with the Group's core domestic and short-haul international business flights. Their plan includes resetting the Group to meet lower global and Australian demand and includes the following: • Reduction in cost base to meet sector uncertainty and COVID-19 market conditions. • Securing approximately 6,000 jobs when the market recovers with 3,000 roles impacted. • A simplified all-Boeing 737 mainline fleet and the retention of the regional and charter fleet, but removing ATR, Boeing 777, Airbus A330 and Tigerair Airbus A320 aircraft types. • Long-haul international flying is an important part of Bain's plan but is suspended until global travel market recovers. • Tigerair Australia brand is to be discontinued with Air Operator Certificate (AOC) and necessary support maintained to provide for the option of ultra-low-cost operations when the market recovers. • Continued commitment to regional and charter flying. Under Bain's ownership, the Group will provide customers with the value of travel credits post administration with validity dates extended for bookings made prior to the Voluntary Administration.
14. What happens to the entitlements owed to employees?	Under the Bain DOCA proposal or sale by ASA to Bain, all employee entitlements will be met in full. The entitlements of all continuing employees including all annual, personal and long service leave accrued will be paid in the normal course. Any employees made redundant will be paid all their entitlements in full including annual, personal and long service leave accrued, superannuation and any redundancy entitlements including payment in lieu of notice.
15. How can I vote at the second meeting?	The voting process is described in section 14 and Appendix C.
16. Can I vote at the second meeting even though I can't attend?	Yes, you can lodge a vote by submitting a proxy through the Deloitte Halo platform https://virgin.deloitte-halo.com/. You must be registered and have lodged a claim on the Deloitte Halo platform that has been admitted for voting purposes by the Voluntary Administrators in order to be able to submit a proxy through the Deloitte Halo platform. A proxy is a document containing instructions to the Voluntary Administrators on who you want to represent you at the meeting and how you wish to vote. Instructions on how to submit a proxy are detailed in section 14 and Appendix C. If you are a Bond Holder, different voting processes may apply depending upon your status and the type of notes you hold. Please see section 14.2 for a summary of Bond Holder voting procedures.

Question	Response
17. How does the voting work?	The voting process is described in Appendix C . The ASIC website referred to at question 1 describes how the voting works in normal circumstances. However, interim laws were introduced in May 2020 which change the way how resolutions are passed. The interim laws require that all votes taken at a virtual meeting must be taken on a poll, not a show of hands. This means that, to calculate the outcome of each resolution, the administrator must calculate the number and dollar value of each vote in favour together with the number and dollar value of each vote against. A resolution is taken to have passed if a majority in both number and dollar value have voted in favour.
18. Will I still be bound by the DOCA even if I don't vote in favour of it?	A DOCA binds all unsecured creditors, even if they voted against it. It also binds owners of property, those who lease property to the Companies and secured creditors, if they voted in favour of the DOCA.
19. Why did the company fail?	Our reasons for failure of the Group and the explanation by the Directors is detailed in section 5.6 .
20. Have the Voluntary Administrators identified any offences and funds that could be recovered?	The results of our investigations are summarised at section 1.6 and explained in detail at section 6 .
21. What happens next if the DOCAs are approved at the meeting?	If creditors vote for the proposals that the Companies enter into DOCAs, the Companies must sign the deed within 15 business days of the creditors' meeting, unless the Court allows a longer time. If this doesn't happen, the Companies will automatically go into liquidation, with the voluntary administrator becoming the liquidator. The DOCAs are expected to complete on or before 31 October 2020. The Voluntary Administrators will remain in control of the Group (as Deed Administrators) while it is under the DOCAs. Once the conditions precedent to completion of the DOCAs have been met, the DOCAs will be finalised and control of the Group will be handed to Bain. The claims of eligible creditors who are owed money will be transferred into a Creditors' Trust. It is our intention to pay a distribution to creditors from the Creditors' Trust between six and nine months from the commencement of the Creditors' Trust. Further information on the DOCAs and Creditors' Trust are contained at sections 9 and 10.
22. Is my proof of debt final	No, the proofs of debt loaded on Halo have been assessed for the purpose of the second meeting of creditors only. A formal process of calling for proofs of debt and adjudication on claims will occur before a dividend is declared and paid. This will provide time for creditors to update their proofs of debt if required.

2 Introduction

2.1 Appointment

We, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes, were appointed Joint and Several Administrators of VAH and the subsidiaries listed in **Appendix A** on 20 April 2020, except for Tiger 1, where we were appointed on 28 April 2020. We were appointed under section 436A of the Act by resolutions of the directors in each of the Companies. Our appointment as Voluntary Administrators was ratified by creditors at the First Meetings of Creditors.

We were also appointed on 3 August 2020 to two additional subsidiaries, VAH Newco 2 and VB Investco. These two entities were previously undergoing a solvent liquidation, known as a members' voluntary liquidation, and Richard Hughes was the liquidator. After an application by us, the Court issued orders on 30 July 2020 granting leave for us to be appointed as Voluntary Administrators of these entities under section 436B of the Act and suspending the liquidation. Under the orders made by the Court we were not required to hold the usual first meetings of creditors for these entities. The purpose of appointing us to these entities is further discussed at **section 3.4.2.1**.

On 10 June 2020 we were also appointed as liquidators to a New Zealand subsidiary of VAH, Virgin Australia (NZ) Employment and Crewing Limited (In Liquidation). This report does not include information on this entity, which is undergoing a separate legal process under New Zealand law.

We have not been appointed to all the entities that are included in the consolidated group (**Consolidated Group**) for financial reporting purposes, most notably, the entities that operate the Velocity Frequent Flyer business (**Velocity Group**). The effect of our appointment to 41 entities in the Consolidated Group has given us control of the business operated by VAH and its subsidiaries, except for the Velocity Group, which continues to operate on a standalone basis. **Appendix D** contains the corporate structure of VAH and its subsidiaries and identifies the entities over which we are appointed.

2.2 Purpose of the appointment and report

The purpose of the appointment of voluntary administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of a company. Creditors' claims are put on hold as at the date of the administrators' appointment and remain so for the duration of the voluntary administration.

Voluntary Administrators are empowered by the Act to assume control of the company, superseding the powers of the directors and officers, and deal with the company's assets in the interests of creditors.

The intention of a voluntary administration is to maximise the prospects of a company, or as much as possible of its business, continuing in existence (including by a DOCA or sale of the company's business), or, if that is not possible, then to achieve better returns to creditors than what would have been achieved by its immediate liquidation.

Voluntary Administrators are required to provide creditors with enough information and their opinion to assist them in making an informed decision on a company's future.

The purpose of this report is to provide creditors with information regarding the Virgin Group's business, property, affairs and financial circumstances (including our opinion on which of the three alternatives open to creditors as to the future of companies is in their best interests) to assist creditors to make an informed decision on the Companies' future. This report provides information on the following:

- Background information about the Virgin Group.
- The results of our investigations into the affairs of the Virgin Group.
- The estimated returns to creditors.

- Details of the DOCAs proposed by Bain.
- The options available to creditors and our opinion on each of these options.

Although each of the companies under voluntary administration are part of the group of companies that are consolidated for financial reporting purposes, we have considered the position of each entity individually in forming our opinion as to what would be in the best interest of creditors.

The provision of this report is a requirement under section 75-225 of the IPR. The professional body for insolvency practitioners, the Australian Restructuring Insolvency Turnaround Association (**ARITA**), provides guidance on what should be included in this report under Practice Statement Insolvency 4. Due to the size and complexity of the Group we have not included all matters recommended in this guidance. **Appendix E** contains notes these matters.

To assist creditors to understand the voluntary administration process and impact it may have on them, ASIC provides a number of information sheets which can be found on their website here: <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/>

2.3 First meeting of creditors

On 30 April 2020 a concurrent meeting of all companies within the Virgin Group was held in accordance with section 436E of the Act with the exception of the following:

- the Tiger 1 meeting that was held on 11 May 2020
- under the Court orders made on 30 July 2020, the meeting under section 436E of the Act was not required for VAH Newco 2 and VB Investco.

Minutes of the first meetings of creditors have been lodged with the ASIC and are available on our Virgin Deloitte website here: <https://www2.deloitte.com/au/virgin>.

2.4 Committee of Inspection

At the meeting held on 30 April 2020 it was resolved that a committee of inspection (**COI**) be formed.

Pursuant to section 80-35 of the Insolvency Practice Schedule (Corporations) 2016 (**IPS**), the function of the COI is:

- To advise and assist the voluntary administrators of the Virgin Group.
- To give directions to the voluntary administrators of the Virgin Group.
- To monitor the conduct of the voluntary administrators of the Virgin Group.
- Such other functions as are conferred on the committee by the Act.
- To do anything incidental or conducive to the performance of any of the above functions.

On 21 April 2020, creditors were requested to nominate members to be elected for the COI. In determining who was to be represented on the COI, we sought to have representation across all groups of creditors. We received 76 nominations from creditors.

This list was issued to all creditors on 5 May 2020 (except for creditors of the three entities which did not enter administration until after this date) requesting them to vote on the nominations for the COI by Tuesday 12 May 2020. To allow for the efficient and effective management of meetings and equal representation across the creditor groups, we refined the number of representatives to 35 creditors and 1 observer. A full list of the elected members of the committee is below:

Table 2: Committee of inspection

	Company / Creditor being represented	Representative
1.	Airframe Leasing (S) Pte. Ltd	Richard Wolanski
2.	Airline Cleaning Services Pty Ltd	David Baker
3.	Alliance Airlines Pty Limited	Marc Devine
4.	AS Air Lease Holdings (Castlelake)	June Raj
5.	Association of Virgin Australia Group Pilots (VIPA)	John Lyons
6.	Australia Pacific Airports (Melbourne) Pty Ltd	Shane O'Hare
7.	Australian Council of Trade Unions (ACTU)	Michele O'Neil
8.	Australian Federation of Air Pilots (AFAP)	Simon Lutton
9.	Australian Licensed Aircraft Engineers (ALAEA)	Steve Purvinas
10.	Australian Manufacturing Workers Union (AMWU)	Anne Donnellan
11.	Australian Services Union (ASU)	Emeline Gaske
12.	Boeing Training & Flight Services Australia Pty Limited	Edward Gomes
13.	Brisbane Airport Corporation Pty Ltd	Jim Parashos
14.	Canberra Airport Pty Ltd	Stephen Carson
15.	Carlson Wagonlit Travel Australia Pty Ltd	Wai Mun Wong
16.	Commonwealth of Australia represented by the Attorney-General's Department (Fair Entitlements Guarantee Scheme) (<i>Observer</i>)	Henry Carr
17.	Dayna Field	Dayna Field
18.	Dell Financial Services Pty Ltd	Cassie Douglas
19.	Deputy Commissioner of Taxation	Gary Busby
20.	Electrical Trades Union (ETU)	Matt Murphy
21.	FIIG Securities Limited	Thomas Jacquot
22.	Flight Attendants Association of Australia (FAAA)	Teri O'Toole
23.	Gold Coast Airport Pty Ltd	Adam Rowe
24.	JPA No. 123 Co., Ltd	Jason Opperman
25.	Northern Trust Asset Management	Leah Savageau
26.	Perth Aircraft Leasing (UK) Limited	Noel McCoy
27.	Perth Airport Pty Ltd	Brian Pereira
28.	Sabre GBLB Inc	Tony Troiani
29.	Sargon CT Pty Ltd	Yvonne Kelaher
30.	Skywest Airlines Pilot Association (SALPA)	Paolo Casali
31.	Spotless Facility Services Pty Ltd	Jacob Gunzburg
32.	Sydney Airport Corporation Limited	Dhruv Gupta
33.	The Bank of New York Mellon	Jeremy Hollingsworth
34.	Transport Workers Union of Australia (TWU)	Michael Kaine
35.	Velocity Rewards Pty Limited	Christopher Hill
36.	Wilmington Trust Company (AerCap)	Alexander Wilson

We have convened seven meetings of the COI to date which were held on the following dates to discuss the sale process and to update the COI on the administration generally.

- 21 May 2020
- 10 June 2020
- 1 July 2020
- 9 July 2020
- 31 July 2020
- 10 August 2020
- 14 August 2020.

We would like to take this opportunity to thank the COI member for their attendance at these meetings and their input.

Minutes of the COI meetings have been lodged with the ASIC and are available on our Virgin Deloitte website here: <https://www2.deloitte.com/au/virgin>.

2.5 Noteholder Consultative Committee (NCC)

We also formed a separate representative committee for the group of creditors who invested in bonds issued by VAH (**Bond Holders**) given the quantum of their debt, the number of creditors in this group and the complexity of the structure. The NCC does not have voting powers; its purpose is simply to facilitate communication between the Administrators and the Bond Holders during the Voluntary Administrations.

Our aim was to have a committee that had a representation across all tranches of bonds. We received 63 nominations for the NCC, and 11 members were selected which have a broad range of experience between institutional and retail investors.

We have convened four meetings of the NCC to date, which were held on 28 May 2020, 11 June 2020, 2 July 2020, and 6 August 2020 to provide an update on the voluntary administrations.

2.6 Court orders – Australia

Given the size and complexity of managing the voluntary administration of 41 entities, and the added difficulties created by the COVID-19 pandemic, we applied to the Court on 7 occasions for directions and guidance on various aspects of the voluntary administrations. A summary of these orders is set out in the table below:

Table 3: Court orders obtained

Date of application	Matter	Order
24 April 2020	Electronic communication	• Notice of meetings and other notice to creditors may be sent electronically or published on the Deloitte Virgin Australia website: www.deloitte.com/au/virgin.
24 April 2020	Virtual meetings	• Meetings of creditors to be held electronically due to COVID-19.
24 April 2020	Proxy form due date	• Proxy forms to vote at meetings of creditors are to be lodged no later than two (2) business days prior to any meeting of creditors.
24 April 2020	COI	• A single COI be formed for all entities in voluntary administration. • The members of the COI will be persons proposed by the Voluntary Administrators, based on nominations received.

Date of application	Matter	Order
		Creditors will have the opportunity to approve or reject the proposed COI by a vote within five (5) business days of the proposed COI being sent to creditors.
24 April 2020	COI meetings	Meetings of the COI will be held electronically due to COVID-19.
24 April 2020	Providing information to creditors and responding to creditor requests	- The Voluntary Administrators have ten (10) business days to respond to creditor requests pursuant to section 70-1(2)(a) of the IPR. - Information, reports or documents may be provided to requesting creditors by means of publication on the Deloitte Virgin Australia website: www.deloitte.com/au/virgin.
24 April 2020	Limitation of liabilities – leases and section 443B of the Act	Orders pursuant to section 447A of the Act, for the personal liability of the Voluntary Administrators under section 443B to commence on 26 May 2020.
13 May 2020	Tiger 1	Tiger 1 was joined to the proceedings and all previous orders made for the 38 entities now apply to Tiger 1.
13 May 2020	Extension of the Convening Period	- The period required to call the second meeting of creditors (Convening Period) has been extended to 18 August 2020. - The Voluntary Administrators are also entitled to apply for a further extension before 18 August 2020.
13 May 2020	Limitation of liability – Rio Tinto agreement	The Voluntary Administrators' liability be limited to the assets of Virgin Australia Regional Airlines Pty Ltd (Administrators Appointed) in respect of the Rio Tinto agreement.
13 May 2020	Conditional Credits	- Voluntary Administrators be permitted to issue Conditional Credits (see section 3.4.5.4 for further explanation). - Voluntary Administrators' liability in respect of the Conditional Credits is also limited to the assets of the Virgin Group entity that issues the credit.
15 May 2020	Limitation of liability – Applicable Agreements (incl. Aircraft Protocol)	- Voluntary Administrators' liability be limited to contracts entered into from 20 April 2020. - Prior notice must be given to all counterparties about the orders prior to them entering into an agreement. - The Voluntary Administrators must keep a schedule noting each applicable agreement entered into. - The Voluntary Administrators must provide an update to the COI of each applicable agreement entered into or proposed to be entered into together with an estimate of debt that may be incurred.
15 May 2020	Limitation of liability – general	Voluntary Administrators' liability be limited in respect of intercompany loans.
15 May 2020	Report on Company Activities and Property (ROCAP)	One ROCAP to be provided by the entities subject to the deed of cross guarantee covering the Deed of Cross Guarantee dated 18 June 2007 and subsequent assumption deeds (DOCG1), each other entity to provide their own ROCAP.
15 May 2020	Dispensation of section 80-55 of the IPR for the COI	- COI may derive a profit or advantage, so long as: - No gifts or remuneration are provided to members

Date of application	Matter	Order
		– A schedule of each agreement entered into with COI members is kept by the Voluntary Administrators – The Voluntary Administrators provide the COI with an update on these agreements at each meeting of the COI.
15 May 2020	Bank accounts	• Separate bank accounts are not required to be maintained.
20 May 2020	JobKeeper	• Voluntary Administrators' liability be limited in respect of JobKeeper payments.
25 May 2020	Limitation of liability – aircraft lease agreements	• Voluntary Administrators' liability be limited in respect of any leased aircraft, aircraft engines or other aviation equipment (Aircraft Leased Property) until 16 June 2020 (previously 26 May 2020).
27 July 2020	Appointment to VAH Newco2 and VB Investco	• Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes be granted leave to be appointed as Voluntary Administrators to VAH Newco 2 and VB Investco. • The liquidations be stayed (halted). • There is no requirement to hold a first meeting of creditors and the second meeting can be held at any time during the convening period. • The timeline of the Voluntary Administrations of these entities is brought in line with the Companies' current Voluntary Administration timetable. • The directors of these entities are not required to lodge a Report on Company, Activities and Property.
30 July 2020	Proof of debts and voting at meetings – Halo platform	• Any creditor who intends to vote at the second meeting (other than Bond Holders of USD denominated notes (USD Noteholders)) must register with the Deloitte Halo platform which is a platform established by the Voluntary Administrators to allow creditors to lodge their claims. • Creditors must lodge claims, proxies and powers of attorney electronically via the Halo platform. • The Voluntary Administrators are permitted to adjudicate on claims for voting purposes at the second meeting based on information submitted by creditors via the Halo platform. • The Voluntary Administrators are permitted to use the Halo platform for communications to creditors in respect of the conduct of the Administration and creditor claims (includes USD Noteholders).
7 August 2020	Further extension of Convening Period and further Halo orders	• Extension of Convening Period to 31 August 2020, requiring the second meeting of creditors to be held on or before 4 September 2020.

2.7 United States Chapter 15 bankruptcy proceedings

On 30 April 2020, we filed petitions under Chapter 15 of the United States Bankruptcy Code for recognition by the United States Bankruptcy Court for the Southern District of New York of the voluntary administration proceedings in Australia under the supervision of the Federal Court of Australia.

The purpose of the petition was to protect ongoing global operations, and to ensure fairness to all creditors and stakeholders, wherever located, by preventing commencement of competing debt recovery or insolvency proceedings in other international jurisdictions while the voluntary administration process was undertaken.

A summary of these orders is set out in the table below.

Table 4: Orders in United States Chapter 15 bankruptcy proceedings

Date of application or order	Matter	Order
30 April 2020	Recognition of Voluntary Administration appointment in US	The Virgin Group's voluntary administration is recognised as a Chapter 15 Bankruptcy Proceeding in the US Bankruptcy Court.
30 April 2020	Acknowledgement of Order made by the Federal Court of Australia (refer to section 2.6 of this Report)	The US Bankruptcy Court acknowledged that all prior Orders made by the Federal Court of Australia in the matter of Virgin Australia Holdings Limited (Administrators Appointed) ACN 100 686 226 & Others (Matter No. NSD 464 of 2020) shall apply in the US Chapter 15 Bankruptcy Proceedings.
13 August 2020	Recognition of Voluntary Administration appointment in US of VAH Newco2 and VB Investco	- An application was made that the voluntary administration of VAH Newco2 and VB Investco be recognised as a Chapter 15 Bankruptcy Proceeding in the US Bankruptcy Court. - Orders on the Chapter 15 Petitions filed on behalf of VAH Newco2 and VB Investco are expected on or about 3 September 2020 once the required notice period has expired.

The filing of the petitions triggered the application of the automatic stay under the United States Bankruptcy Code, which prohibits actions by creditors against any assets that the Virgin Group have or may have in the US. The automatic stay also prohibits any attempts to collect on claims and prohibits the commencement of any proceedings against the Companies' in the US.

2.8 Japan recognition proceedings

On 28 July 2020, we filed and obtained recognition orders and administration orders from the Tokyo District Court in respect of each of VAH, VAIA and Tiger. The purpose of the recognition orders was to enable the voluntary administration in Australia to be recognised in Japan, while the administration orders permitted us to represent and act on behalf of VAH, VAIA and Tiger in Japan in respect of the certain assets of the Virgin Group that are located in Japan.

2.9 Extension of convening period

Voluntary Administrators are required by the Act to convene a second meeting of creditors within 20 business days of the date of their appointment, and to hold this meeting within five business days either side of the end of this convening period. Given the size, complexity and nature of the Virgin Group's business and our objective to maximise the prospects of the business to continue as a going concern, this period was considered too short.

Accordingly, we applied to the Court on 11 May 2020 for orders extending the length of the Convening Period to 18 August 2020. On 13 May 2020, the Court granted orders extending the Convening Period to 18 August 2020 and creditors were notified of this outcome on 14 May 2020. A copy of these orders is available at www.deloitte.com/au/virgin.

We applied to the Court for a further extension on 7 August 2020 with the orders being granted on 12 August 2020. The orders granted a further extension of 13 days to 31 August 2020 to provide further time to prepare the report and allow creditors additional time to consider our report and lodge their claims in the Deloitte Halo platform ahead of the second meeting of creditors on 4 September 2020. This short extension was also to allow negotiations to restructure the business to continue, particularly with financiers, lessors and key operating counterparties in respect of future arrangements.

2.10 Electronic communication

Section 600G of the Act allows administrators to make communications and notifications available for creditors to access electronically, such as via a creditors' portal. The administrators must notify creditors when information is made available electronically and provide instructions on how it can be accessed.

As detailed in the table above, the Court granted an order on 13 May 2020, allowing all notices of meetings and other notices to creditors to be sent electronically or published on <https://www2.deloitte.com/au/virgin>.

We have established the following mechanisms for communicating with creditors:

- Provision of information including circulars, copies of court orders and reports, via the Deloitte Virgin website: <https://www2.deloitte.com/au/virgin>
- Lodgement of claims and proxy forms, via the Deloitte Halo website: <https://virgin.deloitte-halo.com/>.

2.11 Second meeting of creditors

Pursuant to section 439A(3) of the Act and section 75-225 of the IPR, attached is a notice convening the concurrent second meeting of creditors to be held on **Friday 4 September 2020 at 10:00am AEST**. The notice of meeting is enclosed at **Appendix A**.

Government health guidelines around social distancing means it would be inappropriate to convene a physical meeting. Recent interim amendments to the legislation that governs insolvent administrations provides that meetings of creditors may be held virtually, using technology that will give all persons entitled to attend a reasonable opportunity to participate without being physically present in the same place. To this end, the meeting will be held using the Microsoft Teams Live Events platform.

On 23 April 2020, we made an application to the Court, to seek among other things, that the Voluntary Administrators hold meetings of creditors exclusively by video-link or telephone (and not in person) and to be able to issue any notices under sections 75-225(1) and 75-15 of the Insolvency Practice Rules (Corporations) 2016 (Cth) by:

- issuing the notice to a creditors email address;
- publishing on the Deloitte Virgin website: <http://www.deloitte.com/au/virgin>; and
- causing the Notice to be published on the Australian Securities and Investments Commission (ASIC) published notices website at <https://insolvencynotices.asic.gov.au/>,

due to the COVID-19 pandemic which has had restrictions on the movement and behaviour of people, and the cost of issuing such notices to the Voluntary Administrations, due to the significant amount of creditors.

On 24 April 2020, the Court made such orders as it would fulfil the objective of notifying as many creditors of the Virgin Companies as quickly and cheaply as possible, conserving the assets of the Virgin companies for the benefit of creditors, and ensure that the Australian community and economy are supported during the COVID-19 pandemic.

At this meeting creditors will be asked to resolve whether:

- The Companies execute a DOCA; or
- The administrations end; or
- The Companies be wound up.

We will also be seeking resolutions regarding the formation of a joint committee of inspection in the DOCAs and Creditors' Trust, or liquidation, based on the resolutions passed by creditors. It is proposed that creditors vote to approve the existing members of the COI to continue in any COI established in the DOCA, Creditors' Trust or liquidation.

We have consulted with the members and at the time of writing this report, all existing members (listed at **section 2.4**) have consented to being nominated for future COI's. Creditors will be invited to consider whether a COI should be formed, and if so, if the existing members should be appointed.

Further information for creditors who wish to attend the meeting and vote is contained at **section 14** of this report.

2.12 Voluntary Administrators' independence, relationships and indemnities

In accordance with section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) was provided with the first report to creditors dated 21 April 2020 and was also tabled at the first meeting of creditors. The DIRRI disclosed information regarding our independence, prior personal or professional relationships with the Group and any indemnities received in relation to these appointments (in this case there were none).

We conduct ongoing assessments as to whether any potential conflict of interest issues develop during the voluntary administration. Our initial DIRRI was dated 20 April 2020. Since this date the following changes to circumstances have occurred:

- On 28 April 2020, we were appointed as administrators of Tiger 1.
- On 3 August 2020, we were appointed Voluntary Administrators of VAH Newco 2 and VB Investco.

For the reasons outlined in our updated DIRRI attached as **Appendix F**, we do not consider that these changes cause a real or potential risk to our independence.

There have been no other changes to circumstances or new information identified that cause a real or potential risk to our professional independence that requires us to update our DIRRI dated 21 August 2020 and attached as **Appendix F**.

3 Background information

3.1 History of the Companies

Below is a brief summary of the background of the Virgin Group. More information can be found on the Virgin website: www.virginaustralia.com.

3.1.1 Operations of the Companies

VAH was incorporated in 2002 and listed on the Australian Securities Exchange (**ASX**) on 8 December 2003. It is the listed holding company and parent of 49 local and overseas wholly-owned subsidiaries plus five trusts (save for Airline Samoa Ltd which is ultimately owned 49% by the Consolidated Group) as detailed in the Consolidated Group structure contained in **Appendix D**. Collectively these entities will be referred to as **the Consolidated Group** for the purposes of this report, whereas **the Virgin Group** will refer to just those entities under voluntary administration.

Virgin Group's head office is in Bowen Hills, Queensland and there are satellite offices and other operational sites across Australia and overseas. The Virgin Group is Australia's second largest airline, operating a domestic and international passenger airline business, as well as cargo and charter services, and an accompanying Velocity loyalty program. Prior to COVID-19 restrictions on travel, the Virgin Group operated flights to destinations within Australia and a range of international destinations including New Zealand, Indonesia, the South Pacific, Hong Kong and the United States.

3.1.2 History of the Companies

A brief history of the Consolidated Group is summarised below.

Table 5: Timeline of key milestones

Year	Key Milestones
2000	Virgin Blue's first flight, from Brisbane to Sydney, on 31 August 2000. The airline had one route, two aircraft, and 200 employees.
2003	- Launch of Blue Holidays. - ASX Listing December 2003.
2004	Launch of Pacific Blue – a New Zealand based international airline servicing flights between Australia, New Zealand and the South Pacific.
2005	- Launch of Polynesian Blue in partnership with the government of Samoa. - Launch of Velocity Rewards. - Patrick Corporation Ltd (later acquired by Toll Holdings Ltd) increases its majority shareholding to 62.4%.
2008	Toll Holdings Ltd divests its controlling stake resulting in Richard Branson's Virgin Group the largest single shareholder with 25.5% at the time (refer section 3.2 for current ownership).
2009	<i>V Australia's</i> inaugural long-haul flights from Sydney and Brisbane to Los Angeles.
2011	- Rebranding to "Virgin Australia". "Game Change Program" designed to transform into an airline group servicing every segment of the market. - New Velocity frequent flyer program is launched.
2013	Complete acquisition of 100% of Skywest Airlines Ltd and 60% of Tiger Airways Australia Pty Ltd.
2014	Affinity Equity Partners acquires 35% of the Velocity Group.
2015	- Virgin Australia Cargo is launched for domestic and short-haul international cargo market. - The Consolidated Group acquires full ownership of Tiger Airways Australia Pty Ltd.

Year	Key Milestones
2019	- Formulation and commencement of strategic review of operations (May onwards). - Raises USD\$425m in unsecured bonds and \$325m in ASX listed bonds (October-November). - The Consolidation Group acquires remaining 35% of the Velocity Group (October-November).
2020	- Focus commences on responding to the impact of COVID-19 on forecast earnings and liquidity (February). - COVID-19 impact accelerates; 90% reduction in capacity. - Sought government and major shareholder support (March). - Voluntary Administrators appointed on 20 April 2020, 28 April 2020 and 3 August 2020.

Source: www.virginaustralia.com, www.asx.com.au

3.2 Group structure

The corporate structure for the Consolidated Group is as follows:

- The listed ultimate parent company VAH, which is in administration.
- 49 controlled entities, 18 of which are controlled by two deeds of cross-guarantee, further described in **section 3.4.2.1** below.
- A New Zealand subsidiary, Virgin Australia (NZ) Employment and Crewing Limited, which was placed into liquidation on 10 June 2020.
- A Singapore registered company, TA Holdco (Singapore) Pte Ltd.
- 40 controlled companies which, together with VAH, are in voluntary administration. Of this number there are four main trading entities and 9 special purpose companies used for holding and financing aircraft assets.
- 9 entities not in administration and five trusts.

The Consolidated Group reported upon four business segments:

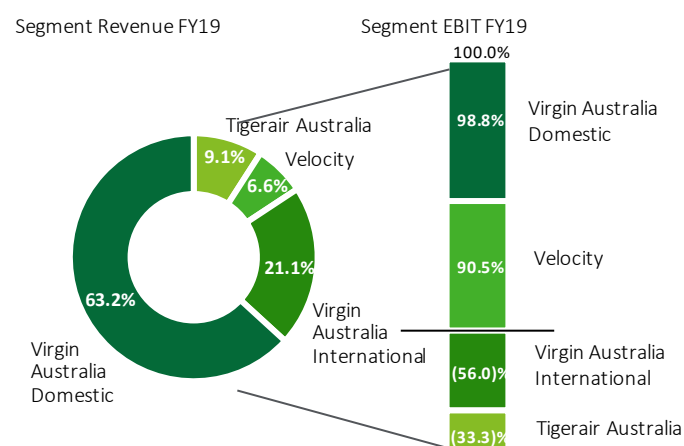
- Virgin Australia International
- Velocity
- Virgin Australia Domestic
- Tigerair Australia.

A summary of the Consolidated Group structure is outlined below. Creditors should note that this is a functional business structure summary and accordingly, not all intermediate legal parent/subsidiary relationships have been included. A detailed corporate structure of the Consolidated Group is included at **Appendix D**.

With the exception of the Velocity Group, discussed below, the Consolidated Group was operated and managed on a group basis. In particular, there was a central shared head office administration function, and Consolidated Group (except Velocity) funds were pooled via a central treasury function and swept regularly to central bank accounts.

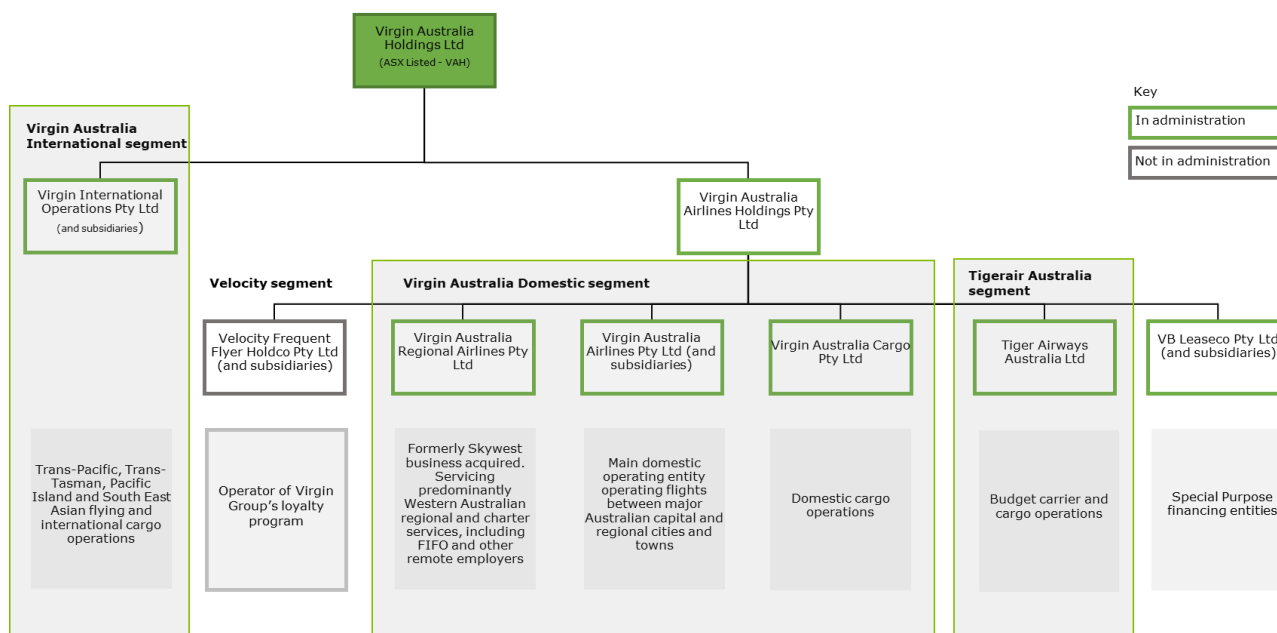
Some entities within the Virgin Group were Special Purpose Vehicles (SPV) and totally reliant upon other companies within the Consolidated Group for financial support. The Consolidated Group reported its financial results on a consolidated basis.

Figure 1: Segment revenue and EBIT FY19



Note: Segment corporate and elimination amounts are excluded
Source: Audited financial accounts

Figure 2: Indicative corporate structure



3.2.1 Velocity

A key business segment for the Consolidated Group is the Velocity business which is not in voluntary administration.

Velocity operates much like other customer loyalty programs whereby reward points are earned by members through flights flown or by purchasing goods and services from third party suppliers (e.g. credit card purchases, hire cars, hotels etc.) who pay fees to the Velocity business to be part of the program. Upon the redemption of points by members for flights the Virgin Group receives cash payments, by way of consideration for providing the flight.

Virgin Group holds a 100% interest in the profits and net assets of Velocity and in this regard the Virgin Group receives distributions from time to time from the Velocity Group. Historically, the Velocity Group has been a successful business, with consistent full year revenue growth since FY15 (when Velocity Frequent Flyer was established) and segment profit (EBIT) margins in excess of 29%. The Consolidated Group had in November 2019 acquired the remaining 35% minority stake in Velocity from Affinity Equity Partners.

Velocity operates on a stand-alone basis from the broader Consolidated Group. Velocity maintains its own bank accounts that are not incorporated with the Consolidated Group's broader treasury function. The Director of the head entity of the Velocity Group is not a director of any other of the Consolidated Group entities.

Velocity provided financial support to the Virgin Group by way of a revolving \$460m secured loan facility from VRPL as trustee for The Loyalty Trust to VAA (**Velocity Group Loan**). The loan facility was first entered into on 27 August 2014. The books and records of the Group indicates that \$150.6m (including interest) is outstanding under this facility. The purpose of the loan was to provide working capital funding for the Consolidated Group.

3.3 Statutory information

The following statutory information in respect to each of the Virgin Group companies is contained at **Appendix H**:

- Registration date
- Officers

- Shareholders
- Security interests.

3.4 Creditors

3.4.1 Overview

The creditor body for the Virgin Group is large and complex with different creditor groups having different rights and priorities under the Act and legal agreements.

We have grouped the creditors as summarised in the table below and make the following general comments regarding the number and estimated value of their claims:

- Unless otherwise specified in **section 5.3**, the estimated value is derived from the Report on Company Activities and Property (ROCAs) submitted by the Directors.
- We have used a slightly different exchange rate compared to the ROCAs to calculate outstanding balances in foreign currencies. We have converted foreign currency amounts in the ROCAs into Australian dollars using the opening carded on demand airmail buying rate from the Commonwealth Bank of Australia as at 20 April 2020, in accordance with section 554C of the Act.
- The full value of any remaining term under agreements and contracts has been included, for example, leases. These amounts or a portion of them will be paid in the normal course if these contracts and agreements continue under the sale of the business to Bain. These amounts, therefore, could be regarded as contingent claims.
- We have included customers in respect of amounts paid for flights not yet taken and credits. These are considered to be a contingent liability that would only crystallise in the event the Group is unable to fulfil its future obligations to its customers. This is further discussed in **section 3.4.5.4**.
- These amounts are prior to any detailed review and adjudication that is required prior to admitting claims for voting purposes at the second meeting of creditors. This adjudication process is ongoing leading up to the second meeting of creditors. The amounts do not allow for other contingent liabilities that may arise from the restructuring of the business.

Table 6: Summary of creditors

Creditor Group \$m	Notes	Priority	Estimated number	ROCAP estimated value (unless noted)
Financial creditors				
Bank facilities				
Aeronautic loan facilities	3.4.3.1	Secured creditors	6	(1,057.2)
Other	3.4.3.2	Secured creditors & unsecured	3	(309.7)
Leases				
Aeronautic facilities				
Finance leases & JOLCOs	3.4.3.1	Secured creditors	15	(459.9)
Operating leases	3.4.3.1	Secured creditors	51	(1,894.4)
Other	3.4.3.3	Secured with exceptions	25	(17.5)
Bond Holders <i>(including no. of estimated underlying beneficial holders)</i>	3.4.3.4	Unsecured creditors	6,500	(1,929.1)
Derivative financial instrument counterparties	3.4.3.5	Unsecured creditors	10	(191.6)
Employees	3.4.4	Priority unsecured creditors	9,022	(128.9)

Creditor Group \$m	Notes	Priority	Estimated number	ROCAP estimated value (unless noted)
Other creditor groups				
General creditors	3.4.5.1	Unsecured creditors with some exceptions	1,437	(237.2)
Landlords	3.4.5.2	Unsecured creditors	63	(301.6)
Statutory creditors	3.4.5.3	Unsecured creditors	10	(19.3)
Customers	3.4.5.4	Unsecured creditors	1,600,000	(600.0)
Total unrelated creditors			1,617,142	(7,146.4)
Related party				
Inter-company exc. Velocity	3.4.5.6	Unsecured creditors	21	(6,432.9)
Velocity Group		Secured	1	(153.8)
Other related party		Unsecured creditors with some exceptions	18	(263.4)
Total			1,617,182	(13,996.6)

Source: Companies' ROCAPs, Company books and records

3.4.2 Creditor priorities and rights

There are a number of legal arrangements in place that affect a creditor's ability to:

1. Claim against another entity; which is different to the entity that owes the debt to the creditor. These are known as guarantees and are discussed further in **section 3.4.2.1** below.
2. Be paid in priority to other creditors. The Act sets out the priority rankings of different creditor groups in the event a company becomes insolvent and is placed under a form of external administration. This is discussed at **section 3.4.2.2** below.

3.4.2.1 Guarantees

There are two pro forma deeds of cross guarantee in place across the Consolidated Group in accordance with the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The first was entered into on 18 June 2007 (**DOCG1**) and the second was entered into on 18 June 2012 (**DOCG2**). By entry into **DOCG1** and **DOCG2** and lodgement of those deeds with ASIC, the group companies which are parties to those deeds became entitled to prepare and lodge consolidated financial statements.

All of the main trading entities are parties to either **DOCG1** or **DOCG2**. The companies which are parties to each of **DOCG1** and **DOCG2** are listed in **Appendix G** and can also be identified based on the corporate structure chart set out at **Appendix D**.

Pursuant to **DOCG1** and **DOCG2** (which are in the same form), each group company has guaranteed payment of the debts of all the other group companies. This affects how creditors of the companies within **DOCG1** and **DOCG2** will vote at the second meetings.

Further instructions on voting at the second meetings of creditors are contained at **section 14** and **Appendix C**.

After our appointment to the Group, it was identified that VAH Newco 2 and VB Investco, which had previously been placed into a solvent liquidation process on 26 April 2019, were subject to the **DOCG1**. VAH Newco 2 was also a guarantor entity for the issued bonds discussed further at **section 3.4.3.4**. Having regard to their status as guarantors we were of the opinion that these entities were insolvent and the liquidations could no longer proceed as a solvent winding up process. We therefore applied to Court for leave to become the Voluntary Administrators of these entities. As stated above, orders were made by the Court on 30 July 2020 and we became the Voluntary Administrators on 3 August 2020.

In addition to the two deeds of cross guarantee a number of creditors who have provided financing facilities to the individual companies within the Consolidated Group also have guarantees provided by other entities in the Consolidated Group. This includes Bond Holders (discussed further at **section 3.4.3.4**), and financiers who have provided aircraft financing, aircraft leasing and other leases.

3.4.2.2 Priority

There are generally two categories of creditors: secured and unsecured creditors.

A secured creditor is generally a bank or other asset-based lender who holds a security interest, such as a mortgage, in some or all the company's assets, to secure a debt owed by the company. Lenders usually require a security interest in company assets when they provide a loan. Security interests over assets other than land are generally registered on the Personal Property Securities Register (**PPSR**). In the event of a company becoming insolvent, creditors with valid security interests receive a priority ahead of unsecured creditors in respect to any payment of their outstanding debt.

Plant and equipment lessors and creditors supplying goods and inventory may also have registrations on the PPSR which gives them a priority ahead of unsecured creditors in respect to any payment of their outstanding debt. Usually their ability to rank ahead of unsecured creditors is limited to the value of the asset they have supplied to the company. Any shortfall after realisation of this asset becomes an unsecured claim.

Appendix H summarises the results of the searches we conducted on the PPSR on our appointment. There are approximately 3,463 registrations across the Virgin Group made by approximately 190 unrelated parties. The registrations cover a range of collateral classes as can be seen at **Appendix H**. We are currently reviewing the registers and the validity of the registrations. Given the large number of registrations this process remains ongoing.

Unsecured creditors are those creditors who do not hold a security interest in assets of a company and generally include trade creditors and suppliers.

Employees are a type of unsecured creditor that are paid in priority to other unsecured creditors. Employees are discussed further in **section 3.4.4**.

3.4.3 Financial creditors

The Group financed its operations through a combination of bank loans, letters of credit (**LCs**), bank guarantee facilities, aircraft finance and operating leases and unsecured bonds. It managed the impact of fluctuations in fuel prices and foreign exchange rates through derivative financial instruments or hedges. Further information on the Groups' capital structure is detailed in its FY19 Financial Statements. It also had agreements in place with a number of financiers for merchant facilities.

Given the size of the Consolidated Group, its capital structure is complex and subject to a large number of agreements with in excess of 80 individual financial parties excluding Bond Holders.

3.4.3.1 Aeronautical facilities

The Virgin Group's fleet of 144 aircraft consisted of 44 owned and 100 leased or financed aircraft. The owned aircraft are predominantly funded via secured bank loans with six secured parties. Three of these secured parties act as the security trustee on behalf of a wider syndicate of financiers and three have bilateral agreements with the Group. These parties have registered security in respect of these finance agreements and also have guarantees across a number of companies within the Virgin Group.

In addition to the 100 leased aircraft, there were also 17 engines under lease on our appointment. The leases are predominantly operating leases, which means there is no transfer of ownership of the asset.

Of the Virgin Group leased aircraft eight aircraft were under finance leases and 12 aircraft which were financed under a Japanese Operating Lease with Call Option (**JOLCO**) structure. Under these lease types, there is a transfer of ownership of the asset to the lessee upon certain criteria being met and the call option, which allows Virgin Group to purchase aircraft, being exercised.

All aircraft and engine leasing and financing facilities are secured against the underlying aircraft asset being financed. The security interests in these assets are registered on the PPSR and/or are registered on the International Registry established under the Cape Town Convention on International Interests in Mobile Equipment. We are currently reviewing the validity of these registrations. Some of the agreements are also guaranteed by certain companies within the Group.

The amounts in **Table 6** above reflect the full amount outstanding under the agreements but excludes any termination payments or end of life payments in respect of the leasing agreements.

As part of the restructure of the business, working together with Management and Bain, we have assessed the current and estimated future requirement and cost of aircraft and other equipment assets held by the Group. Based on this assessment, we have elected not to continue certain leases previously maintained by the Group relating to several aircraft and engines as well as certain service contracts and property leases. As announced on 5 August 2020 to the ASX, the Group will be removing the ATR, Boeing 777, Airbus A330 and Tigerair Airbus A320 aircraft types. These lessors have been advised that their aircraft are not being retained by the Virgin Group and we are working with them regarding the collection of their assets in accordance with the agreed terms of the aircraft protocol agreements that were executed with them.

One of the three aircraft lessors who had not executed an aircraft protocol agreement, Wells Fargo Trust Company, National Association (as owner trustee) and Willis Lease Finance Corporation (**Willis**) commenced proceedings in the Federal Court of Australia on 30 June 2020 (proceedings number NSD714/2020) against VB Leaseco, VAA, Tiger and the Voluntary Administrators, seeking orders pursuant to the Cape Town Convention in respect of the return of four engines and associated property and records (**Property**). The dispute in the proceedings relates to the interpretation of Article XI.2 of the protocol to the Cape Town Convention and the validity of the Voluntary Administrators' notice pursuant to section 443B of the Act.

The proceedings were set down for an expedited final hearing in Court, which took place on 31 July 2020. At the time of preparing this report, judgment has not yet been delivered. Based on the indications from the Court as to the outcome of the proceedings, we anticipate that judgment will be in favour of Willis. Should the judgment be as anticipated, we intend to seek an expedited appeal.

Details of the proceedings, including all documents filed in the proceedings, are available on the Court website:

<https://www.fedcourt.gov.au/services/access-to-files-and-transcripts/online-files/virgin-australia#wells>

3.4.3.2 Other facilities

The Group had Multi-Option Facility Agreements (**MOFA**) with two financiers. These facilities provided bank guarantees, security deposit and maintenance related LCs in favour of both aircraft and non-aircraft stakeholders of the Group.

In addition to VAH's guarantee, these facilities were secured by a combination of leasehold properties, cash hold deposits, aircraft and engines. One of the financiers has exercised rights under their facility agreements to set off their liability with cash from other deposit accounts and in-the-money hedge positions held by the Group.

As at 20 April 2020, \$260.7m of the \$355.9m combined facility limit was utilised. This utilised portion of the facility was a contingent liability at the date of appointment as no facility beneficiaries had called on the guarantees or line of credit available to them but had the potential to do so subject to meeting certain criteria under the facility agreements.

As at the time of writing this report, \$160.7m in LCs have been called on since our appointment and the balance of uncalled LCs issued of \$100.0m remains an ongoing contingent exposure.

The Group also had a receivable purchasing agreement with a bank with a \$37m limit to provide funds by purchasing debtors of the Group. As at the date of our appointment, the outstanding amount of this secured facility was c. \$22.4m which has since been fully repaid from debtors collections during the administration.

In addition to the MOFA facilities, the Group also had an agreement with QBE Insurance (Australia) Limited (**QBE**) to provide funding to VAH and VAA for workers compensation bonds and aircraft lease bonds. The bonds issued by QBE are unsecured.

In respect to the workers compensation bonds, the Group pays QBE an annual fee to provide a surety bond on a number of bank guarantees. The Virgin Group self-insures in respect to potential workers compensation claims and the government requires a bank guarantee to be in place in the event the Group is unable to pay claims. If called, the bank guarantee would be released to cover outstanding claims and QBE would then have a claim against the Group. There are currently two bank guarantees on issue in respect to workers compensation, totalling \$22.9m. As these bank guarantees have not been called, they are considered to be a contingent liability and are not included in the table above.

On appointment, there were two aircraft bonds issued under the QBE facility totalling \$24.9m in respect to bank guarantees provided for aircraft maintenance requirements. As at the time of writing this report, both aircraft bonds issued under this facility have been called on since our appointment.

The amounts in the table under this category of financial creditors above reflect the utilised portion of the two MOFA facilities, the QBE bonds and the receivables financing facility and any outstanding fees payable as at the date of the appointment. To be consistent with the other amounts in the table, we have included the potential full exposure of these liabilities, not just the amounts crystallised at the date of writing this report. These amounts were not included in the ROCAPs for the reasons detailed in **section 5.3**.

3.4.3.3 Other leases

In addition to the aircraft leases, there are a number of finance, operating and rental agreements in place in respect to telecommunications equipment, ground equipment, motor vehicles, property and office equipment leases. The full value of the lease terms has been estimated.

3.4.3.4 Bond Holders

A significant portion of the Consolidated Group's financial debt was in the form of unsecured bonds or notes. Below is a summary of the different tranches of bonds issued by the Consolidated Group:

Table 7: Summary of Bond Holders

Bond issued by VAH	Trustee/Issuing agent	Coupon rate	Issuance date	Principal (\$m)	Maturity date	Outstanding liability (\$m)
Listed AUD denominated notes	Sargon CT Pty Ltd	8.000%	26 Nov 19	325.0	26 Nov 24	335.5
Unlisted AUD denominated notes	BTA Institutional Services Australia Limited	8.250%	30 May 18	150.0	30 May 23	154.8
	BTA Institutional Services Australia Limited	8.075%	5 Mar 19	250.0	5 Mar 24	252.8
USD denominated notes	Bank of New York Mellon	7.875%	17 Oct 16	552.3	15 Oct 21	525.2
	Bank of New York Mellon	8.125%	7 Nov 19	670.7	15 Nov 24	660.7
Total						1,929.1

Source: Companies' ROCAPs (with USD amounts converted at the dated of appointment by reference to the opening carded on demand airmail buying rate from the Commonwealth Bank of Australia Limited) and books and records

Although the bonds are unsecured, they are supported by guarantees from certain members of the Consolidated Group under the respective legal agreements entered into at the time of the bond issues.

The guarantor entities vary depending on the bond tranches. A list of guarantors by the bond tranches is listed below and also identified in **Appendix G**:

Table 8: Summary of corporate guarantees for bonds

Guarantor entities by note tranche entities	Listed AUD notes	Unlisted AUD notes	USD notes
VAAH	Yes	Yes	Yes
VAA	Yes	Yes	Yes
ACN 098 904 262	Yes	Yes	Yes
VARA	Yes	Yes	Yes
VAH Newco 1	Yes	Yes	Yes
Tiger	Yes	Yes	Yes
VB Leaseco	Yes	Yes	Yes
Tiger Airways Australia SPV Pty Ltd (Deregistered)	No	Yes*	Yes**
VAH Newco No.2 Pty Ltd	No	Yes	Yes**
Tiger 1	Yes	Yes	Yes
VAIH	Yes	Yes	Yes
VAIA	Yes	Yes	Yes
VSEA	Yes	Yes	Yes
Total entities	11	12	11

* Tiger Airways Australia SPV Pty Ltd (ACN 164 438 537) (Deregistered) was not a guarantor of the Unlisted AUD Notes issued 5 March 2019 as it was in the process of being liquidated but is a guarantor of the earlier issue dated 30 May 2018.

** Tiger Airways Australia SPV Pty Ltd (ACN 164 438 537) (Deregistered) and VAH Newco No.2 Pty Ltd (ACN 160 881 354) were not guarantors of the USD denominated notes issued on 7 November 2019, but are guarantors to the earlier USD note issue dated 17 October 2016.

Source: Note Trust Deed; Deed Poll of Guarantee and 2016/2019 Indenture documents

We note that there was an inadvertent error in the beneficial owner ballot circulated to USD Noteholders on 18 August 2020, which incorrectly specified that Virgin Australia International Operations Pty Ltd was both a party to DOCG1 and a guarantor of the USD Notes. Neither of those facts are correct and the USD Noteholders are not creditors of Virgin Australia International Operations Pty Ltd.

The listed corporate bonds issued in November 2019 (**Listed AUD Notes**) are unsecured creditors whose rights and obligations are represented by trustee, Sargon CT Pty Ltd under a trust deed. The register for the Listed AUD Notes records 3,992 Bond Holders, although it is noted these parties may be acting as custodians, brokers or managers for a number of underlying beneficial holders. There are 17 registered holders on the register for the unlisted corporate bonds (**Unlisted AUD Notes**) issued in two tranches on 30 May 2018 and 5 March 2019. In most cases we expect that these registered holders represent the rights of their underlying beneficial holders. The corporate bonds issued in the United States (**USD Noteholders**) in two tranches on 17 October 2016 (**USD Noteholders 2016**) and 7 November 2019 (**USD Noteholders 2019**) are represented by a number of custodians. There is no single register recording the underlying beneficial holders of these notes. In total there is estimated to be approximately 6,500 underlying beneficial holders of notes.

3.4.3.5 Derivative financial instruments

The Group had a number of fuel and foreign currency hedges in place with VAA across ten counter-party creditors. The use of derivative financial instruments is described in detail in Note E7 to the FY19 Financial Statements. On our appointment the counterparties terminated the agreements, resulting in an estimated net loss of \$191.6m. In the weeks leading up to the termination of the hedging facilities by the counterparties there were dramatic market fluctuations in both fuel prices and exchange rates. From the beginning of March 2020, both fuel prices and the Australian dollar depreciated markedly, resulting in mark-to-market losses on the Companies' energy hedge positions and mark-to-market gains on the Companies' currency hedges. It is important to note that these hedges were entered into as risk mitigating tools and under normal operating circumstances the mark-to-market gains and losses may have been offset by savings in

operating costs - e.g., losses in fuel hedges would (assuming normal fuel usage) have been offset by benefits associated with lower fuel costs for the operating fleet.

The amounts listed above were the net position from the ROCAP and take into account offsets of \$48.0m made by certain counterparties against funds held to cover the exposure and in the money hedge amounts of \$40.9m retained by financiers who exercised set-off rights available under their facility agreements to reduce their overall exposure to the Group.

3.4.4 Employees

The claims of the employees represent a priority claim pursuant to section 556 of the Act. This means employees have the right to be paid their outstanding entitlements in priority to other unsecured creditors. They also have a priority over secured creditors in respect to any realisations of certain types of assets known as circulating assets. Circulating assets are assets that a Company is able to use, dispose and deal with in the ordinary course of business, such as debtors and inventory.

It is noted that all employees are employed by entities within DOCG1.

As at the date of our appointment, there were 9,022 employees, consisting of 6,681 full-time, 2,153 part-time, 31 casual and 157 job share employees.

Since our appointment, we have reviewed the entitlements owed to current employees. Our estimates of the outstanding employee entitlements as at 20 April 2020 (which do not include any amounts for redundancies which are made after our appointment) are as follows:

Table 9: Estimate of employee entitlements as at 20 April 2020

Employee entitlements (\$'000)	DOCG1				
	VARA	VAA	Tiger	VT	Total
Wages	-	-	-	-	-
Annual leave	(5,948.3)	(43,674.7)	(1,796.4)	(5,282.7)	(56,702.1)
Long service leave	(7,435.1)	(50,775.8)	(448.8)	(7,851.8)	(66,511.5)
Days in lieu	(302.5)	(973.8)	-	-	(1,276.3)
Purchased annual leave	(5.5)	(132.2)	(5.8)	(2.8)	(146.3)
Pay in lieu of notice	-	(127.9)	(71.6)	-	(199.5)
Redundancy	(165.4)	(1,053.2)	(171.2)	(33.5)	(1,423.3)
Superannuation	-	-	-	-	-
Other	(13.0)	(2,607.0)	(30.0)	-	(2,650.0)
Total	(13,869.9)	(99,344.6)	(2,523.8)	(13,170.7)	(128,909.0)

Source: Payroll records, enterprise agreements and employment contracts

The amounts owing for wages have been subsequently paid during the voluntary administration as part of the normal payroll cycle. The majority of the pre-appointment redundancies have also been paid. All post-appointment wages, superannuation and annual leave incurred in the normal course of trading have also continued to be paid and/or accrued by us.

The workforce structure is complex with different enterprise agreements, employment contracts and state-based legislations. The stand-down of a large portion of the workforce since 25 March 2020 and the rapid implementation of the JobKeeper program has added further complexity to the review and assessment of outstanding entitlements.

In the table below we have estimated the amount that would have been payable to employees if the Companies had ceased trading on our appointment. This includes redundancy payments, pay in lieu of notice and the crystallisations of long service leave entitlements.

Table 10: Estimated employee entitlements if cessation of Group on 20 April 2020

Employee entitlements (\$'000)	DOCG1				Total
	VARA	VAA	Tiger	VT	
Wages	-	-	-	-	-
Annual leave	(5,948.3)	(43,674.7)	(1,796.4)	(5,282.7)	(56,702.1)
Long service leave	(7,405.4)	(63,643.8)	(482.0)	(8,660.4)	(80,191.6)
Days in lieu	(302.5)	(973.8)	-	-	(1,276.3)
Purchased annual leave	(5.5)	(132.2)	(5.8)	(2.8)	(146.3)
Pay in lieu of notice	(8,132.4)	(87,213.0)	(3,240.3)	(6,479.7)	(105,065.4)
Redundancy	(20,950.2)	(150,776.3)	(2,841.1)	(17,463.2)	(192,030.8)
Superannuation	(868.1)	(8,416.0)	(307.8)	(615.6)	(10,207.5)
Other	(13.0)	(2,607.0)	(30.0)	-	(2,650.0)
Total	(43,625.4)	(357,436.9)	(8,703.5)	(38,504.3)	(448,270.1)

Source: Payroll records, enterprise agreements and employment contracts

As announced on 5 August 2020 to the ASX, the sale of the business will secure approximately 6,000 positions, with an estimated 3,000 roles being lost. We are currently working through this restructure with management, staff and other stakeholders.

Under the Bain DOCA proposal or sale of the business by an ASA, all employee entitlements will either be adopted for continuing employees or paid in full for those employees made redundant.

In the event the DOCA's are not approved or the sale to Bain by ASA is not completed there would be a significant shortfall to employees. This would mean that the only avenue available to employees to receive money for any unpaid entitlements would be through an application to the Federal Government under the Fair Entitlements Guarantee Scheme (FEG). FEG is a government scheme of last resort that provides financial assistance for certain unpaid employee entitlements when a company is insolvent and there are no other sources of funds to pay entitlements of employees made redundant. We note that FEG will reimburse up to 13 weeks in unpaid wages; unpaid annual leave and long service leave; up to five weeks pay in lieu of notice; and up to 4 weeks per year of service for redundancy pay. There are conditions that need to be met to be eligible under the FEG scheme.

There were outstanding entitlements for employees of Virgin Australia (NZ) Employment and Crewing Ltd (a New Zealand registered subsidiary which was subsequently wound up) as at the date of our appointment. Whilst this company is not one of the entities in voluntary administration, the amounts owed to these employees have been included in the table above as VAA was traditionally responsible for paying the wages of these employees and the New Zealand operations form part of the sale process that we are currently undertaking. The amount owed is estimated to be relatively immaterial at \$700k.

3.4.4.1 Excluded employees

Excluded employees are Directors or relatives of Directors of the Companies (collectively **Excluded Employees**). In total there are three Excluded Employees, all of whom are either current Directors of the employing entity or Directors who have retired within the previous 12 months.

The priority claims for excluded employees are capped at different amounts for different classes of entitlements pursuant to section 556 of the Act, with the balance being classed as an unsecured claim against the relevant Companies. The

maximum amount an excluded employee can receive via a distribution to priority creditors is \$3.5k each. This is made up of a capped amount of \$2.0k for wages and superannuation and \$1.5k for annual leave and long service leave, with the balance of claims ranking as an unsecured claim against the relevant Company.

All outstanding entitlements owed to excluded employees lie within VAA. After deducting the priority claims each excluded employee is entitled to, the balance of their employee entitlements claims, totalling \$2.1m, is classed as an unsecured claim against VAA.

3.4.5 Other creditor groups

3.4.5.1 General creditors

There are about 1,400 individual creditors owed an estimated \$237.2m as at 31 March 2020 for goods and services provided to the Group. A small number (c. 20) have registered security in respect to their debt on the PPSR. We are in the process of assessing the validity of these registrations.

As discussed in **section 3.4.2** above, creditors that are owed money by a Virgin Group company in either the DOCG1 or DOCG2 will have the ability to claim against the other Virgin Group companies within that DOCG.

3.4.5.2 Landlords

There are 53 landlords, which are predominantly airport landlords. The amounts outstanding to these landlords has been estimated as unpaid variable passenger charges as at 31 March 2020, and any amounts outstanding at the date of our appointment plus the full value of the amounts that would be owed under the remaining lease term as at 30 April 2020, less any deposits held. The amount outstanding does not take into account any payments made during the voluntary administration nor any future lease payments.

We have been advised that landlord payments were generally up to date as at February 2020. In or around March and April 2020 arrangements had been discussed with a number of landlords to defer payments. As part of the restructure of the Virgin Group, and in consultation with Bain, an assessment was made of the ongoing requirements under existing leases. We have been in discussions with a number of landlords regarding exiting leases or reducing existing space. These discussions remain ongoing.

3.4.5.3 Statutory creditors

The books and records disclose liabilities of \$14.7m owed to the Australian Taxation Office (**ATO**) with respect to outstanding goods and services tax (**GST**) and fringe benefits tax for VAA, and \$4.4m with respect to outstanding payroll tax for VAA. The only other Company that has statutory debts is VAIA with a debt amount of \$16,645, owing \$13,648 to Revenue NSW and \$2,997 to the ATO.

On 27 April 2020, the ATO lodged proofs of debt (**PODs**) claiming \$14.5m against every Company in the Virgin Group (except for VSEA, VAIA, VAIH and Tiger 1). The Consolidated Group operated under a number of GST groups and had in place Indirect Tax Sharing Agreements (**ITSA**) which protected the Companies from being joint and severally liable for any outstanding GST liabilities from another member of the GST Group. We are liaising with the ATO to request updated PODs to be lodged. We have been advised by Management there will be refunds due under the April 2020 BAS that is currently being prepared and this will significantly reduce any amounts owed to the ATO.

3.4.5.4 Customers

In the normal course of trading, airlines hold significant money from customers who had paid for but not yet taken their flight. There would also be customers who may be holding credits or awaiting a refund for flights that were not taken or cancelled. Until the customer took the flight or received a refund, any credits or funds held would be recorded as a liability on the airline's balance sheet, called unearned revenue. This liability, like amounts owed to other types of creditors, is put on hold during the voluntary administration process.

On 13 May 2020, we obtained orders from the Court allowing us to implement a policy (**Conditional Credit Policy**) whereby we could offer eligible customers the opportunity to use the value of their original pre-administration booking

(the amount paid for the original ticket including ancillaries and taxes, but excluding fees) rather than submitting a claim as an unsecured creditor in the voluntary administration.

Under the terms of the Bain DOCA proposal, Bain has agreed to provide customers with a new Future Flight credit for an amount equal to any remaining value their Conditional Credit. Future Flight credits will be available for booking flights up to 31 July 2022 with travel valid until 30 June 2023. Bookings using the credit will be subject to seat availability within the fare class reserved for Future Flight credits on the selected flight and will be subject its own terms and conditions.

For customers with pre-administration bookings for flight scheduled to occur after the Administration period, should your flight be cancelled the terms of the Bain DOCA proposal will entitle you to receive a Future Flight credit to the equivalent value of your current ticket (less any non-refundable fees and taxes).

Based on the information available to us from the books and records of the Group, we estimate the customer liability position is between \$550m and \$650m. The number of customers and value is changing constantly as the Virgin Group continues to operate, albeit at reduced capacity.

3.4.5.5 Related parties

As stated in **section 3.2**, the Consolidated Group operated as one business and some entities within the Consolidated Group were reliant on other entities for continued trading. The balance of inter-company balances with the Virgin Group as at 31 March 2020 was \$6.4 billion. **Section 4.5** contains a further breakdown of these figures however it should be noted that this amount includes sub-leasing arrangements between the Virgin Group SPV's that held the aircraft leasing agreements and the operating entities of VAA, Tiger and VAIA. When consolidated for financial reporting purposes these inter-company transactions would be eliminated so there would be no double-counting of liabilities owed to external third parties. There was also a further \$153.8m owed to the Velocity Group, predominantly in respect of the secured Velocity Group Loan discussed in **section 3.2.1** above.

Note G4 of the FY19 Financial Statements provides commentary on transactions with related entities outside of the Consolidated Group. Amounts owed to related parties outside the Consolidated Group are estimated to be \$263.4m as at 31 March 2020.

This includes \$207.3m owed in respect of the remaining term of 5 secured aircraft operating leases and \$56.1m owed to a number of related parties in respect of various operational services and agreements and license fees.

These amounts are before any amounts owed by related parties. See **section 4.5** for further information.

3.5 Outstanding winding up applications

We are not aware of any winding up applications outstanding as at the date of our appointment.

4 Historical financial performance

4.1 Overview

As mentioned previously, the Consolidated Group is a public company listed on the ASX. Its financial performance was reported on the ASX through audited annual financial statements and reviewed half-yearly (interim) financial statements. The Consolidated Group was subject to credit ratings and analysis from credit rating agencies, and ratings and reports from Moody's, S&P Global Ratings (**S&P**) and FitchRatings were reported on the ASX.

Summarised below are the Consolidated Group's audited statement of profit and loss, balance sheet and statement of cash flows for FY18 and FY19, and reviewed half-yearly accounts for 1HFY19 and 1HFY20. We have also included internal management accounts for year to date for the second half of FY20 (2HFY20 YTD) for the Virgin Group, excluding the Velocity Group. Caution should be taken when comparing these to the published audited financial statements and reviewed interim statements due to the unaudited nature of the accounts and the differing purposes of the reports. Given their purpose as internal management documents, they have not been prepared to meet the reporting requirements applicable to general purpose financial reports prepared in accordance with the Act.

Preliminary analysis and commentary is provided below at **section 4.4** and further at **section 6** as part of our findings from our investigations into the affairs of the Companies.

4.2 Consolidated Group financial statements

The Consolidated Group's audited statement of profit and loss, balance sheet and statement of cash flows for FY18 and FY19, and reviewed accounts for 1HFY19 and 1HFY20 are summarised in **sections 4.2.1** to **4.2.3** below.

Creditors should be aware that these accounts are for the Consolidated Group include the Velocity Group, which is not in voluntary administration. Caution should also be taken when comparing figures across each of the periods in the tables below, due to the difference in time periods and changes in accounting standards. In particular, commencing 1 July 2019, accounting standard AASB16 was introduced and this had a material effect on the Consolidated Group's balance sheet.

By way of simple explanation, AASB16 requires operating leases, which were not previously recorded on the balance sheet to now be so recorded, and therefore can result in an increase in liabilities by the quantum of the future obligation for lease payments. This recognition of liabilities is partly matched by Right of Use (**ROU**) assets, representing an entity's right to use leased assets. The introduction and adoption of AASB16 is complex and creditors should refer to the Consolidated Group's published financial reports for greater detail on how AASB16 has been specifically adopted and its impact. As AASB16 is a change in accounting treatment, its impact does not necessarily reflect changes to underlying business sustainability.

4.2.1 Consolidated Group profit & loss

Table 11: Consolidated Group profit & loss

	Annual Report		Interim Report	
	FY18	FY19	1HFY19	1HFY20
	12 months		6 months	
\$m				
Revenue and income				
Airline passenger revenue	4,981.7	5,317.7	2,805.6	2,850.9
Freight revenue	105.2	125.6	66.6	62.8
Loyalty program revenue	330.3	383.8	197.3	202.6
Other income	3.5	-	1.5	1.9
Total revenue and income	5,420.7	5,827.1	3,071.0	3,118.2

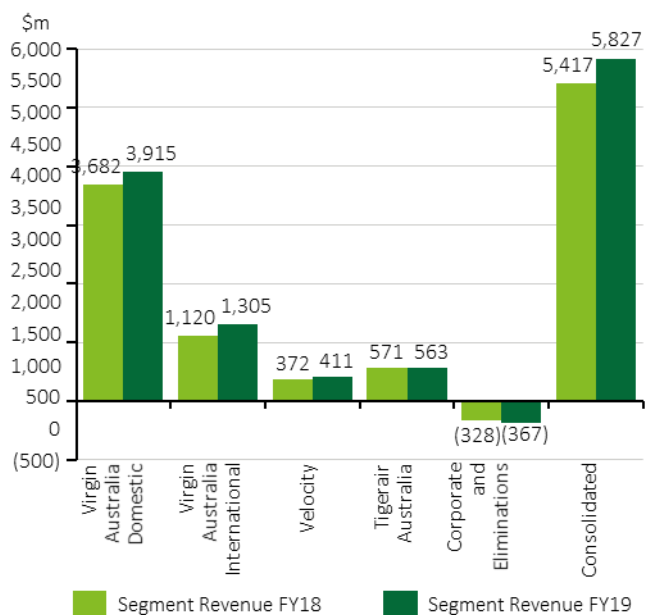
\$m	Annual Report		Interim Report	
	FY18	FY19	1HFY19	1HFY20
	12 months		6 months	
Operating expenditure				
Aircraft operating lease expenses	(389.0)	(383.1)	(190.7)	(5.8)
Airport charges, navigation and station operations	(1,060.7)	(1,107.5)	(569.3)	(591.9)
Contract and other maintenance expenses	(246.4)	(246.0)	(123.6)	(120.3)
Commissions and other marketing and reservations expenses	(467.4)	(533.4)	(254.9)	(251.0)
Fuel and oil	(985.5)	(1,178.5)	(605.4)	(645.4)
Labour and staff related expenses	(1,246.7)	(1,346.0)	(668.3)	(710.7)
Impairment losses on cash-generating units	(120.8)	(152.6)	-	-
Impairment losses on other assets	(47.8)	-	-	-
Write off Property, Plant & Equipment	-	-	-	(31.6)
Onerous contract expenses	(58.5)	(47.4)	-	-
Other expenses from ordinary activities	(512.9)	(592.9)	(313.5)	(337.0)
Depreciation and amortisation	(337.3)	(373.4)	(178.1)	(317.3)
Ineffectiveness on cash flow hedges	-	(0.9)	-	(2.0)
Net operating expenditure	(5,473.0)	(5,961.7)	(2,903.8)	(3,013.0)
Share of net profit of equity-accounted investee	3.5	-	-	-
Profit/Loss before net finance costs and tax	(48.8)	(134.6)	167.2	105.2
Finance income	19.2	28.5	11.8	11.8
Finance costs	(171.8)	(189.2)	(91.3)	(205.6)
Net finance costs	(152.6)	(160.7)	(79.5)	(193.8)
Profit/Loss before tax	(201.4)	(295.3)	87.7	(88.6)
Income tax expense	(451.9)	(20.1)	(13.9)	-
Profit/Loss	(653.3)	(315.4)	73.8	(88.6)
Attributable to:				
Owners of the Company	(681.0)	(349.1)	54.8	(97.3)
Non-controlling interests	27.7	33.7	19.0	8.7
	(653.3)	(315.4)	73.8	(88.6)

Source: Audited annual financial accounts and reviewed half-year financial accounts.

The Consolidated Group reports earnings results for their reportable segments, which are determined based on the key business activities of the Consolidated Group - Virgin Australia Domestic, Virgin Australia International, Velocity and Tigerair Australia. Segment information reported by the Consolidated Group excludes the impact of AASB 16.

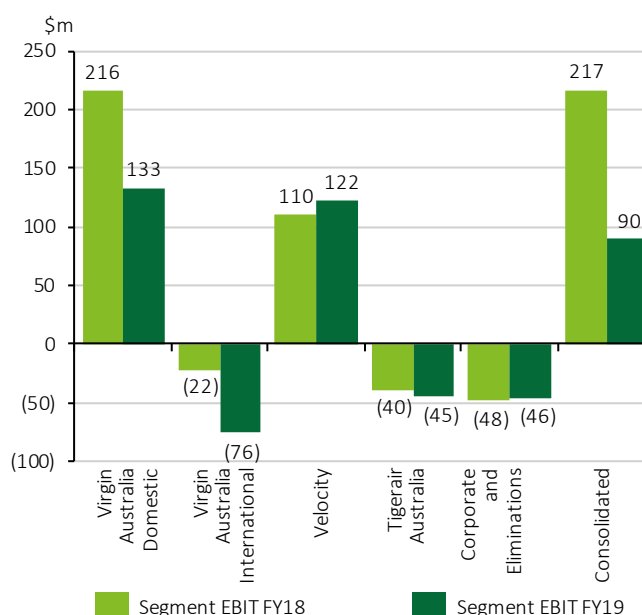
A summary of the Consolidated Group's segment earnings for FY18, FY19, 1HFY19 and 1HFY20 is provided below:

Figure 3: Segment Revenue FY18 and FY19



Source: Audited financial accounts

Figure 4: Segment EBIT FY18 and FY19



Source: Audited financial accounts

4.2.2 Consolidated Group balance sheet

Table 12: Consolidated Group balance sheet

\$m	Annual Report		Interim Report	
	FY18	FY19	1HFY19	1HFY20
	12 months		6 months	
Current assets				
Cash and cash equivalents	1,415.5	1,740.0	1,251.5	1,107.6
Receivables	281.6	268.7	270.2	224.0
Inventories	47.6	51.3	50.0	54.7
Derivative financial instruments	220.0	71.5	97.3	34.0
Other financial assets	12.1	31.2	20.5	64.6
Other	2.7	2.6	2.6	-
Total current assets	1,979.5	2,165.3	1,692.1	1,484.9
Non-current assets				
Receivables	191.6	182.6	177.7	130.4
Derivative financial instruments	64.0	13.6	21.6	5.2
Other financial assets	284.2	255.7	283.9	199.7
Investment accounted for using the equity method	8.2	-	8.2	-
Deferred tax assets	-	57.8	54.9	66.2
Property, plant and equipment	3,031.0	3,202.1	3,179.5	4,323.3
Intangible assets	617.0	580.7	621.3	572.7
Other	12.9	10.4	11.6	-
Total non-current assets	4,208.9	4,302.9	4,358.7	5,297.5
Total assets	6,188.4	6,468.2	6,050.8	6,782.4

\$m	Annual Report		Interim Report	
	FY18	FY19	1HFY19	1HFY20
	12 months		6 months	
Current liabilities				
Payables	(807.5)	(929.1)	(792.3)	(700.3)
Interest-bearing liabilities	(295.1)	(771.9)	(768.7)	(542.2)
Derivative financial instruments	(6.6)	(14.8)	(29.0)	(21.2)
Provisions	(269.0)	(255.5)	(253.4)	(313.4)
Unearned revenue	(1,142.1)	(1,262.7)	(1,100.0)	(1,187.0)
Other	(3.6)	(2.9)	(2.9)	(2.7)
Total current liabilities	(2,523.9)	(3,236.9)	(2,946.3)	(2,766.8)
Non-current liabilities				
Payables	(5.6)	(2.7)	(5.0)	(2.5)
Interest-bearing liabilities	(2,273.0)	(2,256.9)	(1,792.3)	(4,812.4)
Derivative financial instruments	(0.2)	(2.8)	(12.9)	(35.6)
Provisions	(277.6)	(339.8)	(289.2)	(760.6)
Other	(13.1)	(10.2)	(11.6)	(4.1)
Total non-current liabilities	(2,569.5)	(2,612.4)	(2,111.0)	(5,615.2)
Total liabilities	(5,093.4)	(5,849.3)	(5,057.3)	(8,382.0)
Net assets	1,095.0	618.9	993.5	(1,599.6)
Equity				
Share capital	2,238.9	2,238.5	2,238.3	2,238.5
Reserves	268.3	117.6	121.2	(617.7)
Retained earnings	(1,415.8)	(1,766.4)	(1,371.5)	(3,220.4)
Equity attributable to the owners of the Company	1,091.4	589.7	988.0	(1,599.6)
Non-controlling interests	3.6	29.2	5.5	-
Total equity	1,095.0	618.9	993.5	(1,599.6)

Source: Audited annual financial accounts and reviewed half-year financial accounts.

4.2.3 Consolidated Group cash flow

Table 13: Consolidated Group statement of cash flows

\$m	Annual Report		Interim Report	
	FY18	FY19	1HFY19	1HFY20
	12 months		6 months	6 months
Cash flows from operating activities				
Cash receipts from customers	6,099.7	6,530.1	3,337.0	3,358.8
Cash payments to suppliers and employees	(5,366.0)	(5,888.8)	(3,060.6)	(3,097.3)
Cash generated from operating activities	733.7	641.3	276.4	261.5
Cash payments for business restructuring expenses	(44.8)	(46.5)	(13.4)	(62.4)
Finance income received	19.2	28.5	11.8	11.8
Finance costs paid	(137.7)	(153.3)	(81.1)	(172.1)
Net cash from operating activities	570.4	470.0	193.7	38.8
Cash flows from investing activities				
Acquisition of property, plant and equipment	(546.5)	(486.3)	(242.2)	(274.4)
Proceeds on disposal of property, plant and equipment	7.7	2.7	2.6	131.8
Acquisition of intangible assets	(44.4)	(61.0)	(29.1)	(19.1)
Payments for other deposits	(56.8)	(40.7)	(16.8)	(22.4)
Proceeds from other deposits	77.0	65.3	21.9	61.4
Dividends from equity-accounted investee	-	8.2	-	-
Net cash used in investing activities (excluding aircraft operating lease refinancing)	(563.0)	(511.8)	(263.6)	(122.7)
Aircraft operating lease refinancing	(5.7)	-	-	-
Net cash used in investing activities	(568.7)	(511.8)	(263.6)	(122.7)
Cash flows from financing activities				
Proceeds from borrowings	356.9	798.5	169.8	1,298.2
Repayment of borrowings	(307.1)	(429.4)	(265.5)	(1,063.0)
Payments of transaction costs related to borrowings	(6.0)	(9.2)	(3.9)	(26.3)
Acquisition of non-controlling interests	-	-	-	(711.1)
Net payment for share buy-back	(5.3)	(0.7)	(0.7)	-
Equity distributions paid to non-controlling interests	(47.1)	(29.1)	(29.1)	(46.0)
Net cash from/(used in) financing activities	(8.6)	330.1	(129.4)	(548.2)
Net increase/(decrease) in cash and cash equivalents	(6.9)	288.3	(199.3)	(632.1)
Cash and cash equivalents at 1 July	1,396.1	1,415.5	1,415.5	1,740.0
Effect of exchange rate fluctuations on cash and cash equivalents	26.3	36.2	35.3	(0.3)
Cash and cash equivalents at the end of the financial year	1,415.5	1,740.0	1,251.5	1,107.6

Source: Audited annual financial accounts and reviewed half-year financial accounts.

4.3 Virgin Group (excluding Velocity Group) internal management accounts

4.3.1 Virgin Group (excluding Velocity) profit & loss

Table 14: Virgin Group profit & loss 2HFY20 YTD

\$m	2HFY20 YTD
Total revenue and income	1,152.8
Net operating expenditure	(1,771.0)
Profit/Loss before net finance costs and tax	(618.2)
Net finance costs	(145.3)
Profit/Loss before tax	(763.5)
Income tax expense	-
Profit/Loss	(763.5)

Source: Unaudited management information

4.3.2 Virgin Group (excluding Velocity Group) balance sheet

Table 15: Virgin Group balance sheet 2HFY20 YTD

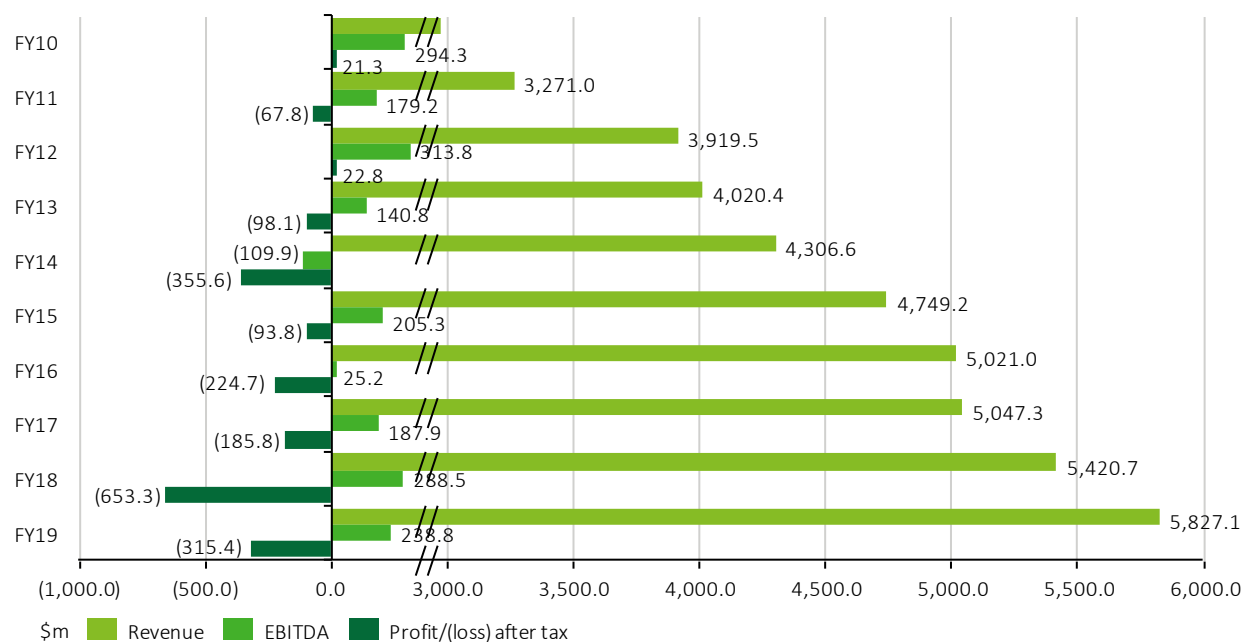
\$m	2HFY20 YTD
Current assets	665.2
Non-current assets	5,109.5
Total assets	5,774.7
Current liabilities	(2,199.2)
Non-current liabilities	(5,941.5)
Total liabilities	(8,140.7)
Net assets	(2,366.0)
Total equity	(2,366.0)

Source: Unaudited management information

4.4 Commentary

The Consolidated Group had initially been profitable with consistent year on year net profit after tax (NPAT) from FY02 to FY08. From FY09 the Consolidated Group was only profitable in FY10 (NPAT \$22m) and FY12 (NPAT \$23m) and in the period FY09 to 1HFY20 had cumulative net loss after tax of \$2,200m.

Figure 5: Consolidated Group performance FY10 to FY19



Source: Management information

The Consolidated Group had a prominent public profile and there has been widespread commentary on the reasons for the historical financial performance. It was generally held to be underperforming from a financial performance perspective for a significant period compared to its peers, usually Qantas, with the common and interrelated themes as follows:

- Misconceived business strategy to change its business model from a low-cost carrier to a full-service airline. This ultimately resulted in Virgin increasing its capacity on certain routes. Qantas responded by taking action to protect its routes, market share, customer base and ultimately, its business model. Qantas was able to significantly reduce its cost base but Virgin did not have the size and financial strength to sustain this capacity increase without suffering significant losses.
- Higher cost base compared to competitors, including Qantas. One of the common measures used in the aviation industry is cost of available seat kilometre (CASK). This is the unit cost, expressed as cents, to operate each seat for every available seat kilometre. Controlling CASK is critical given the aviation industry is subject to high revenue volatility from a range of external factors including local and global economic conditions, exchange rate movements, fuel price movements and competitor pricing.
- Network strategy and decisions including the continued operation of loss-making services, routes and business segments.
- Operational inefficiencies including high labour costs and the number of different plane types.
- History of under-delivering on turnaround strategies.

A review of the Companies' records and ASX announcements in the 18 months prior to our appointment indicate it had been focussed on strategies to reduce costs and financial leverage and improve liquidity and profitability. In February 2019, on announcement of 1HFY19 results, the Consolidated Group refers to Better Business, its cost transformation program which was directed at improving cash flow and reducing financial leverage to deliver sustainable profitability.

In March 2019, Paul Scurrah became the new CEO and the Consolidated Group commenced a strategic review of its business designed to simplify the business and return it to profitability.

In FY19, the Consolidated Group suffered a net loss before tax of \$295.3m, a deterioration of \$93.9m relative to FY18. The Consolidated Group reported that this result was driven by subdued trading conditions, adverse fuel costs and exchange rates and increased operational costs.

Following the release in August 2019 of disappointing financial results in FY19, the CEO announced a number of business improvement measures to strengthen the financial performance including:

- Simplified organisational structure.
- Corporate headcount reduction of 750 roles to generate an estimated \$75m in savings by end of FY20.
- Fleet, capacity and network review to improve revenue performance and management of costs.
- Supplier review targeting \$50m in yearly savings.

In February 2020, the Consolidated Group reported its 1HFY20 financial results, which was a net loss before tax of \$88.6m which equated to \$99.0m loss on a pre-AASB16 basis. This was a significant deterioration relative to the prior year period of \$87.7m net profit before tax in 1HFY19. Announcements made on the ASX stated the results were due to the impact of higher costs for fuel (\$40m), enterprise agreement labour (\$12.5m), airports (\$22.6m), and depreciation and rental costs (\$32.3m). In addition, there were one-off costs of \$113.1m associated with Velocity acquisition costs, write-off of assets no longer in use and workforce reductions.

Announcements were made regarding further actions being undertaken to improve profitability and cashflow, including:

- Continuing the initiatives announced in August 2019.
- Further fleet simplification, bringing the number of announced aircraft exits to 12, a further 7 on the 5 announced in November 2019.
- Changes to routes and frequencies, resulting in a capacity reduction of 3% by the end of FY20.
- Withdrawal of the Sydney to Hong Kong route as a result of ongoing losses and further reductions in demand.

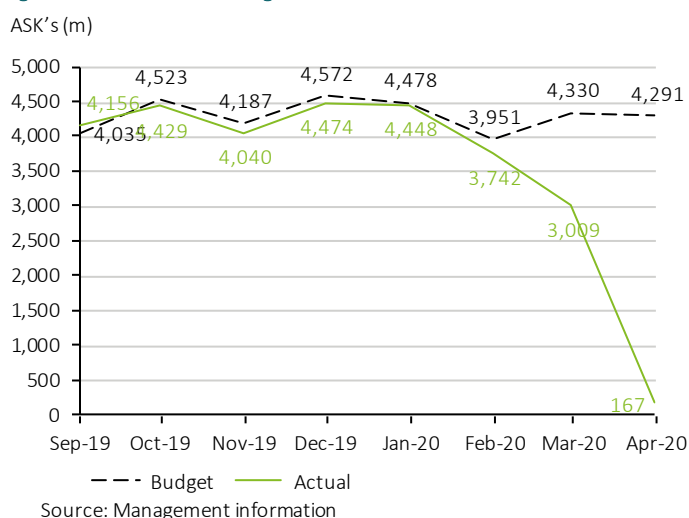
On 28 February 2020, following the announcement of the 1HFY20 results, S&P revised its outlook on the Consolidated Group from stable to negative. They also affirmed the 'B+' long-term issuer credit rating on the company and 'B' issue credit rating on the company's debt. They forecasted challenging industry conditions over the coming six months which would put pressure on the Consolidated Group's earnings profile.

Whilst market analysts generally approved the measures the Consolidated Group were putting in place to address its underperformance there was a general expectation the benefits and impact on financial performance would not be seen until at least 2HFY20. Facing the same economic conditions, Qantas posted a statutory profit before tax of \$648m, down 6.2% on the previous period.

As the impact of COVID-19 on the aviation industry worsened as a result of firstly international and then domestic travel restrictions, the Consolidated Group made further announcements to the ASX on the impact on capacity and the measures taken to reduce costs. As the ratings agencies revised their assessments of the impact of COVID-19 and the Consolidated Group's ability to respond, further downgrades to credit ratings were issued in March and April.

The management accounts presented above show the steep decline in revenue and earnings from February 2020, predominantly as a result of the impact of bushfires and COVID-19. Virgin Group (excluding Velocity Group) suffered an overall loss before tax of \$763.5m in just the four months January 20 to April 20.

Figure 6: Actual versus budget available seat kilometres



As stated above, the Virgin Group instituted a number of measures to reduce cash outflows however it was unable to reduce costs by the same proportion of the reduction in revenue, resulting in unsustainable 'cash burn' rates and ongoing losses as seen above. Of the cash held on its balance sheet, approximately 30% was restricted cash, held as collateral under finance agreements with financiers and merchant providers. Based on the information available to them, including assumptions on the ongoing impact of COVID-19, Management forecast they would have insufficient cash to continue operations past 30 June 2020.

It is noted the financial results above include the full month of April, which would have included 10 days of the Virgin Group being under voluntary administration. As a result of the voluntary administration, financiers terminated fuel and foreign exchange derivative agreements. This has resulted in the crystallisation of gains and losses on these agreements which is reflected in the April figures above.

Further commentary on the events leading to our appointment as Voluntary Administrators is discussed at **sections 5.6 and 6**.

4.5 Related parties

4.5.1 Velocity

As stated above, Velocity was a profitable business segment for the Consolidated Group. The Consolidated Group had in November 2019 acquired the remaining 35% minority stake in the Velocity from Affinity Equity Partners for c. \$700m, funded by the issue of notes as referred to in **section 3.4.3.4**. This contributed \$711.1m to the net liability position. The Replacement Prospectus dated 5 November 2019 for the issue of the Listed AUD Notes, stated the consideration implied an enterprise value of \$2.1 billion for the Velocity Group, representing a 16.1 times multiple of the Velocity Group's EBITDA. In the accounts of the Consolidated Group the acquisition was accounted for as a transaction with owners recognised directly in equity with the net assets and liabilities of the Velocity Group continuing to be measured at their historical cost rather than being restated to fair value at the date of acquisition.

4.5.2 Transactions with related parties

Note G4 of the FY19 Financial Statements provides information on related parties, which includes entities and individuals that are not included in the Consolidated Group. It is stated in the FY19 Financial Statements that transactions with these entities are made on terms equivalent to those that prevail in arm's length transactions or on a cost plus margin basis, and there had been no loans made, guaranteed or outstanding to any related entities outside of the Consolidated Group or to key management personnel, including Directors.

The 1HFY20 Financial Statements noted that there had been no significant changes to related arrangements since 30 June 2019, other than the Velocity acquisition mentioned above. We are not aware of any significant changes since the 1HFY20 Financial statements were issued.

The outstanding balances of related parties, outside of the Consolidated Group entities as at 31 March 2020 are as follows:

Table 16: Related parties balances – entities outside Consolidated Group as at 31 March 2020

\$m	DOCG1 entities	DOCG2 entities	Other entities in administration	Velocity Group	TOTAL
Receivables					
Tiger Airways Holdings Pte Ltd					-
Virgin Enterprises Limited					-
Entities controlled by related party shareholders	2.7				2.7
Total	2.7	-	-	-	2.7

\$m	DOCG1 entities	DOCG2 entities	Other entities in administration	Velocity Group	TOTAL
Payables					
Tiger Airways Holdings Pte Ltd	(4.0)				(4.0)
Virgin Enterprises Limited	(0.7)				(0.7)
Entities controlled by related party shareholders	(271.1)				(271.1)
Total	(275.8)	-	-	-	(275.8)

Source: Companies' ROCAPs

Below is a summary of the inter-company receivables and liabilities within the Consolidated Group as at 31 March 2020.

Table 17: Related Parties balances - intercompany balances within Consolidated Group as at 31 March 2020

\$m	DOCG1 entities	DOCG2 entities	VA (NZ)	Other entities in administration	Velocity Group	Total
Receivables						
DOCG1		761.2	8.1	1,349.2	153.8	2,272.3
DOCG2	2,713.6			11.8		2,725.4
VA (NZ)	0.1	0.2				0.3
Other entities in administration	22.9	2.0				24.9
Velocity Group	6.2	2.8				9.0
Total	2,742.8	766.2	8.1	1,361.0	153.8	5,031.9
Add Interco-loans within DOCG2		1,563.9				1,563.9
Total	2,742.8	2,330.1	8.1	1,361.0	153.8	6,595.8
Payables						
DOCG1		(2,713.6)	(0.1)	(22.9)	(6.2)	(2,742.8)
DOCG2	(761.3)		(0.2)	(1.9)	(2.8)	(766.2)
VA (NZ)	(8.1)					(8.1)
Other entities in administration	(1,349.2)	(11.8)				(1,361.0)
Velocity Group	(153.8)					(153.8)
Total	(2,272.3)	(2,725.4)	(0.3)	(24.8)	(9.0)	(5,031.9)
Add Interco-loans within DOCG2		(1,563.9)				(1,563.9)
Total	(2,272.3)	(4,289.4)	(0.3)	(24.8)	(9.0)	(6,595.8)

Source: Companies' ROCAPs

As stated in **section 3.2** the Consolidated Group operated as one business and some entities within the Consolidated Group were reliant on other entities for continued trading. Inter-company balances would be eliminated when the financial statements are prepared on a consolidated basis. The balances above reflect trading in the normal course of operations.

5 Directors' report on company activities and property

5.1 Summary

Under section 438B of the Act, directors are required to provide a Report on Company Activities and Property (**ROCAP**) to voluntary administrators within five business days of receipt of the request from the administrators or such longer period as the administrators allow.

As advised in **section 2.6**, orders were obtained from the Court on 15 May 2020 allowing for a single ROCAP to be lodged for the Companies under DOCG1 (**DOCG1 ROCAP**). This enabled the thirteen affected Companies to be treated as one entity for the purpose of submitting a ROCAP. The Companies consolidated on this ROCAP are:

- Virgin Australia Holdings Ltd
- Virgin Australia International Operations Pty Ltd
- Virgin Australia Airlines Holdings Pty Ltd
- VAH Newco No.1 Pty Ltd
- Tiger Airways Australia Pty Limited
- Virgin Australia Airlines Pty Ltd
- A.C.N. 098 904 262 Pty Ltd
- Virgin Australia Regional Airlines Pty Ltd
- Virgin Australia Holidays Pty Ltd
- VB Ventures Pty Ltd
- Virgin Australia Cargo Pty Ltd
- VB Leaseco Pty Ltd
- Virgin Tech Pty Ltd.

We note that, while included in the Court order, VAIO was subsequently found to not be a member of DOCG1. The Directors requested two extensions of time for the submission of the ROCAPs pursuant to section 438B(2) of the Act. Both extensions were granted.

On 16 June 2020, the Directors submitted the DOCG1 ROCAP along with ROCAPs for each of the remaining Companies in Administration (prepared on a standalone basis). After redacting sensitive information disclosed in the ROCAPs on the basis of commercial confidentiality, all ROCAPs were lodged with ASIC on 23 June 2020.

Two errors were identified after the ROCAPs were lodged. It was identified that schedules attached to the ROCAP for SH20141 belonged to a different company. Management have confirmed SH20141 is a dormant entity and provided the amended ROCAP on 10 July 2020 which was lodged with ASIC on 17 July 2020. It was also identified that the DOCG1 ROCAP did not record the Velocity Group as an asset owned by VAH. Management have provided updated schedule of assets to include this information. The tables below reflect the updated ROCAPs.

Creditors may inspect the redacted version of Part A of the ROCAPs for each of the Companies by emailing virginadmin@deloitte.com.au.

The ROCAPs represent the Directors' views of the Companies' asset and liability positions as at the date of our appointment as Voluntary Administrators. All of the amounts below are in Australian dollars with foreign currency

amounts converted using the last traded price before market closure at 5:00pm New York time on 20 April 2020 reported by www.reuters.com/markets/currencies.

Below is a summary of the information provided in Part A of the ROCAPs, noting that amounts redacted in the ROCAP lodgements have also been withheld in our summary.

Table 18: Summary of ROCAPs

ROCAP question \$m	Note	Other entities in administration	DOCG1	Total
A4 Do the companies owe money to their employees?	5.2	-	(127.4)	(127.4)
A5 Do the companies owe money, goods or services to others (other than employees)?	5.3			
Secured				
Aircraft leases		(311.4)	(1,903.0)	(2,214.4)
Debt and interest		(1,063.6)	(463.9)	(1,527.5)
Unsecured				
Debt and interest		-	(1,991.6)	(1,991.6)
Hedge counterparties		-	(197.9)	(197.9)
Tax Balances		(0.0)	(19.1)	(19.1)
Creditors and accruals		(2.8)	(386.2)	(389.0)
Property and other leases		(9.5)	(188.0)	(197.5)
Other creditors		(19.9)	(40.8)	(60.7)
Sub-total		(1,407.1)	(5,190.6)	(6,597.7)
Intercompany loans		(4,314.2)	(2,271.3)	(6,585.5)
Total question A5		(5,721.3)	(7,461.9)	(13,183.1)
A6 Are the companies owed money?	5.4			
Trade debtors		Withheld	Withheld	Withheld
Other debtors		Withheld	Withheld	Withheld
Intercompany receivables		Withheld	Withheld	Withheld
Total question A6				
A7 Do the companies own any assets?	5.5			
Bank accounts		Withheld	Withheld	Withheld
Inventory		Withheld	Withheld	Withheld
Aircraft		Withheld	Withheld	Withheld
Property		Withheld	Withheld	Withheld
Non-aircraft		Withheld	Withheld	Withheld
Office equipment		Withheld	Withheld	Withheld
Project WIP		Withheld	Withheld	Withheld
Total question A7				

The cash at bank on our appointment is detailed in section 7.2.1.1. A full breakdown of the Part A of the ROCAPs is attached as **Appendix I**.

The lodged ROCAPs record the following entities as having no assets or liabilities:

- Short Haul 2014 No.1 Pty Ltd
- 737 2012 No.1 Pty Ltd
- 737 2012 No.2 Pty Ltd
- Short Haul 2016 No. 1 Pty Ltd
- Short Haul 2016 No. 2 Pty Ltd
- Short Haul 2017 No. 1 Pty Ltd
- VA Hold Co Pty Ltd
- VA Lease Co Pty Ltd
- VA Regional Leaseco Pty Ltd
- VB LH 2008 No. 1 Pty Ltd
- VB LH 2008 No. 2 Pty Ltd
- VB PDP 2010-11 Pty Ltd
- VBNC5 Pty Ltd
- Virgin Australia 2013-1 Issuer Co Pty Ltd.

We have identified that Short Haul 2014 No.1 Pty Ltd is a guarantor to a financier in respect to secured loans but have not identified any other assets or liabilities in these entities.

Our comments on the information provided in the ROCAPs are set out below.

5.2 Does the company owe money to its employees?

The DOCG1 ROCAP discloses combined employee claims of \$127.4m as at 30 April 2020. There were no outstanding employee entitlements in other Companies in administration. The breakdown is summarised below:

Table 19: Summary of employee entitlements from ROCAPs

Employee entitlements (\$'000)	DOCG1				
	VARA	VAA	Tiger	VT	Total
Wages	(472.6)	(9,711.1)	-	(1,319.4)	(11,503.2)
Annual leave	(5,920.3)	(35,206.6)	(1,387.6)	(5,181.9)	(47,696.4)
Long service leave	(7,206.8)	(49,980.8)	(448.8)	(7,652.5)	(65,288.9)
Redundancy	(165.7)	(782.3)	(248.4)	-	(1,196.3)
Other	(347.4)	(1,385.2)	(6.7)	(2.8)	(1,742.1)
Total	(14,112.8)	(97,066.0)	(2,091.5)	(14,156.6)	(127,426.9)

Source: Companies' ROCAPs

The redundancy amount listed refers to employees made redundant and who have not been paid their entitlements prior to voluntary administration. Other entitlements refer to various claims for time in lieu, purchased leave, bonuses, relocation allowances and other payments related to termination payments.

We note this is materially the same as the estimate we have made, outlined in **section 3.4.4**. The variances in figures between our estimate and the ROCAPs are principally due to the data available to Management at the time of completing the ROCAPs.

5.3 Does the company owe money, goods or services to others (other than employees)?

The Directors have categorised creditors into similar but slightly different creditor groups compared to our assessment at **section 3.4**. The Directors noted a number of exclusions to the ROCAPs and the reasons for doing so. These exclusions included:

- Unearned revenue. The Directors advised it was excluded as it reflects an obligation the Group has to provide passengers a flight (or other service) they purchased and does not represent a monetary exposure to the Group. As stated in **section 3.4.5.4** we consider customers with open tickets, unused tickets and credits and customers a contingent liability.
- Future provisions, commitments and outflows that are not a liability as at the date of voluntary administration.
- Contingent liabilities that had not yet crystallised at the date of voluntary administration. This includes the MOFAs and the QBE bonds as the Directors held the view these were contingent liabilities as at 20 April 2020.

5.4 Are the Companies owed money?

The amounts disclosed by the Directors in the ROCAPs include both trade debtors and intercompany loans. In this report and the ROCAP lodgements, we have redacted sensitive information as it is commercially sensitive, and the sale of the Virgin Group has not yet completed at the time this report has been prepared.

5.5 Do the Companies own any assets?

The DOCG1 ROCAP disclosed assets including ownership of cash, inventory, aircraft, property, equipment and other items. Pending finalisation of the business sale/recapitalisation, the value of these assets is commercially sensitive and has been withheld from this report.

5.6 Reasons for failure

5.6.1 Directors' explanation

To assist voluntary administrators in their role in investigating the affairs of a company, the ROCAP form issued by ASIC includes a question "Did the business fail?" The Directors answered "No" to this question.

The instructions accompanying the form states that "Fail" can refer to the inability of the Company to pay money owed to its creditors as and when the money becomes due and payable. Following receipt of the ROCAPs, we sought an explanation from the Directors on why they answered no to this question and an explanation of events that led to the voluntary administration. In a letter dated 31 July 2020, on behalf of the Directors, their legal advisers provided the responses quoted below.

In respect to the first question, in completing the ROCAPs the Directors "... took the view that the business of the Companies did not "fail", and that the steps they took to appoint Administrators were for the purpose of ensuring the continued survival of the business of the Companies. Given the outcome of the sale process undertaken by the Administrators, it appears likely that the position taken by the Directors was justified."

They advised their decision to appoint voluntary administrators was made in circumstances where:

- “(a) Prior to the government restrictions on travel imposed in response to the COVID19 crisis, VAH, under the leadership of CEO Paul Scurrah (appointed March 2019), was well advanced in implementing a three year transformation plan to make the business more sustainable, and restructure its balance sheet.
- “(b) The government restrictions imposed in March 2020 in response to the COVID19 pandemic severely impacted domestic flights and stopped international flights and reduced the Companies' flying schedule to less than 10% of

normal domestic scheduling by the end of March. This impact was compounded by enormous uncertainty on the return to any significant level of interstate and overseas travel and so when the Companies' revenues would recover. The COVID19 impact for the Companies was of such a magnitude that without the support of government or external funding the Companies would be unlikely to be able to withstand the impact of this decline in revenue on its cash reserves.

- (c) *To endeavour to monitor and manage the impact of COVID19, the Directors had commenced holding more frequent board meetings and obtaining more frequent information regarding cash flows and trading outlook. A number of prompt measures were taken to manage the Companies' cash flow, including:*
 - (i) *by 13 March 2020 steps were being taken:*
 - (A) *to reduce domestic capacity by 5%, and international capacity by 8%, in the second half of FY20;*
 - (B) *to reduce director fees, remove of management bonuses, implementing a pay freeze, and encourage employees to take leave without pay;*
 - (ii) *by 18 March 2020 it was announced:*
 - (A) *international flying would be suspended from 30 March 2020, with a reduced international schedule being implemented immediately ;*
 - (B) *group domestic capacity would be reduced by 50%.*

This effectively grounded the equivalent of 53 aircraft or 40% of the fleet;
 - (iii) *as announced on 25 March 2020:*
 - (A) *with effect from 27 March 2020, group domestic capacity was to be further reduced to less than 10% of normal scheduled flying, with the grounding of 125 aircraft. Capacity was maintained for transportation of essential services, critical freight and logistics only;*
 - (B) *Tigerair Australia suspended operations immediately;*
 - (C) *80% of the workforce was stood down;*
 - (D) *consultation began to close and deem roles redundant in the New Zealand flight crew and cabin crew base;*
 - (iv) *seeking to exit a number of key contracts relying on force majeure and renegotiating other contracts or seeking fee waiver;*
 - (v) *utilising available government stimulus (including JobKeeper) and other measures to defray expenditure/costs;*
 - (vi) *undertaking measures to carefully manage cash flow including by ceasing all non-critical expenditure, proactively managing staff numbers and extending creditor terms including with airports;*
 - (vii) *terminating term deposits early to release these funds for working capital; and*
 - (viii) *working with State and Federal governments to maintain vital domestic routes, and specific charter services. Financial underwriting for these routes/services was secured.*
- (d) *Attempts by the Companies to obtain support from the airline shareholders of VAH were unsuccessful. These entities were themselves similarly impacted by COVID19, and requiring their own domestic government support.*
- (e) *Advisers Clayton Utz, Houlihan Lokey, UBS, Morgan Stanley, Deloitte and Bespoke Approach were retained to assist in formulating a strategy to ensure the survival of the Companies' business.*
- (f) *Working with the advisers, the Directors took steps promptly to assess the impact of COVID19 including analysing:*
 - (i) *the likely short, medium and long terms effects of COVID19 on the Companies' international and domestic operations, including revenue and cashflow impacts;*
 - (ii) *the anticipated impacts of Federal, State and Territory Government stimulus and other COVID 19 related initiatives as announced, including those in relation to the aviation industry and the JobKeeper scheme;*

as a result of which they identified that the Companies required interim funding of \$200m, and total funding of \$1.4b, in order to remain solvent and be in a position to be able to continue to operating once COVID19 restrictions eased.

(g) To raise the necessary capital the following were undertaken by the Companies with substantial input from Directors:

- (i) extensive lobbying of the Victorian, Queensland, NSW and Federal governments to provide financial support to the Companies;*
- (ii) a data room was established and targeted approaches were made to potential private investors. Approaches were received from a number of credible and well capitalised parties, including [names of parties omitted as confidential] and government; and*
- (iii) working with the advisers, Directors formulated a plan to raise the necessary capital by a combination of debt or equity funding or other support. This plan had features that evolved over time but involved:*
 - (A) some level of State and Federal Government support (including potentially by way of guarantees or pre-payments for flights);*
 - (B) restructuring the bond debt; and*
 - (C) interim funding of around \$200m to enable the larger capital raising to be completed.*

The responses received by the Companies to the attempts to raise capital showed that there was significant interest from credible sponsors in an equity solution for the Companies which would enable their business to continue as well as considerable support for the preservation of a second airline in Australia.

(h) By 20 April 2020 it had become clear that the continuation of the Companies' attempts to source the interim cash support required during the COVID19 restrictions to enable the Companies to effect the larger funding transaction were no longer tenable. It was evident the preservation of the business of the Companies required the legal mechanics and protections of voluntary administration.

(i) At the time at which the Administrators were appointed, the Companies:

- (i) were still able to pay (and had been paying) their debts as they became due and payable; and*
- (ii) retained significant cash reserves to put the Administrators in the best position to undertake a sale or recapitalisation process, and thereby preserve the business of the Companies."*

In response to our request for an explanation of the events leading to our appointment, the following response was provided:

"On 20 April 2020, it became clear that extensive attempts to obtain interim funding from one or more of State or Federal governments, shareholders or investors to enable a larger capital raising transaction that would permit the Companies to weather the unprecedented impacts of COVID19 to occur had been unsuccessful. Communications had been received from [name of party omitted as confidential] (on the evening of 19 April) and [name of party omitted as confidential] (on the morning of 20 April) that each of those entities would not be in a position to provide interim funding. The Federal Government confirmed on 20 April that it would not make any commitment to provide interim funding.

Given this, the Companies did not have sufficient cash reserves to permit the execution of the broader capital raising or other equity transaction necessary to ensure the continued solvency of the Companies.

Accordingly, on Monday 20 April 2020, given the economic environment created by the response to COVID19, and without a pathway to secure a source of sufficient new funding, the Directors reached the conclusion that the Companies were likely to become insolvent if they continued trading, notwithstanding efforts to reduce their expenditure.

The Directors considered that the appointment of the Administrators was the only remaining path available to them to restructure of the Companies' liabilities and preserve the business of the Companies, and was in the best interests of the Companies.

Consequently, they passed the required resolution under Section 436A of the Corporations Act to appoint the Administrators.

It is clear that the Administrators' intention in entering into the transaction with Bain Capital is the substantial preservation of the businesses of the Companies."

5.6.2 Voluntary Administrators' opinion

Based on preliminary investigations, including our review of operations and records, our view is that the Virgin Group's difficulties were largely due to the inability of the Virgin Group's balance sheet to withstand the immense financial impact caused by COVID-19. The balance sheet had been weakened from cumulative losses incurred almost year on year from 2009 to 2020 of approximately \$2.2 billion. During this period revenue had continued to grow, however it was not profitable growth. This period encompassed the change in the Virgin Group's business from a budget to full-service airline. As evident by the year on year losses, the Virgin Group was unable to derive sustainable profits from this change in strategy.

Following the appointment of Paul Scurrah as CEO in March 2019, the Consolidated Group embarked upon a strategic review designed to simplify the business and drive cost reduction. When COVID-19 impacted capacity, the Consolidated Group was only part way through its strategic review and the implementation of various initiatives. Just months prior to COVID19, the Virgin Group has raised an additional \$325m in debt from Bond Holders to help fund the acquisition of the balance of the Velocity Group. This added further debt to the balance sheet just prior to the time when the business would be severely impacted by COVID-19. This would not have been foreseen by the Board or Management at the time of raising this debt.

From March 2020, COVID-19 began to impact the business with increasing reductions to capacity that ultimately resulted on or around 22 March 2020 in the business reducing its capacity to less than 10% of normal levels. Such a reduction in business was not sustainable to service the Virgin Group's costs and debt load. The Board and Management sought various funding options to support the business, but ultimately were unsuccessful. Traditional funding was difficult to source, given the Virgin Group's existing debt levels, tightening credit markets due to COVID-19 and uncertain airline industry outlook. The Consolidated Group's major shareholders were also exposed to the airline industry and accordingly, did not have the available capital to provide support. Attempts at less conventional funding sources including state and federal government were ultimately unsuccessful.

We are therefore of the view that the Virgin Group's financial difficulties were due to an already highly leveraged balance sheet, resulting from past years of losses, that was unable to support the business impact caused by COVID-19.

6 Investigations

6.1 Introduction

Section 438A of the Act requires that as soon as practicable after an administration begins the administrator must investigate the company's business, property, affairs and financial circumstances and form an opinion as to whether it would be in the interests of the company's creditors for:

- The company to execute a DOCA;
- The administration to end; or
- The company to be wound up (that is, placed in liquidation).

Pursuant to section 75-225(3) of the Insolvency Practice Rules the administrator is also required to prepare a report which outlines the above investigations and opinions and which must also state (amongst other things) whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act should creditors resolve that the company be wound up.

In addition to recovery of voidable transactions, a liquidator has the power to pursue the directors of a company in respect of certain offences under the Act. For a high level explanation of the actions that a liquidator has the power to pursue, see **Appendix J**. This information sheet has been prepared by ARITA. Creditors who are not familiar with the nature of these actions should refer to **Appendix J** for further explanation. Creditors should contact our office if further explanation is required regarding the material contained in **Appendix J** or in this report.

In this section of the report we outline the various causes of action that may be available to a liquidator of the entities in the Virgin Group and the potential for any recoveries, noting that such recoveries would be subject to the defendants to any such cause of action having the ability to meet any orders for compensation, defences that might be available and the costs of the litigation.

6.2 Overview of investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC and real property searches.
- Personal Property Securities Register searches.
- Review of selected books and records of the Companies under administration.
- Review of the ROCAPs Parts A and B completed by the Directors.
- Discussions with certain members of Management.
- Review of the financial accounts of the Virgin Group and the Consolidated Group.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

In this section of the report we have outlined our investigations of the Virgin Group on a consolidated basis (excluding the Velocity Group) rather than on an individual entity basis. This is appropriate because:

- The Virgin Group was operated and managed on a group basis, in particular there was a central shared head office administration function and Consolidated Group (except the Velocity Group) funds were pooled via a central treasury function and swept regularly to central bank accounts.

- Some entities within the Virgin Group were SPVs and were totally reliant upon other companies within the Consolidated Group for financial support.
- The Consolidated Group reported its financial results on a consolidated basis.
- All of the main trading entities are under administration (together with some other members of the Consolidated Group) are parties to DOCG1 and DOCG2.

6.3 Voidable transactions

Section 75-225(3)(b)(vi) of the Insolvency Practice Rules requires an administrator to specify in their report to creditors whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

This issue is relevant to creditors of a company in administration if they are being asked by an administrator to decide whether to vote in favour of a proposed DOCA (if a DOCA is proposed) or instead, in favour of liquidation, because any voidable transactions can only be pursued by a liquidator in the event that the company goes into liquidation.

Voidable transactions include:

- Unfair preferences (section 588FA)
- Uncommercial transactions (section 588FB)
- Unfair loans to a company (section 588FD)
- Arrangements to avoid employee entitlements (section 596AB)
- Unreasonable director-related transactions (section 588FDA)
- Transactions with the purpose of defeating creditors (section 588FE(5))
- Discharging a debt of a Related Entity (section 588FH)
- Voidable security interests (section 588FJ).

Further detail regarding these transactions is set out in **Appendix J**.

It is important to note that some of the transactions listed above will only be voidable if they are found to be "insolvent transactions" of the company (that is, broadly, that they were entered into at a time when the company was insolvent or the company became insolvent as a result of entry into the transaction). Accordingly, in order for a liquidator to recover amounts in respect of these transactions, it would first be necessary to establish that the company was in fact insolvent at the time of the transaction or became insolvent as a result of entry into the transaction.

In our view, the earliest date of the insolvency of the Companies under administration was 22 March 2020, but it may have been as early as 18 March 2020. In this regard, we refer creditors to **section 6.4** of this report where we outline our investigations.

Generally, actions by liquidators to recover voidable transactions are expensive and are likely to require Court applications. Therefore, in the event that there are inadequate funds available to the liquidator, the liquidator may consider it uncommercial or not in the creditors' best interests to commence or pursue such recovery actions.

In these circumstances, any creditors wishing to fund any such actions themselves may do so. Should any funds be recovered from these creditor-funded actions, those creditors providing the funding may be entitled to receive their contribution in priority to any other creditors.

Litigation funding or insurance may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there are strong prospects of success.

A summary of our preliminary investigations is detailed below.

Table 20: Summary of investigations of voidable transactions

Types of voidable transactions	Commentary
Unfair Preferences Payments (section 588FA)	Our preliminary investigations indicate that whilst the Companies made payments to creditors in the normal course of trading after the date of insolvency (discussed at section 6.4 below), we have not seen any evidence to suggest the recipients of these payments would not have reasonable grounds to assert a defence to such a claim even if one could be substantiated. In the event that the Companies under voluntary administration are subsequently placed into liquidation, the liquidator will need to prove (amongst other things) that the Companies under voluntary administration were insolvent at the time each transaction was entered into or that the Companies under voluntary administration became insolvent as a result of entry into a transaction. The liquidator will also need to be prepared to put on evidence to refute any defence raised by a creditor that it did not have reasonable grounds to suspect that the company was insolvent at the time the payments were made. Significant investigative work would need to be undertaken and the commerciality of any recovery action would need to be considered together with the likely costs of recovery. Our findings in this regard are further detailed in section 6.3.1 below.
Unfair Loans (section 588FD)	Our investigations have not revealed that the Companies entered into loans with parties which committed them to extortionate terms.
Uncommercial Transactions (section 588FB)	Our investigations have not identified any transactions that would constitute an uncommercial transaction of any of the Companies.
Discharging a Debt of a Related Entity (section 588FH)	Any related party transactions that may be of this type were to entities subject to DOCG1 or DOCG2, and/or entities in voluntary administration. There are no payments pursuant to this section of the Act that would be available for successful recovery by a liquidator.
Unreasonable Director-Related Transactions (section 588FDA)	Our investigations have not to date identified any unreasonable director related transactions. Remuneration received by the Directors is detailed in the Remuneration Report contained in the Annual Reports of the Consolidated Group.
Arrangements to Avoid Employee Entitlements (section 596AB)	We have not to date identified any transactions of this nature.
Transactions with the Purpose of Defeating Creditors (section 588FE(5))	We have not identified any transactions that appear to have been undertaken for purpose of defeating creditors.
Circulating security interests created within six months (section 588FJ)	A search of the PPSR reveals that no circulating security interests were registered on the PPSR in respect of the assets of the Companies during the six months prior to the relation back day. On this basis, it would appear that there are no transactions of this nature.

6.3.1 Unfair preference payments (section 588FA)

We have conducted an analysis of payments made by the Companies from the date we assessed the Companies became insolvent, to determine those that may potentially be considered unfair preferences. However, our investigations are preliminary at this stage only.

In the event that a transaction was identified by a subsequently appointed liquidator as being an unfair preference, that liquidator will need to prove (amongst other things) that:

- The relevant Company was insolvent at the time the transaction was entered into or became insolvent as a result of entry into that transaction; and

- The receipt of the payment constitutes a better outcome for the relevant creditor than it would receive in a liquidation of the relevant company.

There would need to be significant investigative work undertaken to establish whether:

- The Company was insolvent at the time the transaction occurred.
- The creditor that received the payment had no reasonable grounds to suspect that the Company was insolvent or would become insolvent because of the transaction (and that a reasonable person in the creditor's circumstances would have had no such grounds for so suspecting).
- The creditor has sufficient assets to settle any successful claims.
- The cost of commencing the recovery action is greater than the possible return.
- There are sufficient funds available to the liquidator (subject to the approval of creditors) to pursue the proposed preference recovery action.

As noted above, recovery of a preference payment is dependent upon a liquidator proving or refuting (amongst other things) the matters discussed above. This would require a detailed investigation by a liquidator and, more likely than not, the commencement of legal action in court (assuming the parties did not agree with the liquidator's assertions). In response to such a claim, two common defences or responses are:

- That the payment was received in good faith and the creditor receiving the payment had no reasonable grounds for suspecting that the relevant company was insolvent at the time the payment was received (or would become insolvent because of the transaction); and
- A running account existed between the creditor and the company, which contained a series of mutual credits and debits, and therefore, that the sum of the voidable transaction claimed by the liquidator should be reduced. The potential reduction in the amount recoverable is determined by taking the peak indebtedness amount in the account during the period (i.e. the maximum creditor balance) and the closing creditor balance (the calculation typically referred to as the "peak-to-close balance"). In our experience, it is common for a trade creditor to argue that a running account existed when an unfair preference is claimed.

It is also important to note that if any amount is recoverable from a creditor as a preference payment, that creditor will have an unsecured claim against the relevant entity for an equivalent amount in the liquidation and may lodge a proof of debt for that amount plus any other outstanding debts.

The above potential claims may be reduced by a portion of the cost of taking the action as, generally, not all costs are recoverable from a defendant creditor even if the liquidator is successful.

Our view is that, given the short period of time the Companies traded while insolvent, our preliminary investigations, and the defences available to creditors, there is unlikely to be any significant recoveries compared to the overall quantum of creditor claims which would provide a material increase to any returns to creditors if the Companies were placed into liquidation when compared to a return under the Bain DOCA proposal.

6.4 Insolvent trading (section 588G)

Directors have a positive duty to prevent a company from trading whilst it is insolvent (section 588G of the Act). If a director is found to have contravened section 588G he or she may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors of the company as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the company as directors of the company can only be pursued for insolvent trading if the company is in liquidation.

As with the voidable transaction analysis above, creditors have to assess the advantages to them of voting in favour of a DOCA (which relevantly will not include any amounts that might be recoverable by a liquidator from insolvent trading actions) and compare this with the likely return in a liquidation which would include such amounts.

It is important to note that a director can raise a number of possible defences to a claim for insolvent trading, including (see section 588H of the Act):

- The director had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent.
- The director:
 - had reasonable grounds to believe, and did believe, that a competent and reliable person was responsible for providing adequate information to the director about the company's solvency and that person was fulfilling that responsibility; and
 - expected, on the basis of that information, that the company was solvent and would remain solvent;
- The director, because of illness or for some other good reason, did not take part in the management of the company at the relevant time; and
- The director took all reasonable steps to prevent the company from incurring the debts in question.

On 19 September 2017, the *Treasury Laws Amendment (2017 Enterprise Incentives Np. 2) Act 2017* came into effect, which provides protection to directors under the safe harbour amendments made to the existing insolvent trading laws in certain circumstances (see section 588GA of the Corporations Act 2001).

On 25 March 2020, the Coronavirus Economic Response Package Omnibus Bill 2020 received Royal Assent, which inserted section 588GAAA into the Act. section 588GAAA provides relief for directors from potential insolvent trading during a six month period from 25 March 2020. To be able to rely on these measures, the debt incurred must be incurred:

- In the ordinary course of business; and
- During the six-month period commencing 25 March 2020.

The Explanatory memorandum to the above bill explains that a director is taken to have incurred a debt in the ordinary course of business if it is necessary to facilitate the continuation of the business.

Given our conclusions detailed in **section 6.4.1** of this report regarding the insolvency position of the Companies under administration, we have sought to investigate whether the Directors had sought safe harbor immunity or in raising statutory defences, in respect of any personal liability for insolvent trading debts that might have been incurred by the Companies under administration. Our analysis is discussed at **section 6.5.3.1** below. We have asked the directors whether they would seek to rely on a safe harbour defence in the event we concluded the Companies traded while insolvent. A response was received on 18 August 2020 from the Directors of VAIH, VAIA, VSEA and Tiger1. This is further discussed in **section 6.5.3.1**.

6.4.1 Administrators' conclusions regarding solvency

Our investigations into the solvency of each of the Companies under administration have been extensive, but are preliminary only at this stage. We have set out in the following sections our analysis of the various indicators of insolvency, which have led to our conclusions noted in this section.

We reviewed the indicators of insolvency (detailed in **section 6.4.2**) in coming to a conclusion on whether the Companies under administration were insolvent prior to the date of our appointment and the date they may have become insolvent.

The Consolidated Group's 1HFY20 Results Presentation dated 26 February 2020 forecast a 3% decline in capacity and a \$10m - \$20m impact to international demand in 2HFY20 as a result of COVID-19. On 13 March 2020 the Virgin Group announced to the ASX that domestic and international capacity would decrease by 6% in 2HFY20 and 7.7% in 1HFY21. This was followed by a 50% reduction in capacity announced shortly thereafter on 18 March 2020. On or around 22 March 2020 COVID-19 travel restrictions and social distancing measures were announced by the federal and various state governments that resulted in Virgin Group announcing to the ASX on 25 March 2020 a 90% reduction of Virgin Group's domestic capacity.

On or around 23 March 2020 the Consolidated Group had engaged MS to assist with funding options. Morgan Stanley had indicated to the Board at the 23 March 2020 Board meeting that there was recent international precedent for government support, however it was expected that government support would require that options as to existing shareholder support to have been explored and exhausted.

On 26 March 2020, the CEO wrote to the Australian Prime Minister and Deputy Prime Minister seeking a \$1,400m funding instrument, noting that government support may be the only feasible source of capital to support the Consolidated Group through the COVID-19 pandemic. The CEO followed up this letter with another letter to the Prime Minister, Deputy Prime Minister and Treasurer on 31 March 2020, seeking an indication of the federal government's willingness to support the Virgin Group.

At the Board meeting held on 1 April 2020, a Morgan Stanley paper presented to the Board advised that conventional debt and equity markets were not a funding option and that government and/or existing shareholder support would be required, noting that could be complemented by new major investors.

The Virgin Group formally sought Major Shareholder support from on or around 8 April 2020 and indicated to Major Shareholders as early as 22 March 2020 that they may be required to provide funding as part of seeking government support. From on or around 12 April 2020 to 13 April 2020 Major Shareholders indicated their inability to provide support.

The Virgin Group was actively seeking financial support from state and federal governments, Major Shareholders and other investors from at least from 22 March 2020 up until the date of administration.

In our view, the substantial reductions to capacity and projected revenue caused by the 18 March 2020 and 22 March 2020 travel restrictions combined with the inability to access further debt or equity funding (as evidenced by the approaches to government and Major Shareholders who themselves were materially impacted by travel restrictions) meant that the Virgin Group was unable from that point on to continue to meet its known liabilities moving forward as they fell due.

Government support may be considered as a 'lender of last resort' and as this funding was not committed, the Virgin Group could not rely upon it as an available source of capital to maintain solvency. Furthermore, when combined together with the following indicators of insolvency, we have formed the view that the Virgin Group was insolvent from 22 March 2020 and possibly as early as 18 March 2020 when the imposed travel restrictions caused the Virgin Group to no longer be a sustainable going concern:

- **Continuing losses** – as detailed at **section 6.4.3** the Virgin Group made losses before tax of \$763.5m for 2HFYTD20, \$902m for the period 1 July 2019 to 30 April 2020 and \$424.5m for FY19.
- **Working capital** – as detailed at **section 6.4.5** the Virgin Group's current ratio and adjusted current ratio declined from January 2020 up until administration.
- **Trade creditors** – as detailed at **section 6.4.6** the Virgin Group trade creditor aging and overall trade creditors increased from January 2020 up until the start of the voluntary administration.
- **Access to funding** – by seeking government support, the Virgin Group was acknowledging its existing cash, receivables and loan facilities were insufficient.
- **Ability to raise capital** – as detailed above, Virgin Group had acknowledged that traditional forms of debt and/or equity were likely to be unavailable when it sought government support. Morgan Stanley had advised the Board that conventional debt and equity funding was unavailable. The Major Shareholders had also indicated their inability to assist.

The possibility of government support, whilst it cannot be treated as an available funding source for the purposes of assessing solvency, is relevant to the availability of defences to Directors and this is discussed at **section 6.4.8**.

As section 588GAAA came into effect on 25 March 2020, it provided effective relief to the directors from insolvent trading from this date. We have not seen anything to suggest the debts incurred after section 588GAAA came into operation do not fall within the requirements of that section. There are therefore possibly only three days from 22 March

2020 to 24 March 2020 when the Virgin Group was potentially trading whilst insolvent. This is discussed further at **section 6.5.3.1**.

There exist potential defences available to the Directors as discussed at **section 6.5.3**.

On the assumption that defences were not available, our preliminary analysis is that the potential loss to creditors is approximately \$17m to \$35m, depending upon whether the date of insolvency is 22 March 2020 or 18 March 2020 respectively, representing our estimate of new trading liabilities incurred up to 25 March 2020, being the commencement date of section 588GAAA and the protection it provided to directors from prosecution from trading a company while insolvent. Further, many of the trading liabilities in the above period related to periodic payments under pre-existing agreements including finance and lease agreements. Those debts have been excluded from the analysis of potentially recoverable amounts as those debts were incurred at the time the underlying agreement was signed and at a time when the Virgin Group was not insolvent.

This is our preliminary view, but ultimately the issue of insolvency would need to be determined on the basis of available expert evidence presented to a Court.

In instances where insolvency can be proven, a liquidator would investigate further the possibility of commencing action against the Directors of the Companies under administration for breaches of their duties to prevent insolvent trading. If it is established that a director has breached his or her duties to prevent the company from incurring debts whilst it was insolvent, and there are no defences or exceptions available to the director (for example, under the safe harbour regime), then a liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts were incurred in the relevant period but remain unpaid.

If a liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the director(s) for compensation. If a liquidator chooses not to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

6.4.2 Tests of a company's solvency

Under section 95A of the Act, a person (including a company) is solvent "if and only if the person is able to pay all the person's debts, as and when they become due and payable." A company is therefore insolvent if it cannot pay its debts as and when they become due and payable.

The ability to pay such debts is determined in the circumstances as they were known, or ought to have been known, at the time. That is, without the benefit of hindsight. Not only are considerations at the time relevant, but also the immediate future. How far into the future depends on the circumstances of the company's business and its known future liabilities. Liabilities into the future that were reasonably unexpected, whether as to incidence or quantity, would be excluded from the proper analysis of the ability to pay debts that were then reasonably known. To that end, sources of funding from the sale of assets or external funding are allowed to be taken into account, including debt funding. However, in the case of debt funding, the assessment of that funding being available to pay debts is assessed in the context of the terms on which it is lent, for example, whether it is secured or unsecured funding and whether the time for its repayment is such that the financier does not itself become a creditor whose debt cannot be repaid.

Whether a company is able to pay its debts as and when they become due and payable is essentially a "cash flow" test rather than a "balance sheet" test (however a company's balance sheet is relevant to the analysis). Proving insolvency generally involves the assessment of the presence of a range of indicia of insolvency. The relevant indicia of insolvency are discussed further in this section.

When considering insolvent trading a liquidator must consider a range of factors to determine whether a company was insolvent and the date that the company became insolvent. No factor by itself is definitive of insolvency rather the factors must be considered in totality.

Where possible we have considered the below analysis at the Virgin Group level, which excludes the Velocity Group. Where relevant we have considered the potential support that may have been available to the Virgin Group from the Velocity Group.

Our preliminary investigations have revealed the following in relation to the relevant indicators of insolvency:

Table 21: Summary of indicators of insolvency

Indicators of insolvency	Section reference	Commentary
<u>Financial</u>		
Continuing losses	6.4.3	The Virgin Group sustained losses over the 22 month period (1 July 2018 to 30 April 2020) and in particular, leading up to the appointment of the Voluntary Administrators.
Balance sheet test	6.4.4	Based on our review of the monthly management account balance sheets, the Virgin Group's balance sheets were in deficit since at least July 2019 (after the add back of AASB16 impact and deducting intangibles).
Working capital	6.4.5	The working capital position of the Companies worsened from January 2020 to Administration. On an adjusted basis the current ratio fell below one in February 2020 and remained so until Administration.
<u>Operations and cash flow</u>		
Monthly trade creditor payments	6.4.6	Our investigations have revealed increased total trade creditors, trade creditors past due and ageing of trade creditors from February 2020 until Administration. From approximately the middle to the end of March until Administration the Virgin Group was actively deferring trade creditor payments.
Overdue Commonwealth and State taxes	6.4.7	The Virgin Group had sought and obtained the deferral of BAS payments on 18 March 2020 of approximately \$15.8m.
Inability to borrow further funds/no access to further funds and/or inability to raise further equity capital	6.4.8 and 6.4.10	The Virgin Group's debt to assets ratio increased following the raising of debt in November 2019. Known as a leverage ratio, it is a measure of the capacity of a business to raise debt finance. The lower the leverage the greater the capacity to raise debt finance. The airline industry globally had been impacted more so than other industries by COVID-19 and this combined with Virgin Group's leverage position, meant that traditional sources of debt and equity were unavailable. This was confirmed by the Virgin Group's advisors in late March 2020. The Consolidated Group sought government funding, thus indicating existing debt finance facilities were not sufficient or able to be extended.
Suppliers placing the company on C.O.D or demanding special payments before resuming supply/creditors unpaid outside trading terms		We are not aware of any suppliers placing the Companies under administration on "cash on delivery" terms or special payment plans prior to the date of appointment. There were some cases of trade creditors seeking shorter payment terms.
Special payments with selected creditors/payments to creditors of rounded sums which are not reconcilable to specific invoices		Our preliminary investigations have not revealed any special payments that were referenced to creditor demands for payment other than requests for shorter payment terms.
Solicitors letters, summons, judgments entered or warrants issued		We are not aware of any claims of this nature or judgments entered against any of the Companies.

Indicators of insolvency	Section reference	Commentary
Overdue employee wage payments		According to the books and records, there were no material overdue wages owing to employees as at the date of the appointment.
Overdue landlord payments		Our investigations did not reveal any significantly overdue amounts payable to the lessors on appointment.
Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts		The Companies prepared monthly management accounts and information for the Board of Directors. We are of the view that it maintained adequate financial records in accordance with section 286 of the Act. From at least September 2019, the Virgin Group had difficulties meeting budgeted earnings and cash balances. This was particularly driven by difficulties in meeting budgeted revenue. It is noted however that from late 2019 the aviation industry was subject to rapidly changing economic events and whilst the Companies did not meet their budget, they remained above the minimum mandated unrestricted cash balance of \$350m set by the Board.

Further detail in respect of the above indicators is set out in the sections to follow.

6.4.3 Continuing losses from trading

The Virgin Group made losses before tax of \$763.5m for 2HFYTD20, \$902m for the period 1 July 2019 to 30 April 2020 and \$424.5m for FY19.

For the purpose of assessing the solvency of each of the Companies, we have reviewed the monthly earnings profile over the period of July 2018 to April 2020 below.

In the analysis provided throughout this section we have marked the introduction of AASB16. As mentioned in **section 4.2** the Consolidated Group introduced AASB16 from November 2019. As its impact was material, caution should be taken when reviewing the financial results across months that straddle the introduction.

Figure 7: Trading performance of Consolidated Group, excluding Velocity



In respect of the above monthly management accounts we note the following:

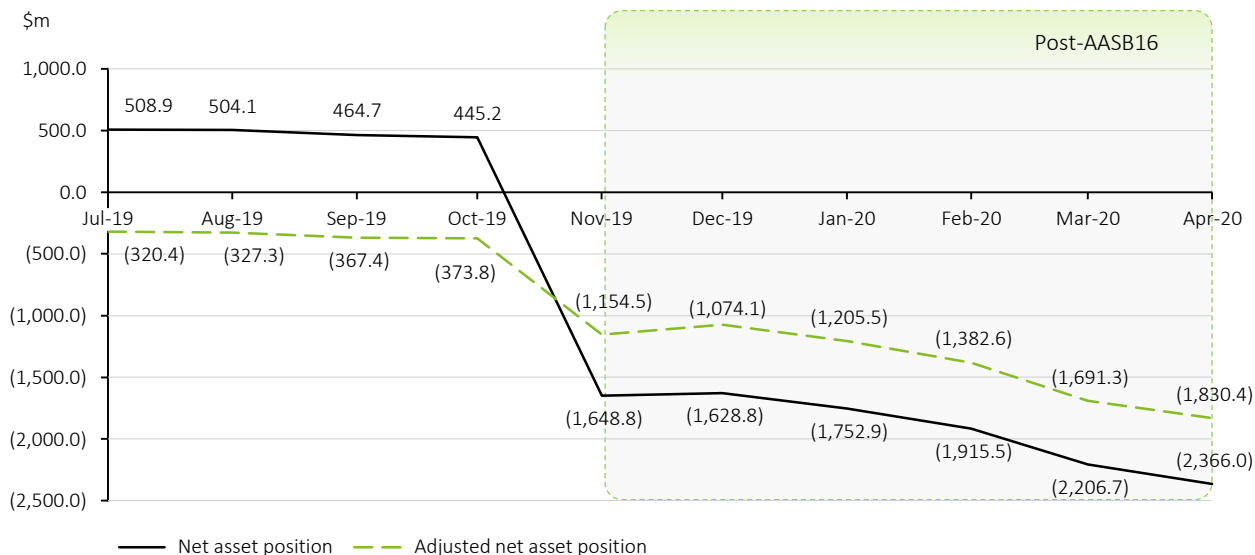
- Virgin Group experienced predominantly positive EBITDA, with 14 out of 22 months being positive since 1 July 2018.
- We have not made any adjustment to reverse the impact of AASB16 from November 2019. It is likely that earnings would be lower without the impact of AASB16 accounting treatment, as depreciation add back increased and rental expenses decreased following AASB16 application.
- Losses significantly increased from January 2020 to April 2020, caused predominantly by the impact of the Australian bushfires and COVID-19.
- The \$180.1m EBITDA loss at June 2019 was largely attributed to year-end adjustments to the carrying value of goodwill.

6.4.4 Balance sheet test / net asset deficiency

Whilst the cash flow test is generally viewed as the key test by the Courts for assessing solvency in accordance with section 95A of the Act, the balance sheet test is still a relevant indicator and commonly used in assessing a company's solvency, as it reviews whether a company has sufficient (realisable) assets to meet its liabilities.

In **section 4.3.2** above, the Group's management accounts disclose that the Group had a net asset deficiency as at 2HFY20 of \$2,366m. However, for the purpose of assessing the solvency of the Virgin Group, we have reviewed and adjusted the Virgin Group's balance sheet for assets we consider unlikely to be easily realisable, and liabilities which may not be required to be repaid (**Adjusted Net Assets**). As such, the below analysis excludes intangibles assets and, other financial assets (including various performance bonds and deposits on leased equipment etc.) and adds back an adjustment for AASB16.

Figure 8: Net asset position of Consolidated Group excluding Velocity



In respect of the above analysis, we note the following:

- The Virgin Group's balance sheet was particularly impacted by the introduction of AASB16, as were all airlines and many other industries that operate via leased assets. Virgin Group applied AASB16 in November 2019 and this resulted in a net asset deficiency. Following losses in 2HFY20YTD this position worsened such that even after adding back a notional AASB16 impact of \$1,345.4m, a net asset deficiency existed.
- The Consolidated Group had in November 2019 acquired the remaining 35% minority stake in the Velocity business, funded by the issue of listed and unlisted notes. This contributed \$711.1 million to the net liability position. The Replacement Prospectus dated 5 November 2019 for the issue of the listed notes, stated the consideration implied an enterprise value of \$2.1 billion for the Velocity Group, representing a 16.1 times multiple of the Velocity business

EBITDA. However, the acquisition was accounted for as a transaction with owners recognised directly in equity with the net assets and liabilities of the Velocity Business continuing to be measured at their historical cost rather than being restated to fair value at the date of acquisition.

6.4.5 Working capital

6.4.5.1 Liquidity (current) ratio

When considering the cash flow of a company, the current ratio provides a useful insight into a company's ability to meet short term commitments. This ratio is calculated as follows:

$$\text{Current ratio} = \frac{\text{net current assets}}{\text{net current liabilities}}$$

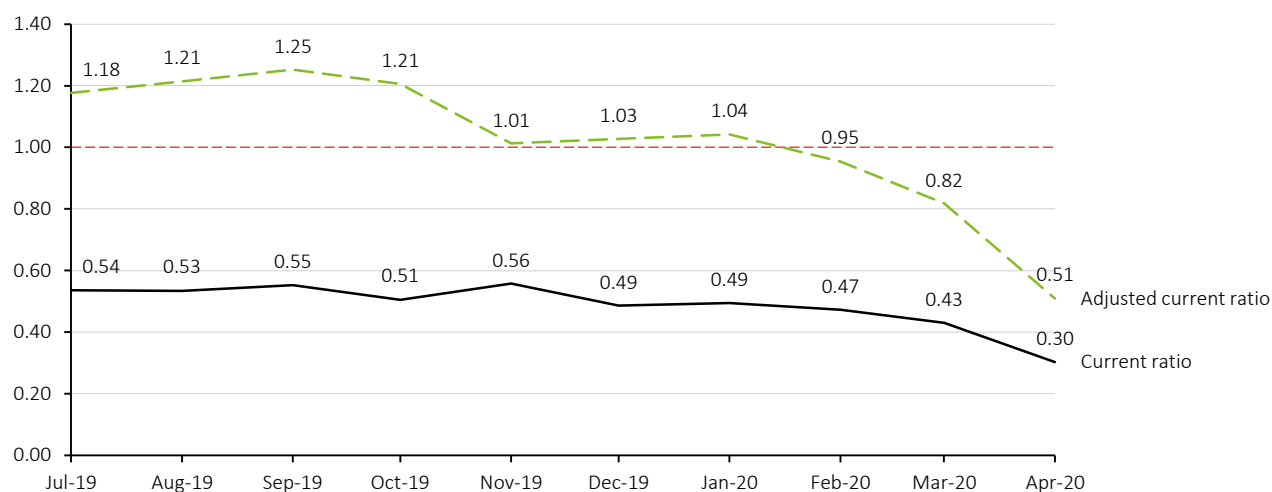
A liquidity ratio (i.e. current ratio) below 1 is considered to be an indicator of insolvency as it signifies that a company does not have sufficient current assets to meet its current liabilities when due and payable.

A company's liquidity ratio on its own is not a definitive indicator of insolvency and should be measured alongside the company's access to alternative finance. We discuss the Group's ability to access alternative finance in **section 6.4.10** below.

Virgin Group historically had a current ratio of below 1. This is not uncommon in the airline industry where there are large unearned revenue liabilities representing forward bookings and therefore by itself a ratio of less than 1 is not necessarily indicative of insolvency. In this case, the focus of our analysis has been upon the current ratio trend over time, as well as adjusting the calculation for the current ratio by removing the AASB16 impact, restricted cash balances, unearned revenue and the current portion of interest-bearing liabilities. These amounts were removed because these types of assets and liabilities may not be considered either immediately available as a source of funding or liabilities requiring immediate payment.

We have analysed the liquidity ratio of the Virgin Group on a monthly basis below:

Figure 9: Monthly current ratio analysis



Source: Management information

In respect of the above analysis, we note the following:

- The Virgin Group had a deteriorating adjusted current ratio from September 2019.
- Adjusted current ratio deteriorated significantly from January 2020 up to Administration, consistent with the deterioration in earnings over the same period. The deterioration was reflected in:
 - falling cash balances

- increases in trade payables
- increases in financing facilities drawn.

6.4.6 Creditor ageing, creditor pressure or legal actions

The increase in ageing, overdue and overall total trade creditors is a potential indicator of solvency concerns. Companies may defer the payment of trade creditors to conserve cash and/or alternatively companies simply do not have the ability to meet creditor obligations. We have analysed the Virgin Group's aged creditors' ledgers and overdue creditor ledger (creditors past their relevant due date as per the invoice terms) and provide the following summary:

Figure 10: Trade creditors of Consolidated Group excluding Velocity

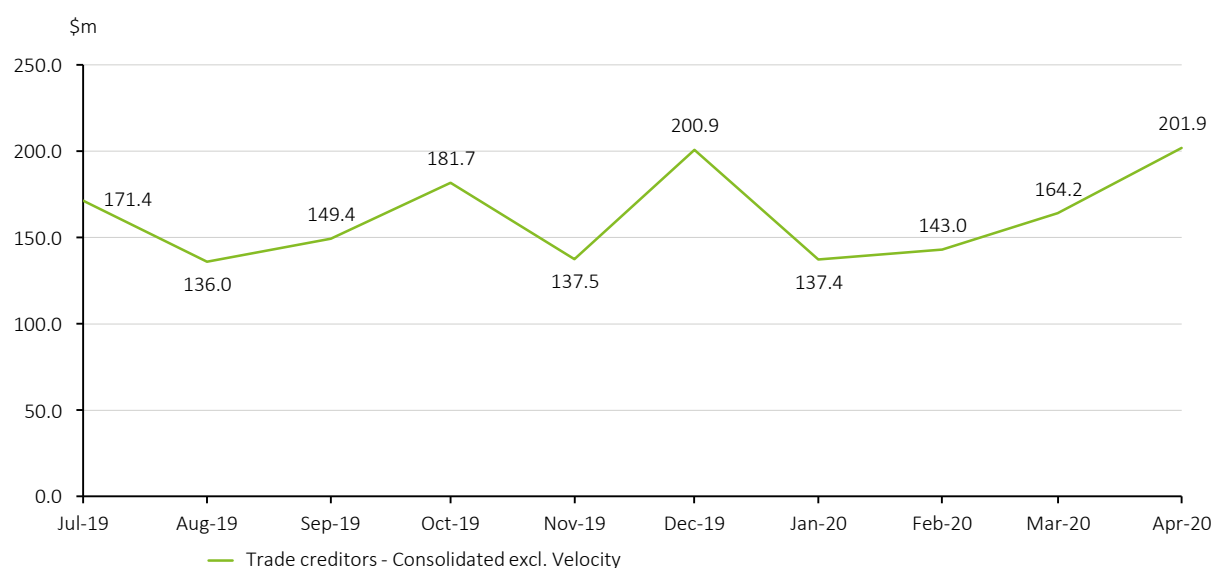


Figure 11: Overdue trade creditors of the Consolidated Group excluding Velocity

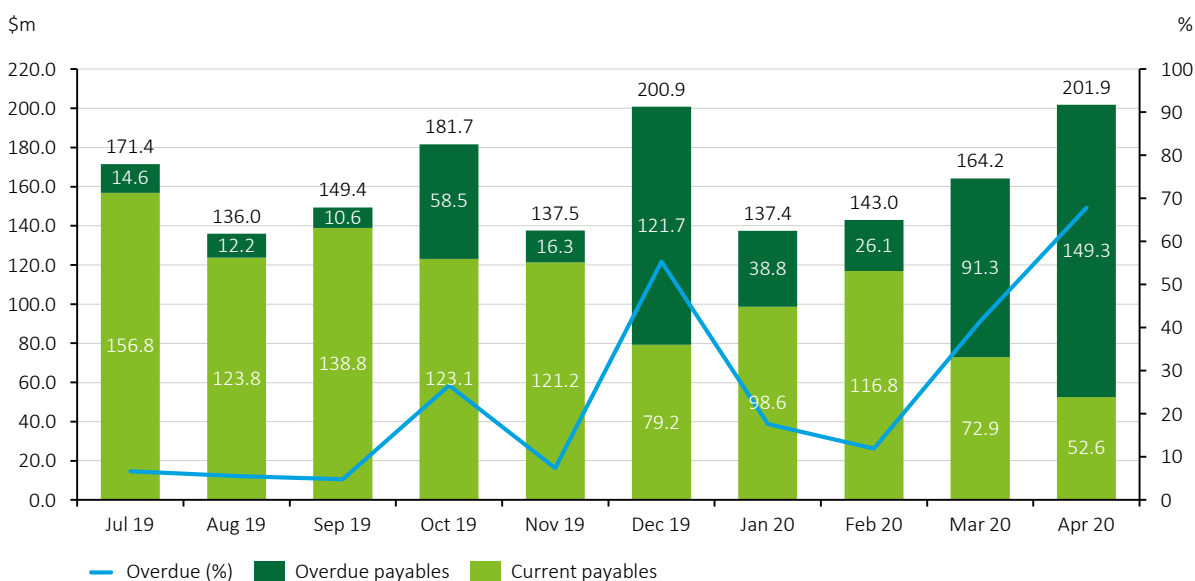
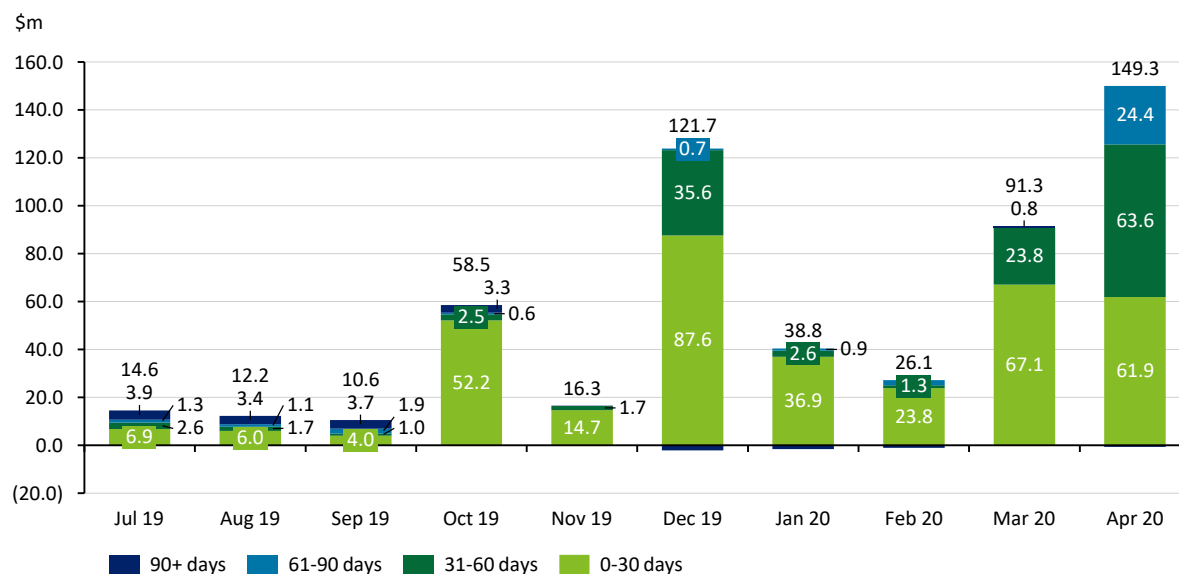


Figure 12: Ageing of monthly trade creditors from invoice due date



Source: Management information

We make the following observations in respect to the Virgin Group's trade creditors:

- There was no discernible increasing trend in overdue creditors until March 2020. The position deteriorated rapidly in March 2020 and April 2020, as earnings impacted by COVID-19 travel restrictions declined, and Virgin Group sought to aggressively manage its liquidity.
- There was a corresponding increase in total trade creditors, trade creditors over 30 days and overdue trade creditors from February 2020 through to our appointment.
- It is also noted that total trade creditors, although increasing from February 2020 to April 2020, had been at similar levels before this period, albeit this would have been at a time when trading operations were at a much greater level and therefore trade creditors would be expected to be higher. Management had also entered into arrangements with creditors for the deferral of payments as a result of the reduced level of operations.
- It appears therefore that Virgin Group was not paying all of its trade creditors as they fell due from on or around March 2020 and our discussions with Management have confirmed that the creditor position was being managed by paying creditors past the due date, thus indicating the Virgin Group was suffering reduced liquidity.

The dealings between a company and its creditors is considered to be a strong indicator of insolvency albeit that it is usually a lag indicator, as creditors are more often reactionary in their dealings.

Our interview of Management revealed no widespread evidence of creditors pressuring the Virgin Group to settle outstanding accounts, nor is there any evidence of enforcement or legal action. Management did advise that a small number of creditors were seeking accelerated payment terms from March 2020 that may have been related to either concerns over Virgin Group's financial position and/or due to airline industry creditors seeking to improve their own liquidity given the COVID-19 financial impact across the industry.

6.4.7 Overdue taxation obligations

On 18 March 2020 the Virgin Group sought payment deferrals of four months for VAA's February 2020 and March 2020 Business Activity Statements (BAS). On 23 March 2020 Virgin Group sought further four month payment deferrals for the April 2020 to June 2020 BAS, and sought to be able to receive a refund of the input tax credits on the February 2020 and March 2020 BAS. Only the February 2020 and March 2020 BAS payment deferrals were granted. The total of the BAS deferrals was \$15.8m.

From our preliminary investigations, we have concluded that the Virgin Group had consistently good compliance history with its main statutory creditors, except until 18 March 2020 when it sought payment deferrals. These revised terms are taken into account in considering insolvency as they change when the debt becomes due and payable.

6.4.8 Access to funding

6.4.8.1 Facility limits

Set out below is a summary from July 2019 to 30 April 2020 of the Virgin Group's access to lines of credit under its Velocity Group Loan and MOFA loan facilities and available cash. We did not include other minor surety, guarantee and receivable funding facilities that were either not available for general working capital purposes, not included within Management's own analysis of liquidity or otherwise immaterial.

Table 22: Facility limits by month

\$m	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	20-Apr-20
Total facilities										
MOFA	260.5	264.3	263.9	258.7	263.4	245.5	256.9	263.4	278.5	263.1
Velocity Group Loan	400.0	400.0	400.0	400.0	400.0	460.0	460.0	460.0	460.0	460.0
Total facility limit	660.5	664.3	663.9	658.7	663.4	705.5	716.9	723.4	738.5	723.1
Used at reporting date										
MOFA	(218.6)	(223.5)	(228.4)	(223.5)	(227.3)	(227.0)	(237.5)	(243.9)	(259.1)	(244.7)
Velocity Group Loan	(282.0)	(150.0)	(150.0)	(150.0)	(300.0)	(300.0)	(150.0)	(150.0)	(150.0)	(150.0)
Total used	(500.6)	(373.5)	(378.4)	(373.5)	(527.3)	(527.0)	(387.5)	(393.9)	(409.1)	(394.7)
Unused at reporting date										
MOFA	41.9	40.8	35.5	35.3	36.1	18.6	19.4	19.6	19.4	18.4
Velocity Group Loan	118.0	250.0	250.0	250.0	100.0	160.0	310.0	310.0	310.0	310.0
Total unused	159.9	290.8	285.5	285.3	136.1	178.6	329.4	329.6	329.4	328.4
Unrestricted cash	957.9	847.1	924.2	839.7	642.8	728.1	537.4	508.4	466.7	317.4
Total unused facilities + unrestricted cash	1,117.8	1,137.9	1,209.7	1,125.0	778.9	906.6	866.8	838.0	796.1	645.7

Source: Unaudited management information

Figure 13: Finance facilities - MOFA and Velocity Group Loan

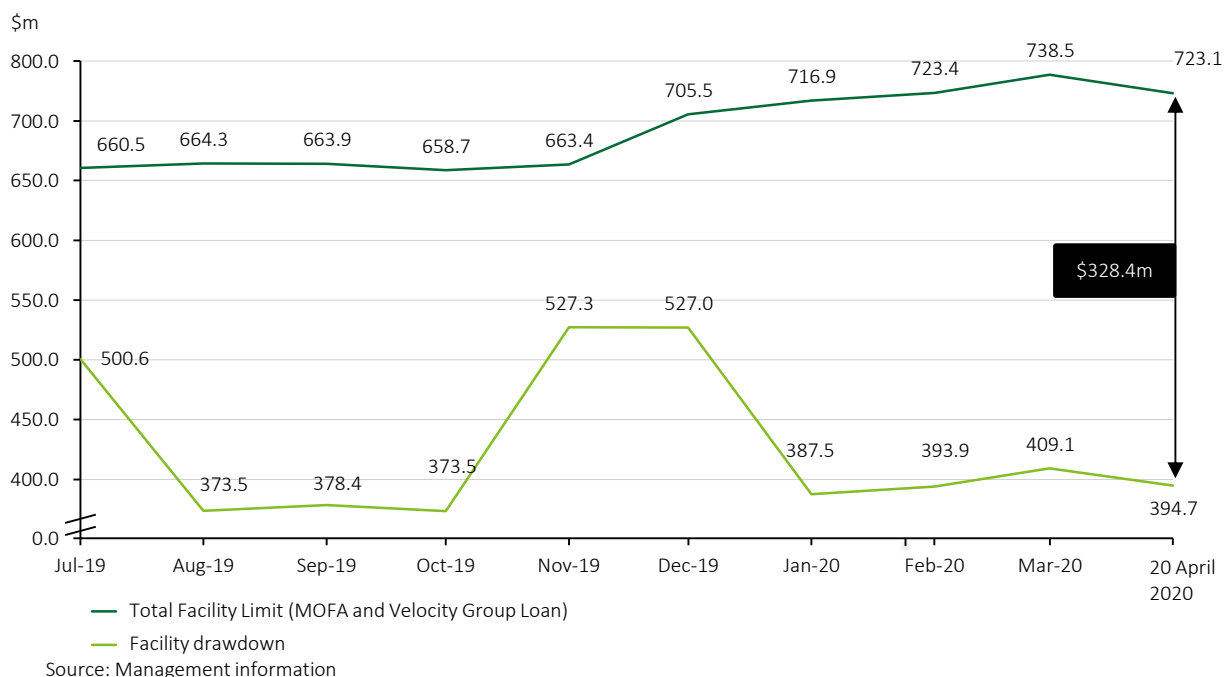
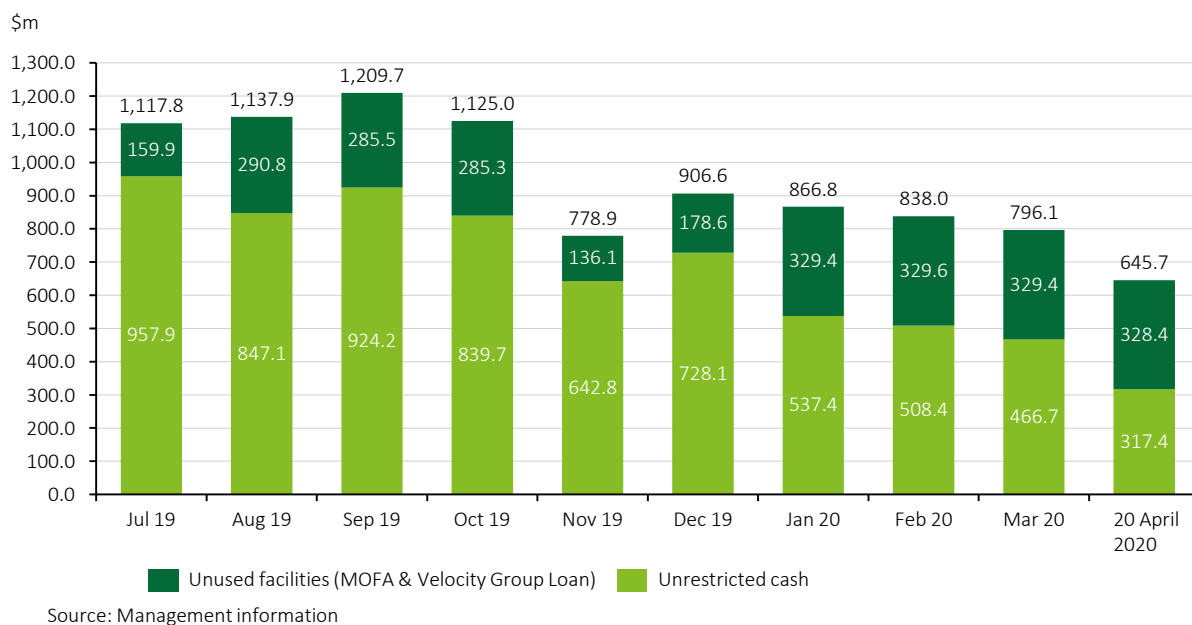


Figure 14: Liquidity based on unrestricted cash, Velocity Group Loan and MOFA



We make the following observations as to Virgin Group's access to funding:

- Total unused facilities and unrestricted cash decreased from December 2019, as cash was funding losses.
- Although there was \$310m unused under the Velocity Group Loan, this amount was not able to be immediately drawn down unless the Virgin Group met certain pre-conditions, including but not limited to, there being no repayment defaults and that Virgin Group's unrestricted cash balance would not be less than the drawn amount of

the loan. This would mean that at some stage in April 2020 the Velocity Group Loan would not have been available in full, as the unrestricted cash requirement would likely not have been met.

By seeking government support Management had formed the view that the available funding lines were not sufficient to fund the Virgin Group through a period of prolonged reduced capacity.

6.4.9 No material uncertainty related to going concern

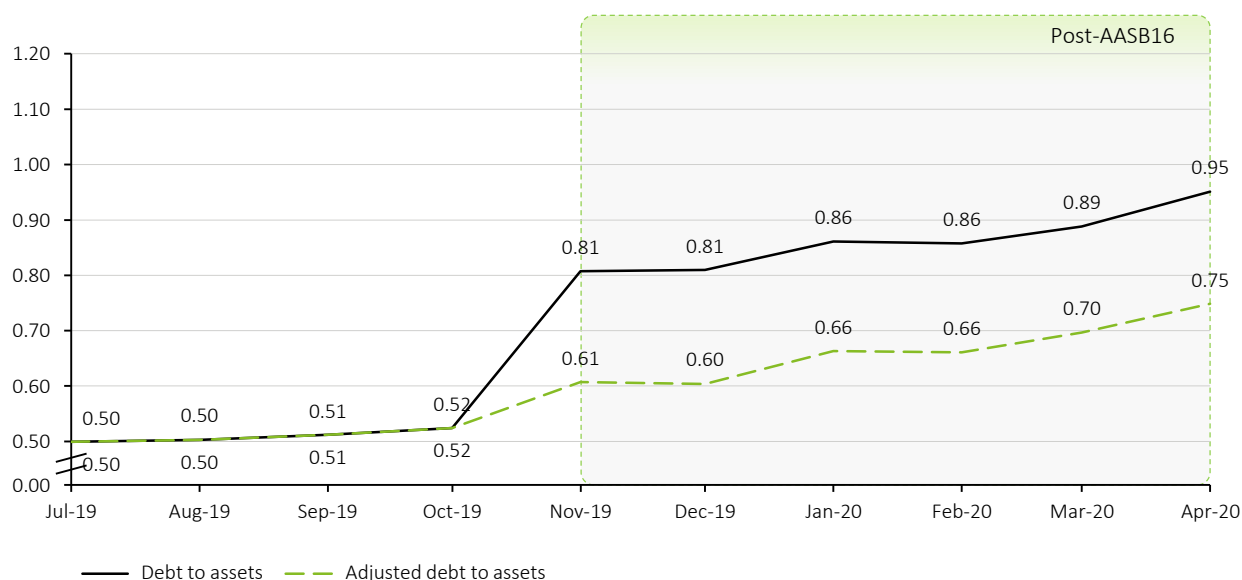
Note 1(c) of the 1H FY2020 financial statements (dated 25 February 2020) disclosed that the interim financial statements had been prepared on a going concern basis that was supported by a risk adjusted forecast of future cash flows. This note further disclosed that the Consolidated Group had performed a range of sensitivity analyses to forecast the impact of COVID-19 and that this analysis supports the Consolidated Group continuing as a going concern. The Consolidated Group's auditors KPMG did not raise a material uncertainty or make other comment as to going concern.

6.4.10 Ability to raise capital

The Consolidated Group had in November 2019 raised USD\$425m and \$325m in unsecured notes. This resulted in the Virgin Group's leverage as measured by debt divided by total assets, increasing from 0.52:1 to 0.81:1. This debt was primarily used to fund the acquisition of 30% of Velocity. As a result, Virgin Group had reduced capacity to raise further debt. We have provided an adjusted measure also to reflect the potential impact of AASB16.

Once the impact of COVID-19 became more pronounced on or around 22 March 2020, when substantial travel restrictions were announced, it would have been very difficult for the Virgin Group to raise traditional sources of debt or equity, given Virgin Group's already increased leverage and general market sentiment towards the airline industry. This was confirmed by MS and evident by the Consolidated Group's attempts to obtain government funding as one of the very few sources of possible capital. The Consolidated Group was also unable to obtain support from its Major Shareholders, who were also impacted by COVID-19 and were unable or unwilling to assist.

Figure 15: Monthly debt to assets ratio



Source: Management information

We note also that the Velocity Group, other than the Velocity Group Loan, was also a potential source of capital via the profits that it (the Velocity Group) generated, that were available to the Virgin Group as the 100% owners of the Velocity Business. Our investigations indicate that on or around 26 March 2020 there may have been only approximately \$10m in available potential distributions from the Velocity Group. On this basis the Velocity Group was unable to provide meaningful liquidity support to the Virgin Group save for the unused limit of the Velocity Group Loan.

6.5 Offences by the Directors

There are a number of offences under the Act which may be identified by an administrator arising from a director's breach of duties, which may lead to civil and/or criminal liability. A summary of these offences is included in **Appendix J**.

6.5.1 Reports to ASIC

As the Administrators we are required to complete and lodge a report pursuant to section 438D of the Act with ASIC where it appears to us that:

- A past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or
- A person who has taken part in the formation, promotion, administration, management or winding up of the company may have misapplied or retained, or may have become liable or accountable for money or property of the company or may have been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

Any report lodged pursuant to section 438D (or an investigative report lodged by a subsequently appointed liquidator pursuant to section 533 of the Act) is not available to the public.

6.5.2 Books and records

Pursuant to section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and audited in accordance with the accounting standards.

Failure by a company to maintain financial records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of the company. However, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act.

In our opinion, it appears that the financial records for each of the Companies under administration have been maintained in accordance with section 286 of the Act.

We have undertaken a preliminary investigation of the affairs of each of the Companies under administration in relation to suspected contraventions of the Act, including but not limited to any potential breach by a Director of their duties, including those detailed in sections 180 - 184 of the Act.

Whilst we will continue to investigate any potential breaches of directors' duties, at the time of writing this report it is unlikely that there are any existing causes of action against any of the Directors of the Companies that would have reasonable chances of success and result in material recovery, given the likely available defences. Further investigation would be required.

6.5.3 Potential offences

6.5.3.1 Insolvent trading

As stated in **section 6.4**, directors have a positive duty to prevent a company from trading while insolvent. If a director is found to have contravened section 588G he or she may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors of the company as a result of the contravention.

Our preliminary analysis indicates the Group was insolvent from 22 March 2020 and possibly as early as 18 March 2020. On 25 March 2020, section 588GAAA was enacted, providing temporary relief to for directors from potential insolvent trading. We estimate there have been trading liabilities incurred of between \$17m to \$35m, depending upon whether the date of insolvency is 22 March 2020 or 18 March 2020, up to 25 March 2020.

As we have formed the view that the Virgin Group was insolvent by at least 22 March 2020, the Directors are able to avail themselves of the relief from insolvent trading under section 588GAAA, provided debts incurred whilst insolvent were done so in the ordinary course of business and during the six-month period commencing 25 March 2020.

The Explanatory Memorandum to the amendment explains that a director is taken to have incurred a debt in the ordinary course of business if it is necessary to facilitate the continuation of the business. Our investigations have not found any material debts that may not be considered to be reasonably incurred in the continuation of the business.

In addition to relying upon section 588GAAA, the Directors of VAIH, VAIA, VSEA and Tiger 1 have foreshadowed that, if necessary (and they deny that it is necessary), they would avail themselves of all grounds of defence available to them in respect to any action for trading the Group while insolvent. We have not at the time of writing this report received an indication from the Directors of the other Virgin Group companies as to reliance upon available defences, but we speculate that their response will be similar if not the same as that of the Directors of VAIH, VAIA, VSEA and Tiger 1. section 588GA contains safe harbour defences the Directors may seek to rely on. That provision pre-dates and is unrelated to COVID-19. It provides directors with protection from insolvent trading liability where a director begins to take a course of action that is reasonably likely to lead to a better outcome for the company than an immediate external administration and the debt incurred, or disposition that is made, for which the director might otherwise have liability to compensate the company, is one that is incurred or made directly or indirectly in connection with that course of action.

As stated, the position of the Directors of VAIH, VAIA, VSEA and Tiger 1 is that safe harbour protection was not needed, because they take the view that VAIH, VAIA, VSEA and Tiger 1 were not insolvent at any time prior to the appointment of administrators. Given what is stated above, we do not share that view, believing the Group was insolvent from 22 March 2020 at the latest.

A liquidator, if appointed, would need to conduct further investigations to assess whether the Directors may be entitled to safe harbour protection. For the purposes of this report to creditors however, and within the time and investigation limitations that have already been referenced in this report, we would still need to be satisfied of a number of things before we would be prepared to say a safe harbour defence would be available.

In addition to section 588GA and 588GAAA, section 588H of the Act provides various defences to a claim for insolvent trading. In particular section 588H(2) provides that it is a defence if the director had reasonable grounds to expect and did expect that the company was solvent and would remain solvent.

It is anticipated that the Directors would strongly defend any claims. For example, the Directors may seek to raise the defence that they had a reasonable expectation up until 13 April 2020 (when Major Shareholders had indicated their inability to support), that Major Shareholder support may be provided, and that up until the date of administration, that government funding may be forthcoming. Ultimately, the question of the availability of defences would need to be decided on the available evidence that could be presented to the court.

6.5.3.2 Directors duties

We have considered also whether the Directors' actions in respect to managing the Virgin Group's solvency position may have been a breach of sections 180 to 184 of the Act. Importantly, while changes were made on 25 March 2020 to the insolvent trading regime because of COVID-19, no corresponding changes were made to these statutory duties of directors, nor the corresponding general law duties. These duties, which are in addition to the duty not to trade while insolvent include:

- A duty of care and diligence (section 180), subject to the business judgment rule defence;
- A duty to exercise their powers, and discharge their duties, in good faith in the best interests of the company and for a proper purpose (section 181);
- A duty not to improperly use their position as a director to gain an advantage for themselves or another person, or to cause detriment to the company (section 182);
- A duty to not improperly use information obtained because of their position as a director to gain an advantage for themselves or someone else, or to cause detriment to the company (section 193); and
- Potential criminal liability for reckless or dishonest conduct connected with their duties of good faith and proper purpose, or use of position or information (section 184).

At this point in our investigations, we have not identified any specific act or omission, or other conduct, that would constitute a breach of sections 180 to 184. Under section 180, a director or officer may rely on the 'business judgement rule'. Under this rule, a director or officer must first show that they made a business judgment and that they made the judgment:

- In good faith and for a proper purpose;
- With no material personal interest in the subject matter of the judgment;
- After they informed themselves about the subject matter of the judgment to the extent they reasonably believed to be appropriate; and
- With a rational belief that the decision was in the best interests of the corporation.

A director or officer must be able to prove all these elements to rely on the rule. If they do, the Act considers that the director has fulfilled their obligations regarding care and diligence.

We continue to review the actions of the Directors and the records of the Virgin Group to see if there are identifiable acts or omissions, or other conduct, that might be actionable. What our investigations to date have revealed is that any such breaches that may have occurred, may have defences. In that respect, it is noted that the COVID-19 situation was unprecedented and evolved rapidly. In such circumstances forecasting the financial impact was difficult, as was the ability to trade out of these difficulties or seek alternate sources of funding to enable that to happen.

6.5.4 Directors' and officers' insurance

The financial position of directors and their ability to compensate for any damages awarded against them in the event proceedings were taken by a liquidator is relevant to the consideration of the commerciality of further action.

The Virgin Group had directors' and officers' insurance policies in place. The policies operate across the different entities in the Group and at a variety of layers, underwritten by insurers of known repute and standing. We consider that, to the extent there may be breaches of duty by the Directors of the type referred to above it may be possible to make a claim on that policy. At this point we do not consider it is in the interests of creditors to give further disclosure or other information on the potential to access the policies, but we will keep creditors abreast of that should the situation change in any material manner.

6.5.5 Other offences

Our investigations to date have not identified any other offences. In the event liquidators are appointed, further investigations would be undertaken.

6.6 Summary

As stated above, our investigations are preliminary and at an early stage, however it is our view that:

- The likely date of the insolvency of the Companies was 22 March 2020, and 18 March 2020 at the earliest being the date Group announced capacity reductions of 50% in response to the impact of COVID-19 and travel restrictions imposed by government.
- Having regard to our conclusion as to the earliest date of insolvency, we are of the view that there are no insolvent voidable transactions that are likely to be recoverable by a liquidator in the event the Companies are wound up that would have a material impact on the return to creditors when comparing returns under a DOCA.
- The Group may have traded while insolvent for a short period of time until 25 March 2020 when temporary laws were enacted to provide temporary relief to directors for claims for insolvent trading. Our preliminary view is that there is between \$17m to \$35m in trading liabilities that were incurred during this period that might be recoverable by a liquidator in the event the Group was placed into liquidation. We would expect any claim to be vigorously defended and any recovery net of costs would not have a material impact on returns to creditors when comparing a return in a liquidation versus a DOCA.
- We have not identified any breaches by directors of their duties under sections 180 to 184 of the Act.

A liquidator, if appointed, would be required to conduct further investigations. Ultimately, the final determination on any claims would need to be decided on the basis of available evidence presented to a court. Generally, such actions would only be pursued when there is considerable certainty that there are sufficient funds available to meet any damages awarded in favour of the claimant. These actions are usually expensive, vigorously defended and take a considerable time to litigate and conclude. When making a decision about the future of the Group, creditors should consider the above information in conjunction with information provided in **section 9** and **11** to form a view about what is in each creditor's best interest.

7 Voluntary Administrators' actions to date

7.1 Actions to date

On appointment, we conducted operational and statutory tasks, including an assessment of the financial viability of the business, and implemented a strategy aimed at maximising the best outcome for creditors. A summary of these actions discussed in the following sections.

7.1.1 Taking control of the business and maintain the operations of the Companies

We attended the Virgin Group's head office and took immediate control of the Virgin Group's business and operations. This has involved ongoing discussions with Management and staff regarding day-to-day operations and implementing trading processes for the voluntary administration period.

We developed a trade-on strategy including cash flow forecasts to allow the Virgin Group to continue operations as a going concern under the existing COVID-19 travel restrictions, for the purposes of facilitating a sale and/or recapitalisation of the Virgin Group. Since our appointment, we have undertaken the tasks detailed below.

7.1.1.1 General operations

- Maintained operations and built-up capacity as travel restrictions and health requirements allowed, which has included:
 - Maintaining government subsidised domestic and international routes, including special international repatriation flights.
 - Continued the VARA charter operations.
 - Worked with the Velocity Group to allow point redemptions.
 - Maintained the active employment of approximately 3,000 staff who continued to serve head office functions and limited flight capacity.
- Attended head office and other key sites, and taking control of all data, assets and services on appointment.
- Reviewed the internal management controls and approval process across the operations and implemented additional Voluntary Administrators' controls.
- Maintained the employment of approximately 9,022 employees who although many were stood down, continued to be employed via the pass-through of JobKeeper payments
- Reviewed, processed and approved purchase orders for continued operations.
- Negotiated amended agreements with parties that had contracts and agreements with the Companies.
- Issued repudiations and disclaimers of agreements where required.
- Worked with Virgin Group management team to plan for and implement a ramp up of operations as COVID-19 travel restrictions ease.

7.1.1.2 Cashflow funding and trading

- Liaised with financial institutions to release cash.
- Worked with advisors on interim funding strategies.
- Negotiated and agreed continued supply of merchant facilities.
- Liaised with state and federal governments regarding potential financial support.
- Prepared and maintained weekly cash flow forecasts.

7.1.1.3 Receivables and inventory

- Reviewed internal management controls regarding collection of outstanding accounts receivable balances.
- Confirmed current status of receivables across the Companies.
- Collected outstanding receivables owed to the Companies.
- Liaised with financial institutions regarding the receivables factoring facility in place prior to our appointment as administrators.
- Identified and secured inventory held by the Companies.
- Sold inventory held by the Companies.
- Liaised with suppliers regarding liens and other security interests over inventory held by the Companies and assessed the validity of the liens and security interests.

7.1.1.4 Insurance

- Liaised with the insurance broker to ensure enough coverage and continuation of policies.
- Liaised with the Virgin Group management team regarding workers compensation self-insurance policy and ensure ongoing coverage.

7.1.1.5 Suppliers and service providers

- Issued initial correspondence to suppliers and service providers regarding continuation of supply and services.
- Liaised with suppliers and service providers to ensure continued supply.
- Negotiated amended agreements with suppliers and service providers where necessary.
- Negotiated lien and security interest claims by suppliers.
- Maintained and processed purchase orders for continued supply and services provided to the Companies.

7.1.1.6 Aircraft and maintenance

- Identified and secured aircraft fleet, including engines and parts located domestically and internationally.
- Liaised with Virgin Group engineers regarding immediate maintenance requirements.
- Facilitated ongoing maintenance of aircraft and engines to preserve value and useful life of the assets.
- Liaised with aircraft lessors regarding updates on maintenance and current useful life of aircraft and engines subject to their security interests.
- Procured parts for maintenance requirements.
- Undertook various procedures to securely store aircraft.

7.1.1.7 Employees, payroll and JobKeeper

- Calculated employee entitlements.
- Reviewed relevant award rates for current employees.
- Processed payroll for all employing entities.
- Liaised with employees regarding employee entitlements and payroll.
- Liaised with Virgin payroll team regarding reconciliations and processing of payroll.
- Liaised with the ATO regarding payroll and requests for PAYG deferrals.
- Liaised with the federal government regarding JobKeeper stimulus.

- Calculated and reported various trading and employment metrics for JobKeeper eligibility.

7.1.1.8 Landlords and lessors (non-aircraft)

- Issued initial correspondence to landlords and lessors regarding continued occupation.
- Negotiated with landlords and lessors regarding continued occupation.
- Assessed ongoing requirements and issuing notices under section 443B of the Act where necessary.

7.1.1.9 Secured creditors, including aircraft lessors

- Issued initial notifications to secured creditors.
- Liaised with secured creditors regarding the voluntary administration and statutory moratorium on debts and lease payments.
- Reviewed and validated security interests.
- Liaised with aircraft lessors regarding extension of the moratorium on Voluntary Administrators' liability in respect to aircraft leases.
- Liaised with aircraft lessors regarding execution of aircraft protocols.
- Liaised with secured creditors regarding assets subject to security interest(s).
- Liaised with hedge counterparties regarding breaches of contract and closing out hedging positions.
- Assessed ongoing capacity requirements and disclaiming assets where necessary.

7.1.1.10 Velocity Frequent Flyer loyalty program and Velocity Group

- Liaised with Velocity Group directors and management regarding the voluntary administration.
- Worked with Velocity Group directors to reactivate Velocity points redemptions.
- Worked with Velocity Group directors to manage communications to members, suppliers and partners, as well as ongoing engagement with the trustee of the Loyalty Trust, lenders and their advisers.
- Worked with the Velocity Group to develop and implement escrow account processes.
- Weekly review and facilitation of transactions on the escrow account.

7.1.1.11 Customers

- Obtained orders from the Court to provide customers with conditional credits regarding their outstanding travel credits.
- Liaised with customers and travel agents regarding conditional credits and rights as a consumer.
- Worked with management regarding the communication with customers, development and implementation of the conditional credit policy, and monitoring and management of the Conditional Credits.

7.1.2 Compliance and administrative procedures

- Attended to statutory lodgements and reporting to ASIC, the ATO and other statutory authorities.
- Convened the first concurrent meetings of creditors.
- Applied to the Court to obtain orders on various matters regarding the voluntary administration.
- Applied to the United States Bankruptcy Court in New York for recognition of the voluntary administration in the United States under Chapter 15 of the Bankruptcy Code.
- Processed creditor claims and established the Deloitte Halo platform to record creditor claims and assist ongoing management of creditor claims, proxies, votes and communications.

- Reviewed and adjudicated the quantum of each creditor claim for the purposes of allowing them to vote at the second meeting of creditors.
- Established 7 administration mailboxes which have received over 15,000 emails from creditors and stakeholders to date. This correspondence has been responded to.
- Established COI and NCC creditor representative groups and convened regular meetings of these creditor committees.
- Liaised with shareholders and creditors regarding the voluntary administration.
- Held 7 COI meetings.

7.1.3 Bond Holders

- Liaised with Bond Holders, trustees and their advisers regarding the voluntary administration.
- Convened a Bond Holder (Noteholder Consultative Committee or NCC) committee to provide regular updates on the administration and sale process.
- Appointed Akin Gump Strauss Hauer and Feld LLP, an international legal firm, to act as our Noteholder Liaison Counsel in respect of assisting with communicating and dealing with Bond Holders.
- Held 4 NCC meetings.

7.1.4 Investigations and litigations

Our investigation work is detailed in **section 6**.

7.2 Voluntary Administrators' trading performance and receipts and payments

7.2.1 Business trading

7.2.1.1 Cash on appointment

Prior to our appointment, the Consolidated Group held cash which consisted of restricted and unrestricted cash. A number of financiers required the Consolidated Group to hold a certain level of cash balances to secure financing agreements. This includes financiers providing merchant facilities who required cash to be held to cover forward sales for some forms of payment. Cash was also required to secure standby letters of credit and bank guarantees.

Unrestricted cash was cash and term deposits held in accounts to fund operations. In addition to requirements to hold restricted cash, some financiers, under security agreements with the Consolidated Group, held the right to freeze and set-off unrestricted cash balances against their debt. The amount of security held by financiers, their ability to offset against cash balances, was dependant on the underlying agreement with each financier. Some financiers held multiple agreements which provided different types of security and ability to offset and/or hold funds against potential future exposures.

On our appointment there was \$541.4m in cash and term deposits held in the Virgin Group (excluding Velocity) but the balances were frozen by financiers who exercised their security over the funds while they considered their legal right to set-off the cash against debts owed to them or exposures they had to the Companies and/or their ability to break term deposits early. Consequently, we did not have access to any funds during the first two weeks of our appointment, requiring us to seek funding from one of the financiers to enable the payment of wages in the first week of our appointment.

We have been working with the financiers to release further funds, enabling us to continue trading. To date we have obtained the release of \$160.3m in funds. A further \$215.7m remains frozen and \$164.1m has been off-set as liabilities have crystallised, such as letters of credit and bank guarantees and for collateral for merchant facilities.

Table 23: Cash balances at appointment

Form of cash \$m	Notes	Balances on appointment			Current status	
		Restricted	Unrestricted	Total	Cash released to date	Cash off-set / remaining frozen
Trading accounts	1	-	157.0	157.0	58.4	98.6
Trading accounts - minor currencies	2	-	17.2	17.2	6.2	11.0
Term Deposits	3	-	145.0	145.0	95.8	48.0
Other accounts with conditions attached	4	222.2	-	222.2		222.2
Other (including Velocity)	5	338.5	-	338.5	N/A	N/A
Total		560.7	319.2	879.9	160.3	379.8

Source: Management information

We provide the following comments on the above table:

1. Operating Accounts: the Virgin Group's pre-appointment transaction banking accounts were held primarily with ANZ (AUD account) and JP Morgan (USD account) and c. \$58.4m from these accounts has been released into the Voluntary Administrators' account. The sum of c. \$98.6m (c. \$8.5m from JP Morgan account and c. \$90m from ANZ account) were off-set by the two banks. The off-set by JP Morgan was for close out of the derivative position (c. \$8.5m) while the off-set by ANZ primarily includes reallocation of cash collateral requirement for merchant facilities (c. \$29m), application of cash against called LCs (c. \$31m) application of receipts against receivables facility (c. \$18m) and costs (\$1m). The cash released excludes receipts during the Administration period.
2. Operating Accounts – Minor Currencies: the Group held cash in various foreign currency denominated offshore accounts such Japanese Yen, PNG Kina, Samoan Tala etc. The release of c. \$6m comprises recovery of all foreign currency denominated cash except PGK denominated cash. The balance c. \$11m of cash in minor currency accounts primarily comprises c. \$10m. equivalent of PGK denominated cash which is trapped due to a shortage of Australian dollars in Papua New Guinea. As a result, these fund are not expected to be released from Papua New Guinea.
3. Term Deposits: the Group held cash with multiple banks under term deposits with varying maturity dates. Approximately \$95.8m of cash held in term deposits were broken and swept into the Voluntary Administrators' bank accounts on 27 April and 8 May 2020, respectively.

The balance of cash was held in term deposits with two banks who set-off the cash held in term deposits (c. \$48m net of termination fees and charges) against liability positions in derivative accounts for Virgin Group, pursuant to set-off terms under the agreements held with the Group.
4. Other Accounts with conditions attached: This mainly includes cash (which totals \$204.7m) held as collateral for merchant facilities and corporate loan facilities (MOFA). These funds will continue to be held as restricted cash of the Group while the business continues to trade. In the event the Group ceased trading, these funds would be used to offset any shortfall suffered by merchant providers. The balance of \$17.5m is cash off-set comprises the sweep by two financiers to apply cash collateral against called LCs (c. \$38m), and a net increase of the amount of cash collateral required to be held for merchant facilities with a financier (\$20.5m).
5. Velocity Cash: this comprises the cash held in trust accounts in relation to Velocity Rewards Program and cash relating to Velocity Frequent Flyer & Velocity Rewards bank accounts. Given we were not appointed as Voluntary Administrators to the Velocity Group, we did not have access to any funds held by the Velocity Group.

7.2.1.2 Trading during administration

Prior to our appointment, given the COVID-19 restrictions on travel, the business was operating at a significant loss. Management had reduced the costs of trading the business significantly, however in the circumstances the business had a monthly funding requirement of c. \$200m. During the voluntary administration, the business has continued to operate at less than 10% of its capacity compared to the same period last year. Working with Management, we have been able to

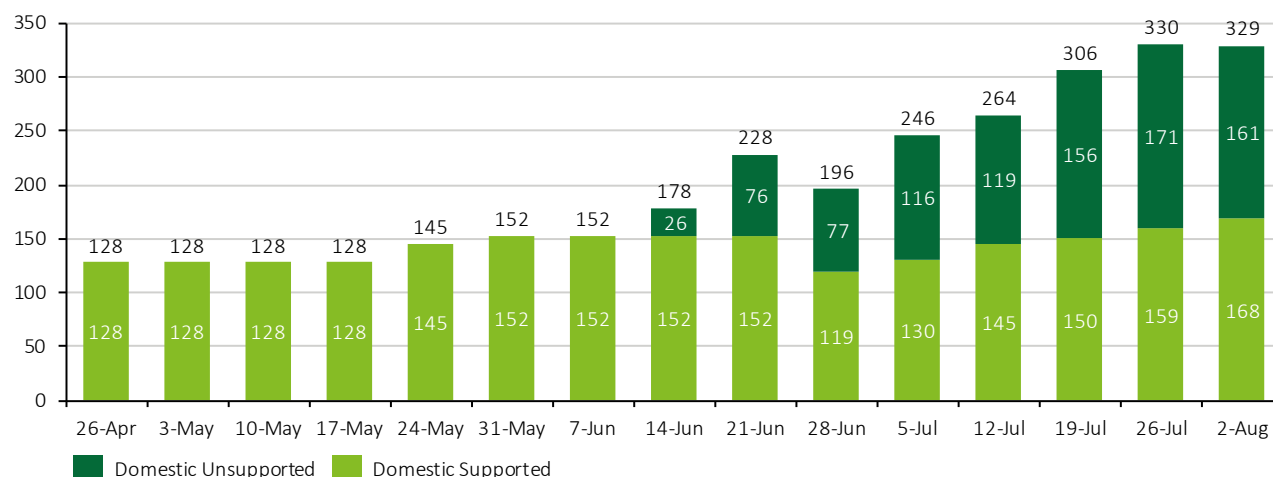
significantly further reduce the holding and trading costs of the business, mainly due to the support of stakeholders who were critical to the continued operation of the airline, including:

- Employee support:
 - flexibility provided under the enterprise agreements and with the support of the unions representing employees.
 - flexibility from staff and continued support for the business.
 - access to the federal government JobKeeper scheme.
- Financiers to the business:
 - Court Orders extending the period until we become personally liable to pay certain costs associated with property occupied by, or in the possession of, the Companies.
 - aircraft Protocol Agreement entered into with aircraft and engine financiers, which have significantly reduced the operating costs of the business in line with the current level of operations.
 - financiers' agreement with respect to the continued operation of merchant facilities.
 - financiers' agreement to release restricted cash to provide liquidity to the business.
- Landlords and trade suppliers:
 - agreement with landlords to deferrals of rent.
 - continued services from service providers and operating partners despite significant arrears of payments for services.
- Federal government support:
 - aviation industry support package.
 - underwritten flights schedule and international supported repatriation and cargo flights.

We sought interim funding during the voluntary administration. However, we were not able to secure funding, mainly due to the uncertainty of the outcome of the voluntary administration and the inability of the Group to offer sufficient unencumbered collateral to secure the repayment of any such funding.

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

Figure 16: Government flight support



Source: Voluntary Administrators' records

Below is a summary of our cash position at 30 June 2020 and our estimate of accrued liabilities as at 30 June 2020, showing that had we ceased to trade and met all our known liabilities as at 30 June 2020, there would have only been a surplus cash of \$1.2m. Given the minimum weekly cashflow required to fund operations, and ongoing losses forecast to be incurred due to the reduced level of operations, we would have been unable to continue trading the business beyond 30 June 2020.

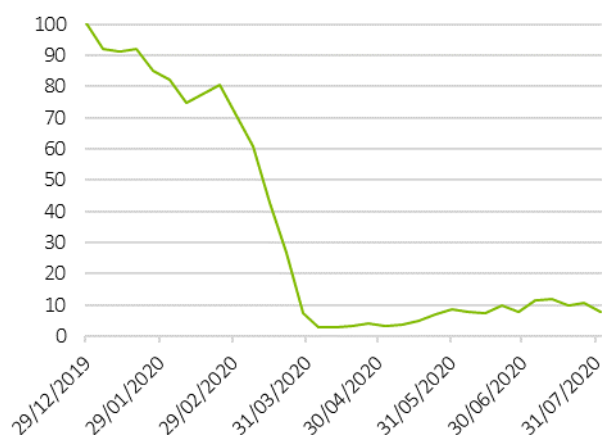
Table 24: Estimated 30 June 2020 trading position if no interim funding received

	\$'000
Realisations and commitments to 30 June 2020	
Realisation of circulating assets in existence as at 20 April 2020	192,611
Revenue received to 30 June 2020	95,460
JobKeeper received	49,284
Less costs incurred and paid	(148,333)
Less FX revaluation	(7,556)
Cash at bank 30 June 2020	181,465
Trading commitments	
Less purchase orders and supply commitments	(99,720)
Less accrued leave, PAYG/Super & payroll tax obligations	(44,664)
Less unearned revenue received during administration	(22,034)
	(166,418)
Other accrued costs	
Voluntary administration fees to 30 June 2020	(13,400)
Legal fees	(8,700)
Advisor costs	(16,000)
	(38,100)
Future expected receipts	
JobKeeper reimbursement	24,300
Estimated funds surplus/(shortfall) as at 30 June 2020	1,247

Source: Voluntary Administrators' records

Trading receipts have been \$95.4m (less than 9% of FY19 revenue) which is as a result of the reduced demand for flying and travel restrictions caused by the COVID-19 pandemic. The Figure below shows the level of intakes for flights indexed to last year which illustrates the reduction in demand for travel as a result of COVID-19. It also shows the severity of the speed of impact COVID-19 had on the business.

Figure 17: Weekly revenue indexed to last year



Source: Management information

Cash at bank on appointment and pre-appointment debtors are classified as circulating assets, and as discussed in **section 3.4.4**, employees have a priority to be paid out of realisations of circulating assets ahead of secured and unsecured creditors. Had we not used these realisations to continue trading, we would have had to cease trading and therefore it is unlikely we would have been able to achieve a sale of the business as a going concern.

Shortly after our appointment we contacted staff at FEG to discuss using circulating assets otherwise available for employee entitlements. It was our opinion that using these funds to trade the business to undertake a sale/recapitalisation process for the business was in the best interest of creditors as a whole. This was also in the context that in the event the business ceased to trade there would be a significant shortfall to employees of their entitlements in addition to all jobs being lost.

In the event the sale process was unsuccessful, it is likely the FEG scheme would have been called upon to meet employee entitlements as realisations from circulating assets would have been used to trade the business. This remained a key concern as we progressed through the sale process and the timetable we had set to achieve a sale.

We sought the formal support of staff at FEG and federal government regarding our decision to use circulating assets to fund the trading of the business. While this was not forthcoming, they provided clear acknowledgement of the benefits to the Australian community of achieving a successful sale. We have provided regular updates on the progress of the voluntary administration to staff at FEG and the government and their advisors.

Our forecast for July and August showed the business was expected to continue to operate at a loss of c. \$25m per month. Under the sale agreement entered into with Bain, they assumed economic responsibility for the business from 1 July 2020, with the interim funding agreed of \$125m being used to trade the business through to completion of the transaction. Should additional funding be required we have the ability to increase the amount of interim funding.

7.2.2 Voluntary Administrators' receipts and payments

The table below provides a summary of the receipts and payments during the period 20 April to 2 August 2020. **It does not include accruals incurred to date or future commitments.**

Table 25: Virgin Group receipts and payments as at 2 August 2020

Receipts and payments	\$'000
Receipts	
Cash at bank as at 20 April 2020	15,608.8
Flight revenue	
Virgin Australia Airlines Pty Ltd	88,098.4
Virgin Australia Regional Airlines Pty Ltd	26,144.3
Tiger Airways Australia Pty Ltd	8.7
Virgin Australia Cargo Pty Ltd	15,211.3
Funding from purchaser	124,967.0
Government initiatives	2,541.5
Government subsidised flight funding	28,741.3
GST refunds	3,135.2
JobKeeper reimbursement	73,768.5
Other revenue	(1,623.5)
Pre-appointment debtors	29,677.7
Pre-appointment funds	48,638.5
Rebates / Employee recovery	1,055.6
Term deposit funds	95,792.9
Virgin / Velocity escrow account receipts	1,769.5
Total receipts	553,535.7
Payments	
Aircraft expenses	(2,741.6)
Aircraft holding and preservation expenses	(11,880.4)
Advertising and marketing	(122.0)
Cost of sales	(32,360.5)
Employee expenses	(174,578.2)
Fees and charges	(29,693.5)
Occupancy expenses	(5,473.1)
Overhead expenses	(11,647.0)
Other outflows	(1,175.5)
Other supplier payments	(15,728.8)
FX revaluation expense	(8,640.3)
Total payments	(294,041.1)
Balance in Hand	259,494.6

Source: Voluntary Administrators' records

8 Sale of business process / recapitalisation

8.1 Background

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

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

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

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

Given the financial position of the Virgin Group, the sale process we undertook was to identify any and all possible proposals for a sale of assets or undertaking, or DOCA proposal, in respect of the Virgin Group, a process we conducted publicly which culminated in three stages of offers being received with final binding offers being submitted on 22 June 2020. We advised all parties that registered their interest in the sale process that it was our intention to enter into binding agreements for the sale of the business on or by 30 June 2020, which we have done with Bain which concluded the sale process.

We are now in the process of completing the sale of the business to Bain, which will be done under an asset sale agreement unless creditors approve the Bain DOCA proposal as detailed in this report. We consulted with the creditor appointed COI throughout the sale process, who resolved in support of the decision to enter into a binding agreement for the sale of the business and provision of interim funding by Bain.

8.2 Engagement of advisors

Morgan Stanley (**MS**) was engaged by the Group prior to our appointment to undertake a strategic review of the business and its funding options, and as a result, had developed a comprehensive understanding of the Virgin Group business. The Group had also engaged Houlihan Lokey Inc (**HL**), under the same engagement terms, to work alongside MS during this process.

In consideration of the complexity of the business, its stakeholder environment and the timeframe for transaction completion, the services of MS and HL were retained as advisors (**Advisors**) to assist in the sale and/or recapitalisation of the Virgin Group during the voluntary administration period. Clayton Utz were engaged as legal advisors.

8.3 Communication with stakeholders

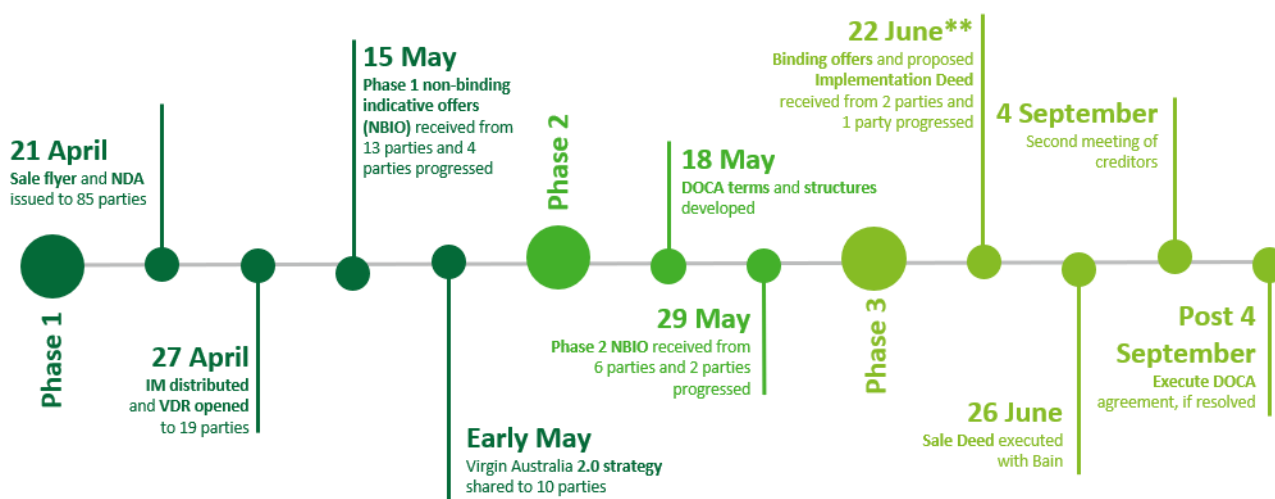
The Virgin Group has a large and complex stakeholder community including employees, unions, trade and financial creditors, governments, and regulators. During the administration we have proactively engaged with all stakeholder

groups and provided regular updates on the administration and sale campaign, including regular engagement with the COI and NCC.

8.4 Sale campaign

The process commenced 21 April 2020 with a flyer on the sale process and non-disclosure agreement (**NDA**) being issued to parties demonstrating appropriate interest and considered capable of completing a transaction. In addition, the business was advertised for sale in the Australian Financial Review and The Australian on 23 April 2020 seeking expressions of interest to be lodged with our advisors. There was substantial press coverage of the sale process. We received expressions of interest from 71 parties. The sale process was conducted over three phases during the two months following our appointment. The sale process concluded with binding transaction documents being entered into with one party, Bain on 26 June 2020.

Figure 18: Timeline of sale of business campaign



8.4.1 Phase 1

Following execution of an NDA, from 27 April 2020, 19 parties were provided with access to a virtual data room (**VDR**) containing key company information and documentation, including an information memorandum (**IM**) based on historical data. Subsequently in early May 2020, a business plan formulated by Management to restructure the Group (the Virgin Australia 2.0 Strategy) was introduced to the VDR.

Phase 1 of the sale process concluded on 15 May 2020 with the submission of non-binding indicative offers (**NBIO1**). The key requirements of the NBIO1 submission included:

- Form and quantum of the offer, including indication of value and a breakdown of expected value to creditors.
- Details of material commercial, operational and legal assumptions underpinning NBIO1.
- A summary proposed business plan.
- Proposed treatment of internal stakeholders including employees.
- Bidder identity and corporate structure (if needed).
- Confirmation that investment committee and Board approvals had been obtained or details of further such approvals that were required.
- Any further areas of key due diligence required.

Following receipt of the NBIO1s, the offers were assessed together with our Advisors. Factors forming the basis of our assessment included the value of the offer received including a bidder's access to funding, deal certainty and prior aviation and/or turnaround experience.

8.4.2 Phase 2

Four parties were progressed to the second phase of the sale process with the requirement to submit a refined non-binding indicative offer (**NBIO2**) by 29 May 2020. The purpose behind Phase 2 was to engage with a smaller number of interested parties and allow them to lodge questions via the VDR, conduct further diligence and gain access to the additional information, which included detailed legal and tax vendor due diligence reports and the vendor financial model. The shortlisted parties also met with Management and a small number of key external stakeholders, including government, regulators and select airports.

Parties were requested to provide the NBIO2 using the same key requirements of the NBIO1. Together with our Advisors we assessed these updated offers and the factors we considered included:

- The proposed future business plan, including the scale of domestic, international and regional and VARA operations.
- Certainty around executing a transaction, including any conditions precedent to completion.
- The number of employees that would be retained.
- The assumption of contracts, aircraft leases and loans.
- The proposed return to each creditor group.
- Treatment of customer travel credits and Velocity Frequent Flyer loyalty point.
- Confirmation that investment committee and Board approvals had been obtained or details of further such approvals that were required.

We received six NBIO's in Phase 2, which included offers from two parties who had not been shortlisted. Bain and Cyrus Capital Partners LP (**Cyrus**), were selected for Phase 3 which was the final phase of the sale process.

8.4.3 Phase 3

Phase 3 involved the sharing of more detailed financial and operational information, further workshops with Management and meetings with financiers, landlords, suppliers, unions and other stakeholders.

Phase 3 of the sale process concluded on 22 June 2020 with the submission of a binding bid. The key requirements of the binding bids were:

- An offer to acquire the business of the Group including a financial proposal and any non-price considerations.
- A detailed proposed business plan for the Group consistent with a bidder's due diligence to date.
- The proposed treatment for the employees, management team, fleet and carrier network.
- Treatment of any current or planned partners or meaningful business associates related to or intended to be related to the proposal.
- Disclosure of arrangements with contractual counterparties.
- A detailed timetable and transaction plan, including key objectives, with respect to other key stakeholders relevant for the period between execution of transaction documents and completion of a transaction.
- Evidence of FIRB approval and ACCC clearance.
- Proposed directors for the companies in Group and evidence of compliance with the relevant FIRB conditions.
- Evidence of committed funding to fund and complete the proposed transaction the subject of the offer.

During Phase 3 of the sale process we discussed the critical need for interim funding with the shortlisted parties. When an assessment was made of our expected liabilities as at 30 June 2020, it was determined that in the event all trading and

other liabilities incurred by us as the Voluntary Administrators were repaid at this time, there would be insufficient cash to continue to trade the business beyond 30 June 2020.

Whilst we had been successful with Management in reducing the cash burn/losses being incurred in continuing to trade the business we had not been successful in obtaining interim funding due to the lack of unencumbered assets available to provide as security for any such funding.

Both Bain and Cyrus indicated they would provide interim funding, sufficient to trade the business to completion of a transaction as part of their final binding proposals.

In the period leading up to the week of 22 June 2020 and prior to binding proposals being received both shortlisted parties advised separately that they had ongoing concerns with the 'ask' for significant interim funding and a commitment to the purchase of the business without confirmation they were exclusive. The reason conveyed to us for this was that if their proposal was to be selected, significant work would be required to be undertaken to restructure the business prior to the second meeting of creditors should the transaction progress by a DOCA. Both parties further advised they required certainty of a sale of the business in order to provide them with the ability to engage meaningfully with the Virgin Group's various contract counterparties.

We formed the view that given:

1. The significant cash constraints facing the Virgin Group;
2. The current and possible future impact of the COVID-19 pandemic on the business; and
3. The need to retain key customers, contracts, assets, employees and regulatory approvals to preserve the value of the business,

it was imperative to secure a satisfactory and binding transaction as soon as reasonably practicable, having regard to the scale and complexity of the business. Ensuring certainty and security of ongoing funding was critical, and if we had delayed executing a transaction until the second meetings of creditors, there was a very real risk that no transaction would ultimately have been achievable. It was (and remains) our view that any delay in that process, or uncertainty as to an outcome, would have seriously jeopardise the prospects of the business of the Virgin Group continuing as a going concern.

Having regard to the concerns raised separately by shortlisted parties, we agreed a structure for the sale transaction which achieved the objectives of the voluntary administration and met the shortlisted parties' requests for greater certainty given the financial commitments that we required.

As such, it was proposed and agreed that the parties would enter into a binding sale and implementation deed which agreed the sale of the business and the Administrators exercising their power of sale under section 437A(1)(c) of the Act, and for the sale to be completed by an asset sale agreement unless creditors approved DOCAs at the second meeting of creditors.

Shortlisted bidders were required to submit their final binding offers on terms which included:

1. Interim funding of \$125m to enable the business to continue to trade until completion of the transaction;
2. Economic risk being assumed by the purchaser from 1 July 2020; and
3. Evidence the purchasing entity had committed and available funding to complete the overall transaction as well as the provision of security in the form of a guarantee or an indemnity. In the case of Bain, a Payment Undertaking Deed of \$750m was provided as security which was available to be called upon in the event of a breach of the Sale Deed.

8.5 Offers

On 22 June 2020 we received binding offers from Bain and Cyrus. We met with both Bain and Cyrus (together with their financial and legal advisers) to step through their proposals and proposed business plans for the business, as well undertaking a detailed assessment of their binding proposals and proposed transaction. Both offers included:

- Evidence of available and committed funding.
- Transaction documents for the sale of the business and assets of the Companies.
- Provision of sufficient interim funding to enable the business to continue to trade to completion of a transaction.
- Details of any conditionality and conditions precedents.
- The bidder assuming the economic risk of trading the business from 1 July 2020. This was important as the business has been incurring losses and was forecast to continue to do so.

In addition to the binding offers received from Bain and Cyrus we also received several proposals from other interested parties, including a proposal received on 24 June 2020 from two Bond Holders being Broad Peak Investment Advisers Pte Ltd (for and on behalf of Broad Peak Master Fund II Limited and Broad Peak Asia Credit Opportunities Holdings Pte. Ltd) and Tor Investment Management (Hong Kong) Ltd . This proposal is dealt with in **section 8.7**.

On 25 June 2020 Cyrus submitted a revised and improved binding offer. They then subsequently withdrew their offer on 26 June 2020, at a time when we were in the process of finalising binding documentation with Bain for the sale of the business.

After consideration of all of the offers received, we considered transaction certainty, security of funding and expedited assumption of economic risk to be essential commercial elements of a sale, in addition to the estimated returns to unsecured creditors and the ability of the purchaser to adequately recapitalise the business going forward.

8.6 Bain offer and transaction structure

On 26 June 2020 we exercised our power of sale as Voluntary Administrators under section 437A(1)(c) of the Act and signed binding transaction documents for the sale of the business to Bain.

The reason for executing binding contracts at this time was to:

- Secure interim funding necessary to continue trading while the sale process could be completed.
- Provide security and certainty of completion of the sale to Bain in return for their interim funding and commitment to assume economic risk for trading liabilities from 1 July 2020.
- As much as was possible, provide certainty to stakeholders including customers, employees and creditors as to the future of the business.

At the time of the signing of the Sale Deed, Bain agreed to provide \$125m in interim funding for the continued operation of the Group and from 1 July 2020 became responsible for all liabilities incurred by the Group from trading the business. This funding and financial commitment were necessary to ensure the continued trading of the Group.

The Sale Deed is to be completed by an ASA unless creditors approved DOCAs at the second meeting of creditors. The proposed DOCAs as presented in this report, creates certainty about the future of the business and enables completion to occur more expeditiously than by an ASA. The Bain DOCA proposal also provides a better return to creditors than if the sale is completed through the ASA or the Companies are placed into liquidation and the assets realised on a piecemeal basis.

Under their offer Bain are providing:

- Certainty of the continuation of Virgin as Australia's second domestic airline.
- Employee entitlements to be covered in full. Continuing employees' entitlements are assumed and any employees not continuing will receive a payout of their entitlements including redundancy entitlements in full by Bain. In the event of a liquidation these costs have been estimated at \$448m.
- All travel credits/unearned travel revenue to be assumed in full. Gross amount \$604m, less restricted cash of \$210m resulting in a net \$394m.

- Assumption of the Velocity Group Loan of \$150m.
- Renegotiation of major contracts and required aircraft leases.
- Provision of between \$447.2m and \$572.2m to be paid into a creditors' trust to be paid to unsecured creditors of the Companies, before the Voluntary Administrators' excess cash estimated at between \$40.6m and \$14.8m.
- The assumption of certain liabilities accrued by us during our appointment up to 30 June 2020 of approximately \$35m including unearned revenue and accrued leave entitlements.

Should completion of the sale of the Group to Bain proceed by an ASA, this will involve the transfer of the business into a new corporate structure owned by Bain with the existing Companies being placed into liquidation. By contrast, the DOCAs require transfer of ownership in Virgin Australia Holdings Limited (VAH) to Bain by way of the transfer of shares in VAH to Bain. The key terms and metrics under both options are presented below.

Table 26: Summary of Bain offer under DOCA and ASA

Key term	DOCA structure	ASA
Cash contribution Pool A, B, C and D Funds of the Bain DOCA proposal	• Under the Bain DOCA proposal the value of the cash contribution after repayment of the interim funding is \$447.2m to be paid into the Creditors' Trust, plus • Any surplus funds held by the Voluntary Administrators after costs or less any deficit.	• Under the ASA the cash contribution will be \$347.2m after repayment of the interim funding, less any costs of completing the sale under the ASA exceeding \$100m, capped at \$100m. Under the ASA the cash contribution is expected to be between \$322.2m and \$247.2m plus • Any surplus funds held by the Voluntary Administrators after costs or less any deficit.
Contingent value entitlement	• The proposal allows for additional consideration of \$125m in the event the earning of the Companies meets certain hurdles in either or both FY22 and FY23: – \$62.5m if EBITDAR in FY22 is greater than \$1 billion – \$62.5m if EBITDAR in FY23 is greater than \$1 billion.	• The ASA allows for additional consideration of \$25m in the event the EBITDAR of the Companies is greater than \$1 billion in FY22, but only to the extent that additional costs to completing the sale exceeds \$175m. We assumed no recovery in our analysis.
Funding and commitment	• Interim funding of \$125m to fund trading operations until the sale is completed with the option to seek further funding if required. • Assumption of economic risk for trading from 1 July 2020.	• Same as DOCA structure.
Conditions precedent	• The key conditions to the execution of the Bain DOCA proposal are: – Approval of the Bain DOCA proposal at the second meeting of creditors. – ASIC issuing consents and approvals or such other acts which is agreed in writing as reasonable or necessary or desirable to implement the sale, including the ASIC Relief.	• The key conditions to the completion of the ASA are: – Certain agreed pre-completion steps are undertaken, designed to enable the assignment of employees, agreements and assets to entities owned by Bain. – The transfer to the purchasing entity: - o the AOCs and all current operating specifications associated with or required to operate the AOCs

Key term	DOCA structure	ASA
	– The Deed Administrators obtaining the order from the Court in respect to the transfer of shares in VAH to Bain under section 444GA of the Act. – The Deed Administrators obtaining the Chapter 15 Order to allow recognition of the DOCA in the US. – The Creditors' Trust is executed.	- o At least 90% of the peak and non-peak slots for Brisbane, Sydney and Perth airports. - o A CASR Part 145 maintenance organisation issued by Civil Aviation Safety Authority under the Civil Aviation Act 1988 (Cth). - o A transport security program approved under the Aviation Transport Security Act 2004 (Cth). - o An international airline licence granted by the Secretary of The Department of Infrastructure, Transport, Regional Development and Communications under the Air Navigation Act 1920 (Cth).
Employees	• All continuing employees to be paid in the normal course and the entitlements for any employees made redundant to be paid in full.	• Same as DOCA structure
Customers	• Bain will provide customers currently holding, or are entitled to a Conditional Credit, with a new Future Flight credit for an amount equal to any remaining value on their Conditional Credit. Future Flight credits will be available for booking flights up to 31 July 2022 with travel valid until 30 June 2023. Bookings using the Future Flight credit will be subject to seat availability within the fare class reserved for Future Flight credits on the selected flight and will be subject its own terms and conditions.	• Same as DOCA structure
Velocity Group Loan assumed	• Agreement to assume the liability for the Velocity Group Loan of \$150m plus interest.	• Same as DOCA structure
Contract (including aircraft, leases, property)	• Assumption of certain major contracts and required aircraft leases, reducing the level of unsecured creditors of the Companies.	• Same as DOCA structure
Creditors	• The return each creditor receives will depend on their eligibility to participate as a beneficiary in the four Trust Fund pools in the Creditors' Trust Fund. This is further outlined in section 10 and 10.2.	• The return each creditor receives will be based on the asset realisations and quantum of creditor claims within each DOCG group and any guarantees the creditor may have to claim from a guarantor entity.
Estimated timing of payment	• Assuming that there are no delays in adjudicating the claims of creditors it is estimated that an interim distribution to admitted creditors will be paid 6 to 9 months following the creation of the Creditors' Trust.	• Assuming that there are no delays in adjudicating the claims of creditors it is estimated that an interim distribution to admitted creditors will be paid 12 to 18 months following the completion of the ASA.

Key term	DOCA structure	ASA
	The timing of a final dividend will be dependent on the receipt of any Contingent Value Entitlement.	- This takes into consideration the additional time required to complete the ASA as well as time required for the liquidator to investigate any possible voidable transactions and insolvent trading claims. - The timing of a final dividend will be dependent on the receipt of any Contingent Value Entitlement.

The Contingent Value Entitlement referred to above was negotiated with Bain as a potential upside in the sale transaction consideration. However, given the ongoing status of the current global airline industry, the second wave of COVID-19 impacts since the transaction was entered into, and the expected reduced size of the business post-completion, we do not presently expect the business is likely to achieve the level of earning required for the Contingent Value Entitlement to be received.

Not only does the completion of the sale under the Bain DOCA proposal result in a greater return to all creditors given the higher cash contribution outlined above, but it also provides greater certainty as to a completion occurring, liquidation being avoided and reducing the expected time to complete the sale.

We estimate the cost of completing the sale of the business by the proposed DOCAs will be less than by the ASA. Further details of the terms of the DOCAs are set out in **sections 9 and 10**.

Importantly, entities associated with Bain have guaranteed Bain's performance under the sale agreement in the form of a Payment Undertaking Deed (**PUD**) of \$750m.

As disclosed on the ASX on 5 August 2020, the proposed restructured business operations of the Group under Bain's ownership will be as follows:

- Reduction in cost base to meet sector uncertainty and ongoing COVID-19 market conditions.
- Ongoing employment for approximately 6,000 staff when the market recovers with 3,000 roles impacted.
- Simplified all-Boeing 737 mainline fleet and the retention of the regional and charter fleet, but removing ATR, Boeing 777, Airbus A330 and Tigerair Airbus A320 aircraft types.
- Long-haul international flying important part of plan but suspended until global travel market recovers.
- Tigerair Australia brand discontinued, but with the relevant AOC and necessary support maintained to provide option for ultra-low-cost operations when market recovers.
- Continued commitment to regional and charter flying.

8.7 Alternative proposals

As we advised at the first meeting of creditors on 30 April 2020, the Voluntary Administrators have power, pursuant to section 437A of the Act, to sell all or part of the business and assets of the Virgin Companies at any time, including prior to the Second Meetings. Immediately following our appointment, and as described at **section 8.4** in this report, we undertook a comprehensive sale process that culminated in the entry into the transaction with Bain. In the first to fourth COI meetings, we kept the COI updated on the progress of the sale process.

Throughout the Sale Process, we have at all times been focused on achieving the best outcome for the Companies' creditors as a whole. In our view, the comprehensive and competitive sale process that we have undertaken has achieved the best outcome for creditors, including by creating transaction certainty at a critical time so that liquidation could be avoided and a return to unsecured creditors achieved.

Section 8.6 of this report describes the sale transaction entered into with Bain on 26 June 2020 following the conclusion of the sale process.

As creditors have previously been advised (including via our circular to creditors dated 17 July 2020) and as set out in this report, we have exercised our power of sale pursuant to section 437A of the Act and have entered into a transaction with Bain for the sale of the Virgin Group's business. As such, it is not possible for a competing proposal for the sale of the Companies' assets or otherwise dealing with the assets to be completed. Currently, no court application has been commenced by any potential DOCA proponent to set aside the asset sale to Bain or the Bain transaction more generally.

At the COI meeting held 9 July 2020, a resolution was passed unanimously:

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

Exclusivity provisions form part of the binding sale agreements with Bain, which is normal practice for such transactions. These provisions prevent us from considering or progressing discussions with respect to the sale or dealing with the assets subject to the agreement with any other party.

As we have previously advised creditors, the Second Meetings will determine not *who* the business is sold to, but *how* the completion of the sale will occur, that is, by way of an asset sale or DOCA. If the Bain DOCA proposal is not approved by creditors at the Second Meeting, the sale to Bain will be completed under an asset sale agreement.

Prior to entering into the binding agreement with Bain, we received a number of additional proposals for the sale or recapitalisation of the Virgin Group's business, all of which we considered. However, with the exception of the final offers received from Bain and Cyrus Capital, the other proposals were either highly conditional or contained little or no evidence of committed funding to enable a transaction to be completed, nor provided interim funding. In these circumstances, we were unable to take those proposals forward given their lack of certainty and conditionality.

One of those proposals was received from BP&T on Wednesday 24 June 2020. The BP&T proposal sought to recapitalise the business by way of a debt for equity swap, including new financing (capital raising) of \$800m by way of convertible note, in which creditors could participate (i.e. contribute). We considered the proposal and the draft transaction documents received from BP&T at the time of their receipt but determined that the proposal was not one we could take forward due to its highly conditional nature, lack of certainty and no evidence of committed funding.

Despite the sale process concluding with execution of the Bain proposal (which was announced to the market and notified to BP&T on 26 June 2020), a further proposal was submitted, unsolicited, from BP&T under a covering letter dated 20 July 2020. This proposal was on substantially similar terms to the 24 June 2020 proposal. In addition to these proposals, we understand that a summary proposal has been circulating in the market that has not been provided to the Administrators by BP&T. The copies of the summary proposal seen by us appear to be in substantially the same form as the earlier versions of the proposals which have been considered and rejected by us as being highly conditional and uncertain.

On 21 August 2020, BP&T formally withdrew each of their DOCA proposals such that, as at the date of this report, there is no proposal being advanced by BP&T in respect of the Virgin Group. A summary of their proposal is contained at **Appendix K**.

9 Deed of Company Arrangement

9.1 Introduction

As stated in **section 8.6**, we executed a Sale Deed that provides for completion of the sale of the Virgin Group by either a DOCA structure or an ASA. Completion of the sale by a DOCA structure is subject to resolutions being passed by creditors at the second meeting of creditors and the Court making orders for the transfer of shares in VAH.

The DOCA structure proposes 10 DOCAs covering all entities under administration. For companies subject to a DOCA, a single Creditors' Trust will come into effect. The Creditors' Trust is described in the following section of this report.

A copy of Bain's proposal for the DOCAs can be found on the Deloitte Virgin website: <http://www.deloitte.com/au/virgin>.

9.2 DOCA structure

Bain has proposed:

- A single pooled DOCA relating to:
 - Each entity that is bound by DOCG1
 - 14 non-operational dormant entities that are not bound by DOCG1
 (collectively, the **Primary DOCA**).
- A single pooled DOCA relating to each entity that is bound by DOCG2 (**International DOCA**).
- 8 individual DOCAs for 8 entities which are not bound by any deed of cross guarantee and carry on operations and/or have creditors (collectively, the **Subsidiary DOCAs**). These DOCAs will be grouped based on the assets and liabilities in each, as follows:
 - A pooled DOCA for SH20141 and SH20142 which have the same financial creditors (**Subsidiary DOCA 1**).
 - Individual DOCAs for each remaining company that are not party to the Primary DOCA, International DOCA or Subsidiary DOCA 1 (**Subsidiary DOCAs 2 to 8**).

Collectively this proposal will be referred to as the **Bain DOCA structure** or **Bain DOCA proposal**. The Companies for which a DOCA is being proposed by Bain will be referred to as the **DOCA Companies**.

The below table outlines the entities included within each DOCA group.

Table 27: Summary of DOCAs by entity

	Entity	DOCG classification	DOCA category
1.	VAH	DOCG1	Primary DOCA
2.	VAAH	DOCG1	Primary DOCA
3.	VAA	DOCG1	Primary DOCA
4.	VT	DOCG1	Primary DOCA
5.	VB Leaseco	DOCG1	Primary DOCA
6.	VAH Newco 1	DOCG1	Primary DOCA
7.	Tiger	DOCG1	Primary DOCA
8.	ACN 098 904 262	DOCG1	Primary DOCA
9.	VARA	DOCG1	Primary DOCA

	Entity	DOCG classification	DOCA category
10.	VAC	DOCG1	Primary DOCA
11.	VA Holidays	DOCG1	Primary DOCA
12.	VB Ventures	DOCG1	Primary DOCA
13.	VB Investco	DOCG1	Primary DOCA
14.	VAH Newco 2	DOCG1	Primary DOCA
15.	VAIO	Non-DOCG entity	Primary DOCA
16.	VBNC5	Non-DOCG entity	Primary DOCA
17.	SH20171	Non-DOCG entity	Primary DOCA
18.	VB PDP	Non-DOCG entity	Primary DOCA
19.	VBLH20081	Non-DOCG entity	Primary DOCA
20.	737 20121	Non-DOCG entity	Primary DOCA
21.	VARL	Non-DOCG entity	Primary DOCA
22.	VA Holdco	Non-DOCG entity	Primary DOCA
23.	SH20161	Non-DOCG entity	Primary DOCA
24.	VBLH20082	Non-DOCG entity	Primary DOCA
25.	737 20122	Non-DOCG entity	Primary DOCA
26.	VA20131	Non-DOCG entity	Primary DOCA
27.	VA Leaseco	Non-DOCG entity	Primary DOCA
28.	SH20162	Non-DOCG entity	Primary DOCA
29.	VAIH	DOCG2	International DOCA
30.	VAIA	DOCG2	International DOCA
31.	Tiger 1	DOCG2	International DOCA
32.	VSEA	DOCG2	International DOCA
33.	SH20141	Non-DOCG entity	Subsidiary DOCA 1
34.	SH20142	Non-DOCG entity	Subsidiary DOCA 1
35.	SH20172	Non-DOCG entity	Subsidiary DOCA 2
36.	SH20181	Non-DOCG entity	Subsidiary DOCA 3
37.	VA20191	Non-DOCG entity	Subsidiary DOCA 4
38.	VA20192	Non-DOCG entity	Subsidiary DOCA 5
39.	VB Leaseco2	Non-DOCG entity	Subsidiary DOCA 6
40.	VB 800	Non-DOCG entity	Subsidiary DOCA 7
41.	SH20173	Non-DOCG entity	Subsidiary DOCA 8

The Bain DOCA proposal will allow for the operating business to be sold as a going concern and an estimated greater return to creditors when compared to the Companies being placed into liquidation and the sale completed by the ASA.

Table 31 in **section 11** outlines the dividend to unsecured creditors under the Bain DOCA structure.

All creditors of the DOCA Companies will have a claim against funds held in a single Creditors' Trust. That is, a creditor of one of the DOCA Companies will be treated under the DOCA as a creditor of all the DOCA Companies, without the need for creditors to prove their claim separately against each entity.

9.3 Key features

A summary of the key features for each DOCA is outlined below.

9.3.1 Key terms of the DOCAs

The key terms of the DOCAs are as follows:

- The terms of the DOCAs are such that, for each to be executed, a resolution must be passed by the creditors of each Company in favour of each DOCA.
- The Voluntary Administrators will become the Deed Administrators for each DOCA.
- The Primary DOCA is not contingent on the approval of the International DOCA or any of the Subsidiary DOCAs.
- If the Primary DOCA is approved but the International DOCA or any Subsidiary DOCAs are not approved (or the conditions under the International DOCA or any Subsidiary DOCAs are not satisfied), the assets of the relevant companies subject to the International or Subsidiary DOCAs will be sold to Bain by the ASA.
- If the Primary DOCA is not approved (or the conditions to the Primary DOCA are not satisfied), no distributions will be made under the Subsidiary DOCAs, but the release of claims under a Subsidiary DOCA will not limit a creditor's rights in respect of any claim in the liquidation of another DOCA company.
- The International DOCA and the Subsidiary DOCAs are conditional on approval of the Primary DOCA but if the Primary DOCA is not approved (or the conditions to the Primary DOCA are not satisfied), Bain will have the option of waiving that condition and proceeding with an acquisition of the shares in the relevant International or Subsidiary Companies under the ASA.
- The Deed Administrators will continue to trade the business to allow for certain tasks to be met prior to the DOCA completion (we note our comments in **section 10** about completion risks and how we have sought to limit their impact).
- Completion of the International DOCA and Subsidiary DOCAs will occur simultaneously with the Primary DOCA.
- There are a number of conditions to the completion of the Primary, International and Subsidiary DOCAs. Details of the conditions and the steps to completion for each DOCA has been outlined in **section 10.3**.
- The Creditors' Trust will be established upon completion of the Primary DOCA and will comprise of four pools of funds. This is discussed further in **section 10.2.1**.
- The Deed Administrators are required to facilitate the application to Court to seek orders for the transfer of the shares in VAH to Bain. This is further discussed at **section 9.4** below.

9.3.2 Creditor claims

The effect of the Bain DOCA structure and Creditors' Trust will be to release the claims by creditors against the relevant DOCA Companies on completion of each DOCA. Creditors with eligible creditor claims will become beneficiaries of the Creditors' Trust and be paid a dividend from the relevant pool in the Trust Fund. Details of the funds available in each pool and the creditors entitled to a distribution has been outlined in **section 10.2.1** and a summary is set out below.

9.3.3 Creditors' Trust fund under the Bain DOCA structure

Under the Bain DOCA structure, funds will be transferred into the Creditors' Trust for distribution to creditors and divided into four pools with different eligibility criteria:

- The funds in **Pool A** total between \$343m and \$468m including an estimate of excluded cash as detailed in **section 10.2.1** and will be available for creditors in the Primary DOCA, International DOCA and Subsidiary DOCA companies (with the exception of critical suppliers).
- The funds in **Pool B** total \$10m. If creditors resolve to accept both the Primary and the International DOCAs, then creditors in the International DOCA will be eligible to receive a distribution from Pool B, which they would not otherwise receive.

- The funds in **Pool C** total \$94.1m and will be available for the critical suppliers. Critical suppliers have been deemed that because there are no alternative service providers and they are critical for the future of the airline to continue operating. Suppliers who are deemed critical have been made aware of their return.
- The funds in **Pool D** will total \$23.2m and will be available for the creditors of the International DOCA, however only in the event that the International DOCA completes but the Primary DOCA does not.

9.4 Share transfer to Bain

The Primary DOCA proposes the transfer of 100% of the shares held by VAH to Bain. To do this, the Primary DOCA requires the Deed Administrators to make an application to Court seeking leave under section 444GA of the Act (**Section 444GA Process**).

Section 444GA of the Act provides that a deed administrator may transfer shares in the company to which he or she is appointed with either the written consent of the owner of the shares or the leave of the Court. The Court will only grant leave if it is satisfied that the transfer of shares will not unfairly prejudice the interests of shareholders of the company. We have engaged an independent expert to value the shares in VAH. Shareholders, creditors or other interested parties will have the opportunity to be heard at the application. The Section 444GA Process will involve:

- Filing the application in Court with supporting affidavits.
- Providing information to shareholders, including an explanatory statement about the application and the independent expert's report on the estimated value, if any, of the shares.
- A Court hearing of the application, which may involve appearances from shareholders or any other parties who may oppose the application.
- A decision by the Court either granting or refusing leave for the transfer of the shares.

To enable the transfer of shares to take place, the Deed Administrators will also be required to obtain ASIC relief from the takeover provisions contained in Chapter 6 of the Act, which apply where a party is increasing its voting interest beyond 20%, as well as any waiver from the ASX that may be required in connection with the transfer of the shares.

Based on our analysis of the financial position of the Group we believe that the Court will have reasonable grounds to grant relief pursuant to section 444GA of the Act. However, this is ultimately a decision of the Court. If the Primary DOCA is approved at the second meeting of creditors, we expect the originating process will take up to two months to complete following the second creditors' meeting. The length of the application will depend on whether the application is contested.

The Sale Deed provides that if the Court does not grant relief under section 444GA of the Act, then the DOCAs will be terminated and the assets of each company will be sold to Bain under the ASA.

9.5 Effect on unsecured creditors

The following provisions outlined below in **sections 9.5.1 to 9.5.8** relate to the Primary DOCA, the International DOCA and Subsidiary DOCAs contain provisions that are in all material respects on the same terms.

9.5.1 Released claims

The Primary DOCA will release all debts and claims that would be admissible to proof against a company in the Primary DOCA if that company had been wound up on the date of appointment of the Voluntary Administrators, including:

- To the extent permissible by law, any fine or penalty that would be provable but for section 553B of the Act.
- The claims of secured creditors (without limiting the rights of secured creditors under section 444D(2) of the Act).
- The claims of lessors (without limiting the rights of lessors under section 444D(3) of the Act).
- All claims under the 2007 ASIC deed of cross guarantee of which VAH is the head company.

In return for the releases, creditors will obtain an entitlement to receive a distribution from the relevant pool of the Creditors' Trust fund (except in respect of customers who have a claim for a Future Flight Credit, as discussed in **section 9.5.7**). This is further discussed at **section 10.2.1**.

9.5.2 Excluded claims

The Primary DOCA proposes the claims below be excluded from participating in the Creditors' Trust. These claims will remain with the Companies and not be extinguished by operation of the relevant DOCA:

- Claims in respect to continuing employees for anything (including for any amounts referred to in section 556(1)(e), (g) or (h) of the Act) other than claims for historical underpayment of superannuation or wages (refer **section 9.5.3** below).
- Claims of employees under the workers' compensation self-insurance scheme in which each of the Primary DOCA companies are participants.
- Claims in respect of staff travel entitlements, being entitlements to refunds or credits arising prior to the date of appointment of Voluntary Administrators under the Virgin Australia Team Travel Leisure Policy.
- Claims in respect to certain excluded contracts (refer to **section 9.5.4** below).
- Insured claims (refer to **section 9.5.5** below).
- Intragroup claims (refer to **section 9.5.6** below).
- Any other claim that Bain nominates in writing to the Deed Administrators as an excluded claim prior to completion (noting that the counterparty would have to agree to be considered as excluded for the purpose of the DOCA).

9.5.3 Effect on employees

The continuing employees are those who are employed by a company in the Primary DOCA at the date of the DOCA and who remain employees upon completion of the Primary DOCA.

As noted in **section 3.4.4**, the Bain DOCA structure does not have any impact on continuing employees. Under the DOCAs proposed by Bain or sale of the business by an ASA, all employee entitlements will either be adopted for continuing employees or paid in full for those employees made redundant.

In the event an employee has an unpaid claim against the Companies, these claims will be transferred to the Creditors' Trust as beneficiaries and that employee will retain their priority to receive an amount equal to what they would have been entitled to if the property of the Companies had been applied in accordance with sections 556, 560 and 561 of the Act. Bain is responsible for funding all employee entitlements of employees who cease to be employed by a Primary DOCA Company between 1 July 2020 and completion of the Primary DOCA.

In the event the Bain DOCA proposal is unable to be completed, nor the sale of the business by an ASA, as stated in **section 3.4.4**, it is likely there will be insufficient assets to pay employees their outstanding entitlements in full. The FEG scheme can only be accessed when a company goes into liquidation. We note that how employees vote at the Second Meeting does not affect their eligibility to make a claim with FEG if this event was to occur.

9.5.4 Excluded contracts

Each DOCA contains a list of contracts (which includes aircraft finance contracts and leases) to which a Primary DOCA, International DOCA or Subsidiary DOCA company is party to and is currently intended to be excluded from the relevant DOCA.

It is intended that these contracts will remain on foot (and may be subject to varied terms) and that the liabilities under these contracts will not be extinguished under the relevant DOCA, subject to the counterparties agreeing to waive termination and default rights.

9.5.5 Insured claims

Insured claims will be excluded from the Primary DOCA. An insured claim is a claim which a creditor has against a Company subject to the Primary DOCA for which they would have received priority in the event of a liquidation under section 562 of the Act.

This is a claim where:

- The Company subject to the Primary DOCA is insured against the claim under a contract of insurance entered pre-appointment.
- An amount in respect of that claim would be payable by the insurer to a Company subject to the Primary DOCA under a contract of insurance. However, only to the extent that part of the claim would be discharged by the payment from the insurer and provided the creditor indemnifies the Company subject to the Primary DOCA in respect to all costs and expenses incurred in connection to the claim.

9.5.6 Intragroup claims

The Primary DOCA contains a schedule of intragroup claims (being claims as between entities in the Consolidated Group) that will not be released under the Primary DOCA but will be excluded from receiving a distribution from the Creditors' Trust.

9.5.7 Future flight credits

Creditors who have claims for refunds or other monetary compensation for or in respect of the following will be released under the Primary DOCA, with the relevant creditors to receive an entitlement to a Future Flight Credit from completion of the Primary DOCA in exchange for the release:

- Flights or holiday packages operated or sold by or on behalf of a company in the Primary DOCA that were booked and paid for prior to the date of appointment of the Voluntary Administrators have been cancelled as at the date of the Primary DOCA and where that creditor is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that creditor by or on behalf of a company in the Primary DOCA), immediately prior to completion of the Primary DOCA, to a Conditional Credit.
- Flights or holiday packages operated or sold by or on behalf of a company in the Primary DOCA that were booked and paid for prior to the date of appointment of the Voluntary Administrators and which are cancelled after the date of the Primary DOCA or after completion of the Primary DOCA.
- Flights or holiday packages operated or sold by or on behalf of a company in the Primary DOCA that were booked and paid for prior to the date of appointment of the Voluntary Administrators which were cancelled prior to the date of appointment and where the creditor had, prior to the date of appointment, been issued with a travel credit in accordance with that Primary DOCA company's terms and conditions applicable as at the date such credit was issued.
- Expenses incurred in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a company in the Primary DOCA, which was booked prior to the date of appointment of the Voluntary Administrators, or ancillary services paid for or in connection with a delayed or cancelled flight or holiday package operated or sold by or on behalf of a company in the Primary DOCA that was booked prior to the date of appointment of the Voluntary Administrators where that creditor is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that creditor by or on behalf of a company in the Primary DOCA), to a Conditional Credit.
- Service related incidents arising in connection with a flight or holiday package operated or sold by or on behalf of a company in the Primary DOCA, which was booked prior to the date of appointment of the Voluntary Administrators, where the relevant creditor is entitled (whether under the terms of the relevant policy or as a result of a direct communication to that creditor by or on behalf of a company in the Primary DOCA), immediately prior to completion of the Primary DOCA, to a Conditional Credit.
- Deposits paid to and held by, a company in the Primary DOCA prior to the date of appointment of the Voluntary Administrators in respect of a group booking for flights operated or sold by or on behalf of a company in the Primary DOCA which have been cancelled or are cancelled after the date of the Primary DOCA.

9.5.8 Non-participating claims

The following claims will be released under the Primary DOCA but will not be entitled to any distribution from the Creditors' Trust Fund or other payment:

- Claims that are 'subordinate claims' within the meaning of section 563A of the Act, being claims for debts owed by the company to a person in the person's capacity as a member of the company (whether by way of dividends, profits or otherwise) or any other claim that arises from buying, holding, selling or otherwise dealing in shares in the company.
- Any claim by a company in the Primary DOCA, or any claim of a related body corporate of a company in the Primary DOCA, against another company in the Primary DOCA which is not an excluded claim.
- Any future flight credit claims (as described in **section 9.5.7** above).
- Any claim in respect of which the relevant creditor has agreed in writing with the Voluntary Administrators, the Deed Administrators or the relevant company in the Primary DOCA not to participate in distributions from the Creditors' Trust fund.

9.6 End date

The Primary DOCA will include a date (30 November 2020) by which conditions have to be satisfied prior to completion. This date can be extended with the agreement of both the Deed Administrators and Bain.

If the Primary DOCA has not completed by the end date, the Deed Administrators will convene a meeting to consider the future of the Primary DOCA Companies. The end date is the earlier of the date under which the Sale Deed is terminated in accordance with its terms or any other date as agreed in writing between the Voluntary Administrators and Bain.

9.7 ASA

In circumstances where the Bain DOCA proposal is not approved by creditors at the second meeting, the sale of the business will complete by way of an asset sale. In these circumstances, we will adjourn the second meeting and the asset sale, which is subject to only limited conditions, will be completed during the period of adjournment. If completion of the sale has not occurred by the time the meeting recommences, or certain assets and contracts are not transferred or novated, these matters will be completed after the meeting. It is likely the Companies would be placed into liquidation at the adjourned meeting.

9.8 Conclusion

The Bain DOCA proposal provides ongoing employment for the majority of employees and continued trading with creditors. The Bain DOCA proposal provides a higher return to creditors compared to the Companies being placed into liquidation. This includes in circumstances where the sale of the business to Bain is completed by an ASA or in circumstances where no sale of business is achieved and the Group ceases to trade.

10 Creditors' Trust

10.1 Purpose

A creditors' trust is a mechanism used to accelerate a company's exit from external administration. A creditors' trust provides for a trust to be formed to deal with the claims of creditors while allowing the return of the company back to the directors or to the buyer of the business without them having to operate with the term "Subject to Deed of Company Arrangement" after the company's name.

Under a DOCA, creditors' rights are regulated by both the terms of the DOCA and the provisions of the Act (which deal with such matters as the right of creditors to appeal against a rejection of a proof of debt).

Under a creditors' trust, the rights of creditors will transform into the rights of a beneficiary under the terms of the trust instrument with any additional rights under the relevant trust legislation such as the Trustee Act 1925 (NSW).

The Bain DOCA structure proposes the creation of a single Creditors' Trust to deal with the combined creditor claims of each company in voluntary administration. The single Creditors' Trust will comprise of four pools of funds as outlined in in **section 10.2.1**.

We consider the Bain DOCA structure with a single creditors' trust to be in the best interests of all creditors as this structure is an integral part of the proposal, with the proposal providing the highest return to creditors, and no creditor will be unfairly prejudiced by the arrangements contemplated in the Creditors' Trust. The single Creditors' Trust will also allow for a more efficient, less costly and quicker turnaround for a distribution to creditors.

Creditors need to be aware that while we have taken steps to protect the interests of creditors by ensuring that creditors' claims are not released and each DOCA does not complete until the relevant conditions are met, creditors should understand that their rights under a creditors' trust are different to their rights under a DOCA. The differences are discussed in the sections below.

10.2 Proposed Creditors' Trust

A single Creditors' Trust will be established on completion of the Primary DOCA, or on completion of the International DOCA in the event that Bain elects to proceed with the International DOCA in circumstances where the Primary DOCA is not approved or the conditions to completion of the Primary DOCA are not satisfied.

10.2.1 Trust Fund pools under the Bain DOCA structure

The funds to be transferred into the Creditors' Trust will be divided into four pools as described in the table below.

Table 28: Creditors' Trust Fund pools

Pool	Creditors entitled to funds	Funds available
Pool A	- Creditors of the Primary DOCA (excluding those entitled to Pool C and non-participating claims) - Creditors of the International DOCA - Creditors of the Subsidiary DOCAs	The estimated amount of \$343m to \$468m, being the sum of: An amount equal to \$575m less: - The full amount drawn under the interim funding facility agreement, being \$125m - if the liability of the DOCA Companies on account of pre-paid flights as at 30 June 2020 less the restricted cash collateral held in respect of prepaid flights as at 30 June 2020 exceeds \$401,533,000 by more than \$100,000, the amount of that difference, being \$2,783,000.

Pool	Creditors entitled to funds	Funds available
		- The amount allocated to Pool B (\$10m) - only in the event creditors resolve to accept the Primary DOCA and the International DOCA. - An amount of \$23.2m - only in the event creditors do not approve the International DOCA or any of its conditions are not met satisfied or waived. - The amount allocated to Pool C (\$94,110,384). Plus - The excluded cash estimated to be \$40.6m to \$14.8m. Where excluded cash means, at any date, the unrestricted cash at bank in the Administrators' Account on 30 June 2020 plus the cash proceeds of any trade debts owing to a Virgin Group company as at 30 June 2020 received by the Voluntary Administrators as at that date (including any JobKeeper payments referable to wages paid for the period up to 30 June 2020), less the Voluntary Administrator Trading Liabilities that have accrued prior to 1 July 2020 paid, and any Voluntary Administrator Trading Liabilities as at that date which are for the Administrators account under clause 8.2(b)(iii) of the Sale Deed. - Any amount that may become payable by Bain in respect to the Contingent Value Entitlement deed poll, up to a maximum of \$125m. - Cash balances of the foreign currency accounts held by the Primary DOCA companies, which is included in the estimate of excluded cash. - If the International DOCA is approved and completion of the International DOCA occurs simultaneously with the Primary DOCA, then cash balance of the foreign currency accounts held by the International DOCA companies, which is included in the estimate of excluded cash. - If the International DOCA is not approved or the conditions of the International DOCA are not satisfied, the intercompany claims of the Primary DOCA companies against the International DOCA companies. - Any surplus funds in Pool C after the final distribution is made to the Pool C creditors entitled to participate in that fund. - Interest accruing on the Creditors' Trust fund. Pool A is only available on completion of the Primary DOCA.
Pool B	Creditors of the International DOCA	\$10m Pool B is only available in the event that creditors resolve to accept both the Primary and International DOCAs. This is on account of claims in respect of which the creditor has a claim that arises from a common underlying obligation or in

Pool	Creditors entitled to funds	Funds available
		connection with the same underlying transaction under the Primary DOCA.
Pool C	Critical Suppliers	\$94,110,384 Pool C is only available on completion of the Primary DOCA. Critical suppliers have already been made aware of their individual return.
Pool D	Creditors of the International DOCA	\$23.2m Plus: - Cash balances of the International DOCA Companies Foreign Currency Accounts; and - Interest on the Pool D fund. Pool D is only available in the event that creditors resolve to accept the International DOCA and not the Primary DOCA and the ASA in respect of the assets of the companies in the Primary DOCA completes.

No other assets of companies subject to the Primary DOCA, International DOCA or Subsidiary DOCAs will be available to meet the claims of creditors. Other than the excluded cash outlined above, all cash held by the Deed Administrators and the companies in the Bain DOCA structure on completion (including any balance of the interim funding provided by Bain will be retained by or transferred to the companies in the Bain DOCA structure on completion.

As at the date of this report, the Creditors' Trust Deed is being finalised. Immaterial terms of the Creditors' Trust Deed may change before the second meeting of creditors. We do not expect the Creditors' Trust Deed to materially change or materially affect the projected return to creditors or the terms in the Creditors' Trust as set out in this section. Creditors are advised that if they are unsure of their position in relation to the proposed Creditors' Trust they should seek their own legal advice prior to the second meeting of creditors.

10.3 Key information regarding the Creditors' Trust

In accordance with ASIC's Regulatory Guide 82 titled "External Administrations: deeds of company arrangement involving a creditors' trust", we have provided below the information to be disclosed where a DOCA incorporating a creditors' trust has been proposed.

Table 29: Key elements of the Creditors' Trust

Information for creditors	Further comments
Reasons for the Trust Deed	It is our opinion that the use of the Bain DOCA structure with a single Creditors' Trust will provide an accelerated exit of the Virgin Group from the DOCA structure. It will also allow the Trustees to finalise the Voluntary Administrators' and Deed Administrators' trading liabilities and responsibilities and deal with the creditor claims of the Group.
Key events	The key events are as follows: - Creditor approval is required for the Bain DOCA structure to be executed after the second meeting of creditors on 4 September 2020. If approved by the creditors of the DOCA Companies, the Primary DOCA, International DOCA and Subsidiary DOCAs will be required to be executed within 15 business days of creditor approval. - Completion of the Primary DOCA, International DOCA and Subsidiary DOCA will occur in line with the steps outlined below and a single Creditors' Trust will be established on completion of the Primary DOCA.

Information for creditors	Further comments
	• If Bain elects to proceed with the International DOCA in circumstances where the Primary DOCA is not approved or the conditions to completion of the Primary DOCA are not satisfied, a single Creditors' Trust will be established on completion of the International DOCA. • The Primary DOCA, International DOCA and Subsidiary DOCAs will terminate simultaneously, immediately following completion of the steps outlined below for each of the Primary DOCA, International DOCA and Subsidiary DOCAs. Alternatively: – <u>In the case of the Primary DOCA</u>, where the International DOCA or any Subsidiary DOCA is not approved by creditors, or where a condition to completion under the International DOCA or a Subsidiary DOCA is not satisfied or waived by Bain, the Primary DOCA will terminate immediately following completion of the steps outlined below for the Primary DOCA and completion under the ASA. – In the case of the International DOCA, where the Primary DOCA is not approved by creditors, or a where a condition to completion under the Primary DOCA is not satisfied or waived by Bain, completion under the ASA. – In the case of the Subsidiary DOCAs, upon written notice from Bain to the Deed Administrators that one or more of the conditions to completion is incapable of being satisfied, that Subsidiary DOCA will be terminated and that Subsidiary DOCA Company will be placed into liquidation under section 446AA of the Act. • The Primary DOCA, International DOCA and Subsidiary DOCAs will also terminate if the Court makes an order terminating any of them under 445D of the Act or if the creditors of the Primary DOCA, International DOCA or Subsidiary DOCA (as applicable) pass a resolution terminating the Primary DOCA, International DOCA or Subsidiary DOCA (as applicable) under section 445C(b) and 445CA of the Act. • The receipt of the Creditors' Trust funds by the trustee will occur upon the completion steps for the Primary DOCA, International DOCA and Subsidiary DOCAs being completed and at the time the Creditors' Trust is established. • It is estimated that a distribution to creditors (being the beneficiaries of the Creditors' Trust) will occur within 6-9 months of the Creditors' Trust having been formed. • It is important to note that, at the time that each of the Primary DOCA, International DOCA and Subsidiary DOCAs complete and are terminated, creditors entitled to participate and receive a dividend will cease to be creditors of the Group, and will be beneficiaries of the Creditors' Trust and will be able to claim against the Creditors' Trust. • In circumstances where the Bain DOCA proposal is not approved by creditors at the second meeting, the sale of the business will complete by way of an asset sale (as described in section 8.6 of this report). • The Deed Administrators will be the trustees of the Creditors Trust.
Completion of the Primary DOCA	Completion of the Primary DOCA will be conditional on the following being completed: • Execution of the Creditors' Trust Deed; • ASIC issuing consents and approvals or such other acts which is agreed in writing as reasonable or necessary or desirable to implement the sale, including the exemptions and modifications from Chapter 6 of the Act granted by ASIC pursuant to section 655A of the Act; • The Deed Administrators obtaining the order from the Court pursuant to section 444GA of the Act, in respect to the transfer of shares;

Information for creditors	Further comments
	- The Deed Administrators obtaining a Chapter 15 recognition order under the US Bankruptcy Code to give full force and effect to the Primary DOCA and release of claims under the Primary DOCA, unless this condition has been waived; - Bain is reasonably satisfied that on completion, all claims expressed to be released under the Primary DOCA will be fully and effectively released under all applicable laws, unless it has been waived; and - The Sale Deed has not been terminated, unless this condition has been waived. The following steps will be undertaken no later than two business days prior to completion of the Primary DOCA: - VAH will incorporate the following special purpose entities: - BC Hart Holdco, an Australian company (wholly owned by VAH) - BC Hart Midco, an Australian company (wholly owned by BC Hart Holdco) - BC Hart Company, an Australian company (wholly owned by BC Hart Midco) - Bain to deliver to the Deed Administrators the excluded contracts as outlined in section 9.5.2. On completion of the Primary DOCA the following will be effected (or deemed to be effected) in the following order: - The releases of the released claims (outlined in section 9.5.1) will take effect. - The Deed Administrators will transfer all the shares in VAH to Bain in accordance with the section 444GA order. - Bain will subscribe for equity in VAH in an amount equal to the funds in Pool A and Pool C (and, if the International DOCA has been approved and is completing simultaneously, the funds in Pool B) and an amount equal to the drawn amount under the interim funding facility and VAH will direct Bain to transfer the consideration for the portion of the subscription amount equal to the drawn amount under the interim funding facility to the lender under the interim funding facility in full satisfaction of the interim funding facility. - VAH will transfer its shares in VAAH and VAIO to BC Hart Company. - VAH will pay an amount equal to the funds in Pool A and Pool C (and, if the International DOCA has been approved and is completing simultaneously, the funds in Pool B) to the Trustees of the Creditors' Trust. - The Purchaser will deliver to the Deed Administrators a deed poll in respect of the Contingent Value Entitlement duly executed by the Purchaser. Immediately following completion, the boards of the companies in the Primary DOCA will be reconstituted in accordance with Bain's direction.
Completion of the International and Subsidiary DOCAs	Completion of the International DOCA will be conditional on the following being satisfied: - Execution of the Creditors' Trust Deed. - The Deed Administrators obtaining the Chapter 15 recognition order under the US Bankruptcy Code, unless this condition has been waived. - Completion of the transfer of the shares to Bain under the Primary DOCA (unless Bain elect to waive this condition), unless this condition has been waived. - The Sale Deed has not been terminated, unless this condition has been waived.

Information for creditors	Further comments
	Completion of each Subsidiary DOCA will be conditional on the following being satisfied or waived: • Completion of the transfer of the shares to Bain under the Primary DOCA. • For each company in the Subsidiary DOCAs (except VB Leaseco2 and VB 800), in relation to each aircraft finance contract or aircraft lease that is intended to be an excluded contract under the Subsidiary DOCA, the Subsidiary DOCA Company has entered into a binding amendment agreement with the financier or lessor on terms satisfactory to Bain and any conditions to the effectiveness of the amendment agreement have been satisfied or will be satisfied simultaneously with completion of the Subsidiary DOCA. • For VB Leaseco2 and VB 800, a binding amendment agreement on terms satisfactory to Bain has been entered into, and any conditions to the effectiveness of that amendment agreement have been satisfied or will be satisfied simultaneously with completion of the Subsidiary DOCA, in respect of the aircraft finance contracts or aircraft lease documents that are intended to be excluded contracts in relation to at least one aircraft that is financed or leased by the company in the Subsidiary DOCA. • The Sale Deed has not been terminated. The following steps will be undertaken no later than two business days prior to completion of the International DOCA and the Subsidiary DOCAs: • Bain to deliver to the Deed Administrators the excluded contracts designated notice as outlined in section 9.5.2. On completion of the International DOCA and Subsidiary DOCAs, the following will be effected (or deemed to be effected) in the following order: • The releases of the released claims (outlined in section 9.5.1) will take effect. This will occur at the same time as the releases of the released claims under the Primary DOCA take effect. • For the International DOCA, VAH will pay an amount equal to the funds in Pool B to the Trustees of the Creditors' Trust, if the Primary DOCA is not approved. Immediately following completion, the boards of the companies in the International and Subsidiary DOCAs will be reconstituted in accordance with Bain's direction. Timing of completion • Completion of the International and Subsidiary DOCAs will occur simultaneously with the Primary DOCA. • If the Primary DOCA is not approved at the second meeting or the conditions to Completion of the Primary DOCA are not satisfied and Bain waives the conditions noted above, completion of the International and Subsidiary DOCAs will occur simultaneously with completion of the ASA. Termination • The International and Subsidiary DOCAs will terminate: – As a result of being fully effectuated in accordance with the terms immediately following completion simultaneously with the Primary DOCA or, if applicable, where the Primary DOCA is not approved or a condition is not satisfied or waived completion under the ASA. – In respect of the Subsidiary DOCAs, upon written notice from Bain to the Deed Administrators that one or more of the conditions to completion are incapable of

Information for creditors	Further comments
	being satisfied. In this instance, the relevant company in the Subsidiary DOCA will be placed into liquidation under section 446AA. – If the Court makes an order terminating the Primary DOCA under section 445D; or – If the creditors of the Primary DOCA in accordance with section 445C(b) or 445CA.
Return to creditors / beneficiaries	The Creditors' Trust will be established and funds will be received from Bain upon completion of the Primary DOCA, International DOCA and the Subsidiary DOCAs. At present, it is anticipated that completion will occur on or before 31 October 2020. Accordingly, it is anticipated that distributions will be made within 6-9 months of completion of the Primary DOCA, International DOCA and the Subsidiary DOCAs. Table 31 in section 11, shows the estimated return to creditors. The estimated return to creditors may vary due to the variables discussed in section 11.2.6. Other than where required by law, the funds in the Trust Deed will be distributed in the following order of priority: • Pools A: – First, to the Voluntary Administrators or Deed Administrators for any amount which the Voluntary Administrators or Deed Administrators are entitled to be paid or indemnified for under the Primary DOCA, International DOCA or Subsidiary DOCAs including their remuneration, costs and expenses and all other debts and liabilities incurred by them during the voluntary administration and deed administration of the companies in the DOCAs. – Next, to the Trustees of the Creditors' Trust in satisfaction of their remuneration and costs. – Next, any liability to employees for historic underpayment claims. – Next, to the Pool A creditors, by a pro rata amount. – sections 444DA and 444DB of the Act will apply. • Pool B: – pro rata to each Pool B creditor • Pool C: – per the amount agreed to each Pool C creditor. • Pool D, (only established if the Primary DOCA does not complete but the International DOCA completes and the ASA in respect to the companies in the Primary DOCA completes): – First, to the Voluntary Administrators or Deed Administrators for any amount which the Voluntary Administrators or Deed Administrators are entitled to be paid or indemnified for under the International DOCA including their remuneration, costs and expenses and all other debts and liabilities incurred by them during the administration and deed administration of the International DOCA Companies. – Next, to the Trustees of the Creditors' Trust in satisfaction of their remuneration and costs. – Next, any liability to employees for historic underpayment claims or injury compensation claims in respect of injuries occurring prior to completion. – Next, pro rata to each other Pool D Creditor.

Information for creditors	Further comments
Trustee particulars – identity, skills, experience, and insurance	If the Bain DOCA proposal did not involve a creditors' trust, it may significantly impact the ability of the Companies to complete their restructuring in a timely manner and resume normal operations, including the ability to attract customers to the airline.
	The Trust Deed will include provisions relating to the determination of creditors' claims incorporating the applicable provisions of the Act and Regulations.
	The Voluntary Administrators / Deed Administrators to be Trustees of the Creditors' Trust.
	We are registered liquidators and have the relevant experience and necessary skills to undertake the required duties and tasks. We have adequate civil liability insurance (including professional indemnity and fidelity insurance) that would cover our role as trustees of the Creditors' Trust.
	A summary of our experience is listed on our website www.deloitte.com.au . Each DOCA requires us to be appointed Deed Administrators and Trustees of the Creditors' Trust. We do not consider that there is any potential conflict in acting as Trustees of the Creditors' Trust.
Remuneration	As the Trustees are registered liquidators, ASIC will have supervisory powers over the conduct of the Trustees under Division 40 of Schedule 2 of the Act.
	We do not consider that we have any potential conflict of interests in acting as Trustee of the Creditors' Trust.
	The Creditors' Trust will provide for the payment of the Voluntary Administrators', Deed Administrators' and Trustees' remuneration from the Trust Fund in priority to any payment to admitted creditors. This includes:
- Any approved remuneration and expenses owing to the Voluntary Administrators and Deed Administrators that remained unpaid at the time of the establishment of the Creditors' Trust. - The Trustees' remuneration and costs. The Trustees' costs will be calculated based on hourly rates and in accordance with Deloitte rates as detailed in our Initial Remuneration Notice sent to creditors on 21 April 2020 which is available on the Deloitte website: http://www.deloitte.com/au/virgin.	
At the COI meeting on 10 August 2020, the COI approved the Voluntary Administrators' remuneration and disbursements. Details of the remuneration approved is outlined in section 12 .	
We estimate that the remuneration and costs of the Deed Administrators will be approximately \$4m and the remuneration and costs of the Trustees will be between approximately \$7-8m. The remuneration and costs of the Deed Administrators and Trustees will be charged on an hourly basis on the same rates as those charged during the period of voluntary administration. Our estimate does not consider any litigation or protracted negotiations when adjudicating on creditor claims. Any additional costs will be dependent on the time taken to adjudicate claims and distribute the payment to the beneficiaries of the Creditors' Trust.	
In a voluntary administration and DOCA scenario, the approval of fees is subject to the provisions of the IPS, requiring that remuneration be approved by either a COI, by a resolution of creditors, or by applying to Court to review the Administrators' or Deed Administrators' remuneration.	

Information for creditors	Further comments
	In a Creditors' Trust, there is no equivalent statutory procedure in the Trustee Act 1925 (NSW) pursuant to which beneficiaries, or the COI, or the Federal Court can agree or approve the Trustee's remuneration. However, a beneficiary can apply to the Supreme Court of NSW to seek to review or challenge the Trustees' remuneration.
Indemnities	The Administrators and Deed Administrators will have a lien over and be entitled to be indemnified from the assets of the Creditors' Trust for their remuneration, costs and expenses. Accordingly, any fees or costs incurred by the Trustees that are associated with any legal actions that are required to be undertaken or defended will be met from the funds held in the Creditors' Trust. While any such actions may reduce the available funds and diminish the return to creditors This indemnity takes effect from the commencement of the DOCA, is continuing and will endure for the benefit of the Deed Administrator and Trustees. No other indemnity has been provided to the Trustees.
Powers (Deed Administrators / Trustee under the DOCA proposal)	As Trustees we will administer the Trust fund in accordance with the provisions set out in each DOCA and the Creditors' Trust Deed and do anything incidental to exercising a power set out in the Creditors' Trust Deed and anything else that is necessary or convenient for administering the Creditors' Trust. Primarily, the Trustees' proposed role is to call for proofs of debt, adjudicate the creditors' claims and distribute the Creditors' Trust Funds. The Creditors' Trust Deed also incorporates the powers that would apply to a Deed Administrator. The Deed Administrators have broad powers, including to be able to perform any function and exercise any power or right a director may have performed or exercised, and to do anything else necessary or convenient to exercising their powers under the Deed. As mentioned above, the Deed Administrators are governed by the Act, whereas a creditors' trust set up in NSW is governed by the Trust Deed and the Trustees Act 1925 (NSW).
Claims	Creditors are referred to section 10.4 below. Creditors will be entitled to make only a single claim in the Creditors' Trust Fund in respect of any claims that arise from a common underlying obligation or in connection with the same underlying transaction (for example, where one DOCA company is a guarantor or co-obligor of an obligation of debt owing by another DOCA company), and where they are for different amounts, for the largest admitted claim; provided that Pool B creditors will be entitled to claim against the Pool A Fund and the Pool B Fund. The Creditors' Trust Deed will include provisions relating to the determination of claims incorporating the provisions of the Act and Regulations applicable to the determination of claims. section 444DB of the Act will apply to the Creditors' Trust.
Other creditor / beneficiary differences	Creditors' rights in an external administration are set out in the Act. Beneficiaries of a creditors' trust do not have equivalent rights under the Act. Rather, as mentioned above their rights are governed by the Trust Deed and the Trustees Act 1925 (NSW). Although courts can still provide relief under the general law of trusts, the safeguards available to creditors under Pt 5.3A of the Act are not available to beneficiaries of a trust.

Information for creditors	Further comments
	In a DOCA, creditors have the right to request a meeting of creditors or apply to Court to seek orders to amend or terminate the DOCA pursuant to the Act. They also have certain rights to challenge decisions, actions and omissions of the Deed Administrator and to be informed about the progress of the external administration. Further, creditors can lodge a complaint with ASIC about the conduct of the Deed Administrator. Beneficiaries of a Creditors' Trust do not have such rights under the Act. However, given that the terms of each DOCA and Creditors' Trust are provided in this report, we consider that the creditors will have had a sufficient opportunity to consider the terms of each DOCA and Creditors' Trust including to obtain independent legal and financial advice they consider necessary regarding their rights and can decide whether to vote in favour of executing each DOCA and Creditors' Trust at the second meeting of creditors. Further, it is anticipated that there may be a one to two month period between execution of each DOCA and the creation of the Creditors' Trust which will allow any aggrieved creditor the opportunity to exercise their statutory rights during this period. That said, we will be making all reasonable endeavours to complete each DOCA as soon as possible once that DOCAs conditions are met. In terms of the determination and admission of creditors' claims for participation in a distribution from the Trust Fund, creditors will have 14 days to appeal the Trustees' decision to reject their claim, or a longer period if the Trustees permit. In a liquidation, the Act stipulates that the appeal must be made within 14 days of the liquidator giving notice of rejection, or such longer period as the Court permits. Accordingly, we do not believe creditors will be disadvantaged. As Trustees are registered liquidators, creditors have the ability to make any complaints about their conduct to ASIC.
Fair Entitlements Guarantee Scheme (FEG)	Should creditors resolve to accept the DOCA structure, the employees will not have access to the FEG scheme. The FEG scheme may only be available if the companies are placed into liquidation. In the event an employee has an unpaid claim against the Virgin Group, and to the extent that these claims are determined to be outstanding wages and superannuation contributions, leave entitlements or retrenchment payments and are provable claims falling within section 556(1) of the Act, such claims will be payable in accordance with the priorities prescribed by that section under the provisions of the Trust Deed.
Compliance opinion	It is our opinion that the companies subject to the Primary DOCA, International DOCA and Subsidiary DOCAs are capable of complying with the terms of the Trust Deed and are likely to comply with the obligations to the Trustees, if the DOCAs proposed by Bain are approved by the creditors. Additionally, claims against the Group are not extinguished until the funds to satisfy creditor claims are paid into the Trust Fund.
Solvent statement	It is our opinion that the companies subject to Primary DOCA, International DOCA and Subsidiary DOCAs will become solvent at the date of effectuation of the DOCA structure on the terms proposed for the following reasons: • Creditor claims against the companies subject to DOCA will be extinguished • Bain is providing working capital to fund the future business activities of the companies subject to the Primary DOCA, International DOCA and Subsidiary DOCAs.
Tax (company trust)	A Creditors' Trust may create the potential for some taxation issues when compared to a distribution received from an ordinary deed of company arrangement. That is, any taxation that may arise with the administration of the Creditors' Trust will reduce the funds available

Information for creditors	Further comments
	to creditors. However, we do not expect that there will be any material changes to the funds available as a distribution to creditors under the proposed Creditors' Trust. No assets of the Companies other than the funds as set out in the Bain DOCA proposal are expected to be transferred to the Creditors Trust, therefore there are no significant tax obligations that are expected to arise.
Tax (creditor beneficiary)	Creditors are advised to seek their own taxation advice as there may be some implications for creditors receiving a distribution from a trust rather than a distribution from a company subject to DOCA. We are unable to provide any advice regarding this issue.
Other	No other material aspects or implications have been identified at this stage. The Creditors' Trust Deed will contain other terms that are customary of a Creditors' Trust of this nature and are agreed between the Administrators and Bain, however those terms will not have a material impact on the information provided in this report or the estimated amount to be returned to creditors/beneficiaries.

10.4 Creditor claims

As outlined in **section 9.5.1** the Bain DOCA structure will release all debts and claims against the companies in the Bain DOCA structure (except for the excluded claims as per **section 9.5.2**). In return for the releases, creditors will receive an entitlement to receive a dividend from the relevant pool of the Creditors' Trust.

In accordance with the Trust Deed, the Trustees will adjudicate the claims from creditors who had a debt owed by the Group as at 20 April 2020. The Trustees will have unrestricted and free access to all the books and records of the Virgin Group necessary to determine claims. The Deed Administrators will have the power under the DOCA to commence the adjudication process. Those creditors with debts that have been adjudicated as valid will be considered as admitted creditors in the Creditors' Trust.

The terms of the Creditors' Trust provide for four creditor pools to be created for the benefit of those creditors who have been determined to be admitted creditors by the Trustees. The proposed distribution mechanism of the Trust fund to admitted creditors has been detailed in **Table 29** above.

Assuming that there are no delays in adjudicating the claims of creditors it is estimated that a first and final distribution to admitted creditors will be paid 6 to 9 months following the creation of the Creditors' Trust.

11 Estimated return to creditors

11.1 Introduction

We have prepared an analysis of the estimated return to creditors under the following scenarios:

- Return to creditors under the **Bain DOCA proposal**.
- Return to creditors if the sale of the business of the Virgin Group was to proceed under an ASA with Bain (**ASA – liquidation**).
- Return to creditors if the sale of the business of the Virgin Group was not to proceed with any party and the business was wound down (**no sale - liquidation**).

There are different returns to creditors dependent on what may (or may not be approved) by creditors at the second meeting. The four return scenarios are:

1. All DOCAs are approved by creditors (**Scenario 1**).
2. The International & Subsidiary DOCA is approved however, the Primary DOCA is not (i.e. Primary ASA - liquidation) (**Scenario 2**).
3. The Primary and Subsidiary DOCAs are approved however, the International DOCA is not (i.e. International ASA - liquidation) (**Scenario 3**).
4. All DOCAs are not approved by creditors (i.e. ASA - liquidation) (**Scenario 4**).

There is a significant amount of detail and modelling that has been undertaken in order to assess the return to creditors under the Bain DOCA proposal, ASA and liquidation scenarios. This is further complicated by the intergroup debt structures, two separate deeds of cross guarantee and guarantees held by certain creditors and Bond Holders across different entities. As part of our analysis and work papers we have sought to capture all those variables, however, due to the complexities involved we have not included all this detail in this report. Some of the detailed analysis is included in **Appendix L**.

Table 30 shows the expected return to creditors under the Bain DOCA proposal versus in the event the sale is either completed in liquidation under the ASA (ASA – liquidation) or if that is not possible, the company ceases to operate and the assets are realised in liquidation on a piecemeal basis (no sale – liquidation).

The sale being completed by the Bain DOCA proposal will provide a significantly better return to all creditors and provide a full return to employees, provide for all customer prepaid flights to be honoured, significant return to secured creditors (which will be consistent under the DOCA and ASA but provide a better return to them under their unsecured claims), with an estimated unsecured creditor return on average of between 13% and 9% on a high and low basis respectively.

Table 30: Summary of estimated average returns to unsecured creditors

The Group		Bain DOCAs	Liquidation			
			ASA - liquidation		No sale - liquidation	
Creditor Group		High	Low	High	Low	High
Priority creditors/employees	%	100	100	100	100	19.4
Unsecured creditors / average return	%	13	9	7	4	1
Unsecured creditors – funds available for distribution after costs	\$m	612.8	462.0	310.1	207.2	52.4

The funds available to pay a distribution to unsecured creditors in the Creditors' Trust after costs, are estimated to be between \$612.8m and \$462.0m, versus under the ASA of less than \$320m, and in the event of a closure and liquidation (no sale – liquidation), approximately \$52.4m (noting under this scenario employees would only receive 19.4% of their claims and be required to apply under the FEG scheme for additional recoveries of entitlements).

11.2 Estimated return to creditors

We have provided a summary of the potential return under the different scenarios. Any final return to creditors under any of the possible outcomes will be dependent on the actual level of claims of creditors. Given the restructuring of the business, the global state of the airline industry and strained operating circumstances as a result of the pandemic, it has not been possible for all creditors to fully quantify their claims at this time. This is a process that will take time especially as creditors seek to mitigate any losses they have suffered. Before a dividend is paid to creditors under any of the scenarios, a detailed process of assessment of all claims, including an assessment of actions undertaken to mitigate their losses, will be undertaken as is the standard procedure in these circumstances.

The returns to unsecured creditors under the scenarios and options will be dependent which entities creditors have a claim against and if they have been considered a critical supplier for the purpose of the Bain DOCA proposal. On the Halo platform when adjudicating on your claims for the purpose of voting at the meeting we have sought to recognise the entities to which you have a claim against.

Table 31: Return to creditors by outcome scenarios

Creditor Group		Liquidation				
		Bain DOCAs		ASA - liquidation		No sale - liquidation
		High	Low	High	Low	High
Priority creditors	%	100	100	100	100	19.4
Unsecured creditors						
Scenario 1: All DOCAs approved						
Funds available in Creditors Trust (after costs)	\$m	612.8	462.0	n/a	n/a	n/a
Pool A – ordinary unsecured (all creditors)	%	12.8	8.4	n/a	n/a	n/a
Pool B – ordinary unsecured DOCG2 creditors	%	0.5	0.5	n/a	n/a	n/a
Pool C – critical suppliers	%	14.4	14.4	n/a	n/a	n/a
*DOCG2 creditors receive Pool A & Pool B returns						
Scenario 2: International & Subsidiary DOCAs approved and Primary DOCA fails						
Funds available in creditors trust	\$m	24.1	17.7	n/a	n/a	n/a
Pool D – ordinary unsecured DOCG2 creditors	%	0.5	0.4	n/a	n/a	n/a
Funds available after costs Primary ASA-liquidation	\$m	n/a	n/a	309.9	213.7	n/a
Returns to unsecured creditors in DOCG1	%	n/a	n/a	6.9	4.5	n/a
Scenario 3: Primary & Subsidiary DOCAs approved, International DOCA fails						
Funds available in Creditors Trust (after costs)	\$m	593.6	445.5	n/a	n/a	n/a
Pool A – ordinary unsecured DOCG1 & Non-DOCG creditors	%	11.8	7.6	n/a	n/a	n/a
Pool C – Critical suppliers	%	14.4	14.4	n/a	n/a	n/a
Funds available in International ASA-liquidation after costs	\$m	n/a	n/a	8.8	2.2	n/a
Return to ordinary unsecured DOCG2 creditors	%	n/a	n/a	0.2	0.0	n/a

Creditor Group		Liquidation				
		Bain DOCAs		ASA - liquidation		No sale - liquidation
		High	Low	High	Low	High
Scenario 4: All DOCAs fail – ASA-liquidation						
Funds available in ASA-liquidation (after costs)	\$m	<i>n/a</i>	<i>n/a</i>	310.1	207.2	52.4
<i>DOCG1 Unsecured creditors</i>	%	<i>n/a</i>	<i>n/a</i>	6.7	4.3	1.1
<i>DOCG2 Unsecured creditors</i>	%	<i>n/a</i>	<i>n/a</i>	0.2	0.0	0.0
<i>Other subsidiary unsecured creditors</i>	%	<i>n/a</i>	<i>n/a</i>	0.0	0.0	0.0

We have assessed the returns to creditors should the sale complete by the Bain DOCA proposal or ASA on both high and low value basis. We have also assessed the return on a no sale - liquidation high basis. We have not included the low case estimate in this report as it sees no return to unsecured creditors.

We have not included in the above table the return to secured creditors, as this is still being determined (relating mainly to secured debt for aircraft and associated equipment), however an estimate of their potential shortfall under their claims has been included in the above analysis as an unsecured claim. Please refer to **Table 34** for the estimate of the shortfall to secured creditors included as unsecured claims.

Table 32 summarises the estimated main sources of funds available to fund any distribution to the unsecured creditors with the main source being the Pool A, B,C and D Fund amounts under the DOCAs to be received from Bain or the purchase price under the ASA.

Table 32: Sources of funds available to unsecured creditors

The Group	\$m	Liquidation				
		Bain DOCAs		ASA- liquidation		No sale- liquidation
		High	Low	High	Low	High
DOCA Pool A, B, C & D / ASA purchase price (before excluded cash)		447.2	447.2	347.2	347.2	<i>n/a</i>
Less: Allowance for incremental costs to effect transaction		<i>n/a</i>	<i>n/a</i>	(25.0)	(100.0)	<i>n/a</i>
Plus: Sale Deed Contingent Value Entitlement		125.0	nil	nil	nil	<i>n/a</i>
Total cash consideration		572.2	447.2	322.2	247.2	<i>n/a</i>
Other net asset realisations		<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	192.5
Less: Employee entitlements paid in priority from entity asset realisations		<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	(81.1)
Excluded cash:						
Working capital released through assumption of liabilities		35.0	35.0	35.0	35.0	<i>n/a</i>
Net other cash at bank / (costs)		5.6	(20.2)	(47.1)	(75.0)	(58.9)
Total cash consideration available to unsecured creditors		612.8	462.0	310.1	207.2	52.4

The Pool A, B, C and D Fund amounts and Contingent Value Entitlement are the amounts as specified in the Bain DOCA proposal. Under the low basis we have assumed the Contingent Value Entitlements is nil as the payment is based on the future profitability of the business which we have commented on in **section 8.6** above.

The Sale Deed specifies the purchase price payable in the event the transaction is completed by ASA. In the event the sale is completed by the ASA, the Sale Deed allows for a portion of the costs of completing the transaction, including stamp

duty payable and advisor costs, to be a reduction of the purchase price. The amounts we have included are an estimate of those costs. The estimate is the portion of costs expected to be incurred in completing the transaction which are capped at \$100m under the Sale Deed.

Under the Sale Deed, Bain agreed to take on certain liabilities which we would otherwise have had to meet, including prepaid flights and any accrued leave entitlements of staff.

The net other cash at bank and costs reflects the expected cash at bank of the Voluntary Administrators as at 30 June 2020 less any costs to be paid in the voluntary administration, deed administration, creditors' trust or liquidation.

In the no sale – liquidation scenario the only expected realisable assets to meet employee claims in priority to unsecured creditors total \$81.1m. In the event of liquidation there is a significant shortfall expected to employees.

11.2.1 Bain DOCA proposal approved: Scenario 1

A sale of the business of the Virgin Group by the Bain DOCA proposal will allow the completion of the sale of the business as a going concern, whilst providing minimal disruption to trade and operations of the Group.

Under the Bain DOCA proposal all assets, securities and elected contracts of the Group will be assumed in the go forward business. A significant amount of work has been undertaken in respect to restructuring the airline which will be reflected in the business structure going forward based on decisions made by Bain and Management with respect to which contracts and agreements are to be retained in the restructured business including, but not limited to aircraft, employees, debt and financing facilities.

There is no requirement to novate or transfer contracts under the DOCAs, which would be required in the event the sale completes under the ASA. The costs associated with executing and implementing the DOCAs is significantly less than implementing the ASA; the benefit of which is reflected in the superior return to creditors under the Bain DOCA proposal.

As stated in **section 9.3.3**, if the Bain DOCA proposal is approved a single Creditors' Trust will be established to pool creditors' claims to enable a distribution to be made to unsecured creditors. The priority of payments under the Creditors' Trust are detailed in **section 10.2.1**.

Dividends to creditors will vary depending on whether the Primary and International DOCAs are approved. The table below summarises which creditor groups are entitled to receive funds from the different pools.

All eligible creditors participate in Pool A unless you are a critical supplier; then you participate in Pool C.

If you are also a creditor of the International DOCA you receive an additional distribution from:

1. Pool B: if the International DOCA and Primary DOCA are approved;

OR

2. Pool D if the International DOCA is approved but the Primary DOCA fails and the sale completes by ASA.

Table 33: Trust pools and creditor entitlement

Trust Pool	Creditor classes entitled to funds
Pool A	Creditors of the Primary DOCA other than those entitled to Pool C Creditors of the International DOCA Creditors of the Subsidiary DOCAs
Pool B	Creditors of the International DOCA (only available in the event the Primary & International DOCA is approved)
Pool C	Critical suppliers as outlined in the Primary DOCA (only available in the event the Primary DOCA is approved)
Pool D	Creditors of the International DOCA (only available in the event a Primary DOCA is not approved)

If the Primary and International DOCAs are approved, creditors who reside in both DOCG groups will receive a slightly higher return as identified in **Table 31**, reflecting their entitlements across both structures. The main creditors this relates to are the Bond Holders.

The Bain DOCA proposal provides a greater return to unsecured creditors versus completing the sale to Bain by the ASA or in the event the assets are realised in liquidation on a piecemeal basis. We note the following in relation to the estimated dividends under the Bain DOCA proposal as follows:

- Employees will receive their entitlements in full. The entitlement of continuing employees will be paid in the normal course and those staff who are leaving the Group will be paid their outstanding entitlements in full without having to submit a claim in the DOCA.
- Secured aircraft financiers' debt will either be retained or to the extent there is a shortfall in their debt, the shortfall will be an unsecured claim under the DOCAs and Creditors' Trust.
- Unsecured creditors within Pool A are estimated to receive between 12.8% (high) and 8.4% (low).
- An aggregate dividend to unsecured creditors within both Pool A and Pool B between 13.3% (high) and 8.9% (low)
- Critical suppliers will receive an average of 14.4% .

11.2.2 International DOCA approved, Primary and Subsidiary ASA - liquidation: Scenario 2

In the event the International DOCA is approved and the Primary and Subsidiary DOCA is **not** approved (Primary ASA – liquidation), the sale of the Primary group will complete by an ASA and we estimate creditors would receive the following returns:

- Employees will receive their entitlements in full. The entitlement of continuing employees will be paid in the normal course and those staff who are leaving the Group will be paid their outstanding entitlements in full without having to submit a claim in the DOCA.
- Secured aircraft financiers debt will either be retained or to the extent there is a shortfall in their debt the shortfall will be an unsecured claim under the DOCAs and Creditors' Trust.
- There will be no Pool A, however creditors of DOCG1 are expected to receive a dividend of between 6.9% (high) and 4.5% (low).
- A dividend to unsecured creditors of Pool D between 0.5% (high) and 0.4% (low). DOCG2 unsecured creditors (who are also creditors in DOCG1) will receive an aggregate dividend from Primary ASA - liquidation and Pool D of 7.4% (high) and 4.9% (low).
- There will be no critical supplier dividend given the failure of the Primary DOCA.

11.2.3 Primary and Subsidiary DOCAs approved, International DOCA is not approved: Scenario 3

In the event the Primary and Subsidiary DOCAs are approved and the International DOCA is **not** approved (International ASA – liquidation), the sale of the International group will complete by an ASA and we estimate creditors would receive the following returns:

- Employees will receive their entitlements in full. The entitlement of continuing employees will be paid in the normal course and those staff who are leaving the Group will be paid their outstanding entitlements in full without having to submit a claim in the DOCA.
- Secured aircraft financiers debt will either be retained or to the extent there is a shortfall in their debt the shortfall will be an unsecured claim under the DOCAs and Creditors' Trust.
- Unsecured creditors within Pool A are estimated to receive between 11.8% (high) and 7.6% (low).
- Critical suppliers will receive an average dividend of 14.4%.
- Under the International ASA-liquidation creditors in DOCG2 will receive either 0.2% (high) and 0.0% (low). DOCG2 unsecured creditors (who are also creditors in DOCG1) will receive an aggregate dividend from the Primary DOCA and International ASA – liquidation of between 12.0% (high) and 7.6% (low).

11.2.4 ASA - liquidation: Scenario 4

The Sale Deed specifies the transaction is to complete by the ASA unless creditors approve the Bain DOCA proposal.

In the event the Bain DOCA proposal is not approved by creditors we will adjourn the second meeting of creditors for 45 business days to seek to complete the sale by the ASA. At the reconvened second meeting of creditors it is likely the Companies will be placed into liquidation, and as such, until the key contracts and AOC's are established in the new Bain entities, the airline would be traded in liquidation.

Under the ASA, all assets and securities would be purchased by Bain in accordance with the ASA on completion which gives rise to the requirement for the Voluntary Administrators to transfer or novate all contractual agreements to new Bain entities. Critical contracts include but are not limited to employees and employment agreements; real property leases; service and maintenance agreements; and aircraft finance and operating leases. All of these are required to continue to trade the business. In addition, the new operating entities will need to seek AOCs for continued operations.

The requirement to novate contractual assets pursuant to the ASA will provide operational challenges and difficulties and is estimated to take significantly more time. The ASA allows for a period of 3 years for this process to be completed.

For the purposes of this analysis, under Scenario 3 there will be no differential creditor pools and all returns have been calculated based on the DOCG structures of the Group.

We estimate that completion of the transaction under an ASA - liquidation would reduce returns to unsecured creditors under all scenarios as identified in **Table 31**. The return to creditors under the DOCG1 group would be reduced to an estimate of 6.7% on a high basis and 4.3% on a low basis, with those in both the DOCG1 and DOCG2 receiving an estimated 6.9% and 4.3% respectively on a high and low basis.

In this event there would not be any return to any unsecured creditors in the Subsidiary DOCA Companies.

11.2.5 No sale - liquidation

In the event the Bain DOCA proposal is not approved, and a sale is to be completed under an ASA, there is a risk that certain business critical assets are not able to be retained which would result in the transaction failing and the liquidation of the assets of the business. These critical assets include AOCs and key airport landing and take-off slots.

We have estimated the return to creditors on this basis, being a closure of the business and piecemeal sale of the assets. This analysis also assisted us in evaluating offers received in the sale process as it meant that we only considered those offers which provided a higher dividend return to creditors than if the Companies had ceased to trade and were placed into liquidation.

In this outcome there would be a significant shortfall to employees and minimal return to unsecured creditors of DOCG1 of 1% but no expected return to unsecured creditors of the DOCG2 or the Subsidiary DOCA Companies.

Refer to **Appendix L** for further detail regarding the returns and assumptions included in all the scenarios above.

11.2.6 Factors and limitations influencing the return

The calculation of estimated returns to each creditor group in each entity is complex and requires estimates and assumptions because:

- There are two DOCG with DOCG1 containing 14 entities and DOCG2 containing 4 entities, meaning each company within a DOCG group guarantees each entity's liability incurred.
- One of the MOFA facilities is guaranteed by entities within DOCG1 and DOCG2.
- The unsecured bonds have claims under the DOCG1 and DOCG2 groups.

- The restructuring of the business is complex and will continue for some time. There could be future decisions made after we have calculated estimated returns to creditors which could give rise to further secured and unsecured claims reducing or improving the overall return to creditors in each pool.
- Significant work will need to be undertaken by creditors to mitigate their claims which will be assessed in the adjudication of debts process we will perform prior to a dividend being paid, which could significantly impact the return estimates to unsecured creditors given the unknown actual size of their claims.
- The Group's key operating assets are aircraft which are predominately subject to either a finance or operating lease agreement. The valuation of these assets is difficult at this time given the challenges in the global aircraft industry, driving downsizing and an increase of supply in the secondary market. In our analysis we have assumed discounts to latest available market values for aircraft.
- Each aircraft financing and operating lease agreement is required to be assessed to determine appropriate estimates of realisable values, quantification of the crystallised liability in the event the aircraft is returned and any termination payments payable in the event the contract is terminated early.
- The number and quantum of aircraft financier and premises lease claims submitted in the DOCA/Creditors' Trust can fluctuate significantly dependent on terms agreed with Bain and the financiers/landlord's ability to mitigate their claims (i.e. finding a new lessee).
- The complexity of the adjudication and distribution process which will impact the Trustees' costs.
- The value in the Velocity Group is greatly enhanced with an operating airline as a redemption partner. While we have assumed that the shares in the Velocity Frequent Flyer business may have some realisable value to DOCG1 in a liquidation scenario, in a 'high' scenario we believe it is possible that it may have no or limited value in a low scenario given the entitlement of members and its existing debt structure.
- It is difficult to estimate the actual timing and outcome creditors would realise through an ASA - liquidation scenario due to the complexities of novating all contractual assets of the Group to Bain.
- We note that at the time of writing this report while Bain have confirmed the majority of their future aircraft fleet requirements with surplus aircraft to be returned to financiers and lessors, this is an ongoing process and subject to change and documentation. The unsecured portion of secured creditor financiers' claims and the residual lessors' claims are based on aircraft and finance leases that have been identified as not being required by Bain.

As listed above, there are a range of uncertainties and potential developments that could adversely impact the quantum and timing of such recovery for creditors estimated under each scenario.

It is our view that the estimated returns presented in this report are reasonable estimates based on available information and the current position.

11.3 Effect on employees

Under both a Bain DOCA proposal and ASA scenario, continuing employee entitlements will be assumed in full by Bain and any exiting employee entitlements will be paid in full.

We estimate that under a no sale - liquidation, employees would receive a return of 19.4% on a high realisation basis and significantly lower on a low basis. Under a no sale - liquidation scenario, where there are inadequate funds for the payment of employee entitlements, employees may be entitled to access the FEG scheme.

FEG may cover successful applicants for outstanding wages, annual leave and termination notice. However, FEG does not cover outstanding superannuation entitlements, nor excluded employees, including Directors.

11.4 Creditors' claims

The table below sets of the expected creditor position under each of the scenarios.

Table 34: Estimated value of creditor pool participants

The Group \$m	Bain DOCA or ASA		ASA - liquidation
	High	Low	High
Unsecured Creditors			
Pool A			
Secured financier (shortfall) total	336.2	424.5	649.3
Employee entitlements (shortfall)	<i>n/a</i>	<i>n/a</i>	343.1
Net prepaid flights and credits un assumed	<i>n/a</i>	<i>n/a</i>	404.3
Bond Holders	1,929.1	1,929.1	1,929.1
Derivative counterparties	196.6	196.6	196.6
Exiting operating lease exposure	1,105.1	1,174.8	1,402.0
Other unsecured creditors	409.6	468.9	1,082.6
Total Pool A	3,976.5	4,193.9	6,007.0
Pool C			
Critical supplier Pool	655.0	655.0	
Total Pool A & C	4,631.5	4,848.9	
Pool B			
Secured financiers (shortfall) total	183.1	232.4	<i>n/a</i>
Net prepaid flights and credits un assumed	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Bond Holders	1,929.1	1,929.1	<i>n/a</i>
Total Pool B	2,112.1	2,161.5	
Total estimated unsecured creditors in liquidation			6,007.0

The creditor claims above in **Table 34** relates to the estimated unsecured claims in each Pool Fund. These claims will not reconcile to the creditor values in **sections 3.4** or **5.3** for the following reasons:

- The amount for secured financiers is the expected shortfall after either, realisation of secured assets where Bain has elected not to retain aircraft or associated equipment, or the assumption of liability by Bain.
- Employee entitlements are assumed under the DOCAs or paid in full. In a liquidation scenario this is the expected shortfall after applicable circulating asset realisations.
- Prepaid flights are \$614.9m, however, net of collateral held this is \$404.3m. Under the Bain DOCAs and ASA these liabilities are assumed, however, could be an unsecured claim in the event of liquidation.
- Operating lease exposures are our estimates of the potential claim for returned aircraft equipment and potential claims for losses incurred on renegotiated leases retained.

The unsecured creditors in the ROCAP included an estimate for contingent claims regarding residual lease liabilities. The ROCAP estimated trade creditors, landlords and statutory liabilities totalling \$558.1m. The estimate in **Table 34** includes a potential claim under the Boeing contract increasing the total estimated other creditors (including critical suppliers) to approximately \$1 billion.

12 Voluntary Administrators' opinion

12.1 Introduction

The following options are available to creditors to decide:

- The Companies execute a deed of company arrangement; or
- The voluntary administrations end; or
- The Companies be wound up.

Our opinions on each option and our reasons for our opinions are discussed below.

12.2 The Companies execute the Bain DOCA proposal

As noted above, 10 DOCAs have been proposed by Bain.

For the DOCAs to come into effect, the majority of creditors entitled to vote at the second meeting of creditors and entitled to vote, who also hold the majority in terms of the value of their claims, will need to pass a resolution voting in favour of the DOCA proposal in respect to each Company.

As noted above, 10 DOCAs have been proposed by Bain.

We are of the opinion that the return to creditors would be greater under the Bain DOCA proposal than in either of the liquidation scenarios presented in **section 11**. We are also of the opinion that the DOCAs proposed by Bain would provide greater certainty of a return, as well as continued employment for the employees and provide sufficient resources to recapitalise the business.

For the DOCAs to come into effect, the majority of creditors entitled to vote at the second meeting of creditors and present in person (via Microsoft Teams) or by proxy, who also hold the majority in terms of the value of their claims, will need to pass a resolution voting in favour of the DOCA proposal in respect to each Company.

When there is a deadlock, the chairperson may use their casting vote either in favour of or against the resolution. The chairperson may also decide not to use their casting vote, and then the deadlocked resolution is not passed. The chairperson must inform the meeting (and include in the written minutes of meeting lodged with ASIC) the reasons why they did or did not to use their casting vote.

12.3 The administration should end

Based on our analysis, the Group is presently insolvent and unable to pay its debts as and when they fall due. Accordingly, we are of the opinion it would not be in creditors' interests for the administrations to end and control be returned to the Directors.

12.4 The Companies be wound up

As the Bain DOCA proposal results in a greater return than a liquidation, we are of the opinion it would not be in creditors' interest to place the DOCA Companies into liquidation.

12.5 Opinion

In our opinion, creditors would be best served if the Companies execute the DOCAs proposed by Bain.

Table 35: Opinion by entity

	Entity	DOCG classification	DOCA category	Opinion
1.	VAH	DOCG1	Primary DOCA	Execute Bain DOCA proposal
2.	VAAH	DOCG1	Primary DOCA	Execute Bain DOCA proposal
3.	VAA	DOCG1	Primary DOCA	Execute Bain DOCA proposal
4.	VT	DOCG1	Primary DOCA	Execute Bain DOCA proposal
5.	VB Leaseco	DOCG1	Primary DOCA	Execute Bain DOCA proposal
6.	VAH Newco 1	DOCG1	Primary DOCA	Execute Bain DOCA proposal
7.	Tiger	DOCG1	Primary DOCA	Execute Bain DOCA proposal
8.	ACN 098 904 262	DOCG1	Primary DOCA	Execute Bain DOCA proposal
9.	VARA	DOCG1	Primary DOCA	Execute Bain DOCA proposal
10.	VAC	DOCG1	Primary DOCA	Execute Bain DOCA proposal
11.	VA Holidays	DOCG1	Primary DOCA	Execute Bain DOCA proposal
12.	VB Ventures	DOCG1	Primary DOCA	Execute Bain DOCA proposal
13.	VB Investco	DOCG1	Primary DOCA	Execute Bain DOCA proposal
14.	VAH Newco 2	DOCG1	Primary DOCA	Execute Bain DOCA proposal
15.	VAIO	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
16.	VBNC5	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
17.	SH20171	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
18.	VB PDP	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
19.	VLH20081	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
20.	737 20121	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
21.	VARL	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
22.	VA Holdco	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
23.	SH20161	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
24.	VLH20082	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
25.	737 20122	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
26.	VA20131	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
27.	VA Leaseco	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
28.	SH20162	Non-DOCG entity	Primary DOCA	Execute Bain DOCA proposal
29.	VAIH	DOCG2	International DOCA	Execute Bain DOCA proposal
30.	VAIA	DOCG2	International DOCA	Execute Bain DOCA proposal
31.	Tiger 1	DOCG2	International DOCA	Execute Bain DOCA proposal
32.	VSEA	DOCG2	International DOCA	Execute Bain DOCA proposal
33.	SH20141	Non-DOCG entity	Subsidiary DOCA 1	Execute Bain DOCA proposal
34.	SH20142	Non-DOCG entity	Subsidiary DOCA 1	Execute Bain DOCA proposal
35.	SH20172	Non-DOCG entity	Subsidiary DOCA 2	Execute Bain DOCA proposal
36.	SH20181	Non-DOCG entity	Subsidiary DOCA 3	Execute Bain DOCA proposal
37.	VA20191	Non-DOCG entity	Subsidiary DOCA 4	Execute Bain DOCA proposal

	Entity	DOCG classification	DOCA category	Opinion
38.	VA20192	Non-DOCG entity	Subsidiary DOCA 5	Execute Bain DOCA proposal
39.	VB Leaseco2	Non-DOCG entity	Subsidiary DOCA 6	Execute Bain DOCA proposal
40.	VB 800	Non-DOCG entity	Subsidiary DOCA 7	Execute Bain DOCA proposal
41	SH20173	Non-DOCG entity	Subsidiary DOCA 8	Execute Bain DOCA proposal

We reserve the right to change our opinion should there be any change to the Bain DOCA proposal.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting, a summary will be made available on the website established to provide creditors with information:

<https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australia-holdings-limited-subsidiaries.html>

12.5.1 Other material information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the future of the Virgin Group.

13 Remuneration

On 21 April 2020 we provided our initial remuneration notice to creditors setting out our schedule of hourly rates and method of remuneration. A copy of this notice is available on our website here:

<https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australia-holdings-limited-subsidiaries-circulars-notice.html>.

An administrator's remuneration can be approved by resolution of a COI, a company's creditors or by application to Court.

At the COI meeting held on 10 August 2020, the COI approved our remuneration for each of the periods below in respect to the Companies in the Group that have some form of trading operations. A remuneration approval report was provided to the COI prior to the meeting.

Table 36: Approved remuneration

Period	\$
Actual – 20 April 2020 to 30 June 2020	13,399,000
Future – 1 July 2020 to completion of the voluntary administrations	13,383,765
Total fees approved by the COI (excluding GST)	26,782,765

It is noted that in respect to the future approval, we will only draw the amount incurred. If the actual remuneration exceeds the amount approved, we may seek further approval from the COI.

The COI also approved the following disbursements:

Table 37: Approved disbursements

Period	Disbursements approved \$	Disbursements at cost \$	Total \$
Actual – 20 April 2020 to 30 June 2020	15,000	-	15,000
Future – 1 July 2020 to completion of the voluntary administrations	-	-	-
Total disbursements approved by the COI (excluding GST)	15,000	-	15,000

Voluntary Administrators are not required to seek creditor approval for expenses paid to third parties at cost, however administrators are required to obtain creditor's consent for the payment of a disbursement where the administrators or a related entity of the administrators, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve these disbursements prior to them being paid from the administration.

Remuneration totalling \$35,524.50 (excluding GST) and disbursements in respect to the following non-trading entities has not been obtained:

- 737 2012 No.1 Pty. Ltd
- 737 2012 No. 2 Pty Ltd
- Short Haul 2014 No. 1 Pty Ltd
- Short Haul 2016 No. 1 Pty Ltd
- Short Haul 2016 No. 2 Pty Ltd

- Short Haul 2017 No. 1 Pty Ltd
- VA Hold Co Pty Ltd
- VA Lease Co Pty Ltd
- VA Regional Leaseco Pty Ltd
- VB LH 2008 No. 1 Pty Ltd
- VB LH 2008 No. 2 Pty Ltd
- VB PDP 2010-11 Pty Ltd
- VBNC5 Pty Ltd
- Virgin Australia 2013-1 Issuer Co Pty Ltd
- VB Investco Pty Ltd
- VAH Newco No.2 Pty Ltd.

Future remuneration in respect to the DOCAs proposed by Bain, the Creditors' Trust, and liquidation (if resolved by creditors) will be sought from the COIs convened under the DOCAs, Creditors' Trust or liquidations (if resolved by creditors).

14 Meeting

Pursuant to section 439A(3) of the Act and section 75-225 of the IPR, attached is a notice convening the second meeting of creditors of each of the Companies to be held on **Friday 4 September 2020 at 10:00am AEST**. The meeting is a concurrent meeting for all Companies. The notice of meeting is enclosed at **Appendix B**.

Government health guidelines around social distancing means it would be inappropriate to convene a physical meeting. Recent interim amendments to the legislation that governs insolvent administrations provides that meetings of creditors may be held virtually, using technology that will give all persons entitled to attend a reasonable opportunity to participate without being physically present in the same place. To this end, the meeting will be held using Microsoft Teams Live Events platform.

At this meeting, creditors will be asked to resolve whether:

- The Companies execute a DOCA; or
- The administrations end; or
- The Companies be wound up.

We will also be seeking resolutions regarding the formation of joint committees of inspection in the DOCAs and Creditors' Trust, or liquidation, based on the resolutions passed by creditors. It is proposed that creditors vote to approve the existing members of the COI to continue in any COI established in the DOCA, Creditors' Trust or liquidation. We have consulted with the members and all existing members (listed at **section 2.4**) have consented to being nominated for future COI's. Creditors will be invited to consider whether a COI should be formed, and if so, if the existing members should be appointed.

The resolutions being put to the meeting are attached at **Appendix M**.

Attendance at this meeting is not compulsory, however, those creditors wishing to attend and vote at the second meeting are required to lodge their Proof of Debt or Claim by **5:00pm AEST 28 August 2020**. Individuals attending the meeting on behalf of a corporate creditor also need to also appoint a proxy via the Halo platform by **5:00pm AEST 1 September 2020**.

The electronic proxy form in the Halo platform allows for creditors to nominate a special or general proxy to be lodged. If a creditor lodges a special proxy, they will have the right to submit their votes via the Halo platform and nominate a proxy to attend the virtual meeting of creditors on their behalf. If a creditor lodges a general proxy, their nominated proxy will have the right to submit votes via the Halo platform on behalf of the creditor. If they wish, the creditor will still be able to attend the meeting of creditors as an observer.

A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with us via the Halo platform by **5:00pm AEST 28 August 2020**. Those creditors who have already lodged an informal proof of debt are not required to submit a further proof, unless you have an amended claim, in which case please amend your claim in the Halo platform. If your claim has already been admitted for voting purposes, do not lodge an additional claim. Please contact the Voluntary Administrators at virginhalo@deloitte.com.au if you have any issues in amending your claim in the Halo platform.

On the Proof of Debt Form in the Halo platform please ensure you select the relevant company of which you are a creditor.

14.1 Voting procedures (excluding Bond Holders)

We have prepared the attached voting guide at **Appendix C** and ask that you review this document ahead of the second meeting of creditors.

14.2 Voting procedures (Bond Holders only)

For various reasons, including differing structures, note documentation, governing law and clearing systems, the voting procedures to be followed by Bond Holders will vary depending upon which type of notes are held.

The table below sets out key information in relation to the specific voting procedures applicable to the separate Bond Holder categories and the action required from Bond Holders. The procedures below are determined by the relevant documents and applicable law. The information below was also provided to creditors in our circular to creditors dated 18 August 2020.

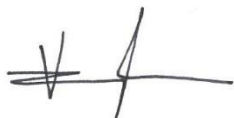
Table 38: Bond Holder action required for voting

Notes	Who will vote at the second meeting of creditors?	Action required
AUD325,000,000 8% notes due 26 November 2024 (ASX: VAHHA) (ISIN: AU0000063455) (Listed AUD Notes)	Sargon Pty Ltd (Sargon) (the Trustee for the Listed AUD Notes)	- If Sargon wishes to attend and vote at the second meeting of creditors it must, to the extent it has not done so already: - submit its proof of debt through the Halo platform by 5:00pm AEST on 28 August 2020; and - submit its proxy and/or power of attorney through the Halo platform by 5:00pm AEST on 1 September 2020. - Beneficial owners of Listed AUD Notes (Listed AUD Noteholders) are not required to register on the Halo platform or submit proofs of debt or proxies to the Voluntary Administrators. Listed AUD Noteholders should, however, contact Sargon (contact details below) as soon as possible for details of Sargon's procedural requirements and deadlines for receiving voting instructions from Listed AUD Noteholders: Sargon Pty Ltd ct.sfas@sargon.com - Sargon and Listed AUD Noteholders should access and review this report from 25 August 2020. - AUD Listed Noteholders are entitled to attend the second meeting of creditors as observers.
AUD150,000,000 8.25% Senior Notes due 30 May 2023 (ISIN: AU3CB0253367) and AUD250,000,000 8.075% Senior Notes due 5 March 2024 (ISIN: AU3CB0261410) (Unlisted AUD Notes 2018)	Noteholders registered on the Noteholder Registers maintained by BTA Institutional Services Australia Ltd (the Registered Noteholders (Unlisted AUD))	- Each Registered Noteholder (Unlisted AUD) that wishes to vote at the second meeting of creditors must, to the extent it has not done so already: - submit its proof of debt through the Halo platform by 5:00pm AEST on 28 August 2020; and - submit its proxy and/or power of attorney through the Halo platform by 5:00pm AEST on 1 September 2020. - If an Unlisted AUD Noteholder holds Unlisted AUD Notes on behalf of a sub-custodian or beneficial owner, it will need to liaise with the relevant sub-custodian or beneficial owner (as applicable) in respect of any voting

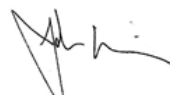
Notes	Who will vote at the second meeting of creditors?	Action required
		instructions or directions it may require in accordance with the relevant custody arrangements. - Beneficial owners of Unlisted AUD Notes are not required to register on the Halo platform or submit proofs of debt or proxies to the Voluntary Administrators. Beneficial owners should, however, contact their Registered Noteholder (Unlisted AUD) or custodian as soon as possible to request details of any applicable procedural requirements or deadlines set by the Registered Noteholder or custodian for receiving voting instructions from beneficial owners of Unlisted AUD Notes. - Registered Unlisted AUD Noteholders and beneficial owners of Unlisted AUD Notes should access and review this report from 25 August 2020. - Beneficial owners of Unlisted AUD Notes are entitled to attend the second meeting of creditors as observers.
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) (USD Noteholders)	N/A (beneficial owners of the USD Notes will vote via Depository Trust Company (DTC) Participants by way of a ballot process with Master Ballots to be provided to the Voluntary Administrators 2 business days in advance of the second meeting of creditors.	- A voting process commenced on or around 18 August 2020 through the DTC by the direct distribution of Master Ballots and Beneficial Owner Ballots by the Voluntary Administrators to the DTC Participants listed on the Securities Position Report as at 7 August 2020 at 5:00 p.m. New York time (the Voting Record Date). - The deadline for the DTC Participants to return the Master Ballots to the Voluntary Administrators is 1 September 2020 at 6 p.m. New York Time (the Master Ballot Voting Deadline). Following commencement of the voting process beneficial owners of USD Notes as at the Voting Record Date should contact their DTC Participants or nominees (as applicable) to request details of any interim deadlines set by such parties for the return of the Beneficial Owner Ballots. - Beneficial owners of the USD Notes are not required to register on the Halo platform or submit a proof of debt or proxy to the Voluntary Administrators. - Beneficial owners of the USD Notes should access and review this report from 25 August 2020. - Beneficial owners of the USD Notes should complete and return their Beneficial Owner Ballots in accordance with the instructions from and by the deadlines set by their respective DTC Participants or nominees (as applicable) in order to have their vote reflected in the Master Ballot. - DTC Participants are required to tally the Beneficial Owner Ballots returned to them by the beneficial owners of the USD Notes and complete and return their Master Ballots to the Administrators by the Master Ballot Voting Deadline. - The votes of the beneficial owners of the USD Notes as set out in the Master Ballots will be incorporated into the Halo platform for the purpose of recording voting at the second creditors meeting. - Beneficial owners of the USD Notes are entitled to attend the second meeting of creditors as observers.

We trust creditors find this report informative and useful. In the event you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact us at virginadmin@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge
Joint and Several Administrator



John Greig
Joint and Several Administrator



Salvatore Algeri
Joint and Several Administrator



Richard Hughes
Joint and Several Administrator

Glossary and abbreviations

Term	Definition
\$'000/k	Thousands
\$m	Millions
1H	First Half of Financial Year
2007 Deed Group / DOCG1	The following entities which are currently party to the Deed of Cross Guarantee made on 18 June 2007, or by subsequent Assumption Deed and identified in Appendix G.
2012 Deed Group / DOCG2	The following entities in the Group which are party to the Deed of Cross Guarantee made on 18 June 2012, or by subsequent Assumption Deed and identified in Appendix G.
2H	Second Half of Financial Year
2HFY20 YTD	Second Half of Financial Year to date (January to April 2020)
737 20121	737 2012 No.1 Pty. Ltd. ACN 154 201 859 (Administrators Appointed)
737 20122	737 2012 No.2 Pty Ltd ACN 154 225 064 (Administrators Appointed)
ACN 098 904 262	A.C.N. 098 904 262 Pty Ltd ACN 098 904 262 (Administrators Appointed)
Act	Corporations Act 2001 (Cth)
Administration/voluntary administration	The voluntary administration of the Virgin Group
Administrators or Voluntary Administrators or us/we/our	Vaughan Strawbridge, John Greig, Salvatore Algeri & Richard Hughes
Affinity	Affinity Equity Partners, the private equity firm that owned 35% of Velocity until late 2019
Affinity stake	35% shareholding in the Velocity Group
AGM	Annual General Meeting
Aircraft Leased Property	Any leased aircraft, aircraft engines or other aviation equipment
Akin Gump	Akin Gump Strauss Hauer & Feld, a US law firm acting for the Voluntary Administrators in assisting with communications and dealings with bondholder creditors.
ALL PAAP	All Present and After Acquired Property
Annual Report	Virgin Australia Holdings Limited 2019 Annual Report
ANZ	Australia and New Zealand Banking Group Ltd
AOC	Air Operators Certificates
Applicable Agreements	Those agreements as referred to in the Federal Court Order made 15 May 2020 https://www.fedcourt.gov.au/data/assets/pdf_file/0011/76385/Order-20200515-JK.pdf
Appointment date/date of appointment	For all entities listed in Appendix A: 20 April 2020, except for 28 April 2020 for Tiger 1 and 3 August 2020 for VAH Newco 2 and VB Investco.
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASA	Asset Sale Agreement
ASIC	The Australian Securities & Investments Commission
Assumption Deed	A deed executed by which further Group entities may be included in the DOCG.

Term	Definition
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian dollars
Bain	BC Hart Aggregator, LP
BAS	Business Activity Statement
Board	The Board of Directors of VAH
Bond Holder	Holders of listed and unlisted unsecured bonds or notes issued by VAH
BP&T	Broad Peak Investment Advisers Pte Ltd (for and on behalf of Broad Peak Master Fund II Limited and Broad Peak Asia Credit Opportunities Holdings Pte. Ltd) and Tor Investment Management (Hong Kong) Ltd
BV	Book value
c	cents
c.	circa
Class Order Relief Instrument	<i>ASIC Corporations Act (Wholly-owned Companies) Instrument 2016/785</i>
COI or Committee	Committee of Inspection
Companies	Companies in voluntary administration as listed in Appendix A (All Administrators Appointed)
Consolidated Group	VAH, the entities it controls and interests in associates, consistent with how it prepares its consolidated financial statements and the definition of control and associate in section 9 of the Corporations Act.
DOCG1 ROCAP	The ROCAP submitted by the Directors in respect of the companies included in DOCG1, under orders of the Federal Court dated 15 May 2020
Convening Period	The period between the date of the appointment of the Voluntary Administrators and the date the Voluntary Administrators provide notice (convene) of the second meeting of creditors
COVID-19	The 2019 novel coronavirus pandemic
Creditors' Trust	Proposed Creditors' Trust
CU	Clayton Utz
D&O	Directors and Officers
Deed Administrators	Vaughan Strawbridge, John Greig, Salvatore Algeri & Richard Hughes
Deloitte	Deloitte Financial Advisory Pty Ltd
Deloitte Web-Link	A Virgin Australia Holdings website managed by the Voluntary Administrators: www.deloitte.com/au/virgin
Directors	The directors of each of the Virgin Group entities: Allan Grant Houston, Anthony Francis Shepherd, Elizabeth Bloomfield Bryan, Graham John Bradley, Hou Wei, Judith Swales, Keith Antony Neate, Kenneth Alfred Dean, Kevin Xing, Lindsay James Tanner, Meng Hung Marvin Tan, Paul Darren Scurrah, Peter George Dowling, Raymond Gammell, Steven James Fouracre, Trevor Bourne, and Warwick Negus
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOCA structure	The Primary DOCA, International DOCA and Subsidiary DOCAs
DOCG	A deed of cross guarantee executed by certain entities in the Group in accordance with the Class Order Relief Instrument
DOCG1	Deed of Cross Guarantee dated 18 June 2007
DOCG2	Deed of Cross Guarantee dated 18 June 2012
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERV	Estimated Realisable Value

Term	Definition
ESOP	Estimated Statement of Position
Excluded Employees	Directors or a relation of the Directors, as defined in section 556 of the Act
FEG	Fair Entitlements Guarantee Scheme
Finance Facilities	Agreements entered into between various financiers and entities within the Virgin Group to provide finance facilities to the Virgin Group, including loans, letters of credit, bank guarantees, derivative financial instruments, leases, and bonds
Financier	Institutions providing financing facilities to the Virgin Group, excluding Bond Holders
FY	Financial year ended
GST	Goods and services tax
HFY	Financial half year
HL	Houlihan Lokey Inc
HSBC	The Hongkong and Shanghai Banking Corporation
IM	Information memorandum
Insolvency Practice Rules/IPR	Insolvency Practice Rules (Corporations) 2016 (Cth)
Insured claim	A claim defined as an Insured Claim under the terms of the DOCA
Interim statement	Financial Report released to the market for half year results ended December
International DOCA	Deed of company arrangement proposed by Bain for Tiger 1, VAIA, VSEA, VAIH
Insolvency Practice Schedule/IPS	Insolvency Practice Schedule (Corporations) 2016
ITSA	Indirect Tax Sharing Agreement
Listed AUD Notes	Corporate bonds issued by VAH in November 2019 and listed on the ASX under VAHHA.
m	Millions
Major Shareholders	The Consolidated Group's five largest shareholders, being Etihad Airways (20.97%), Singapore Airlines Ltd (20.03%), Nanshan Group (20.01%), HNA Group (19.86%) and Virgin Group Ltd (10.02%) (a UK entity and not otherwise related to VAH other than through its shareholding).
Management	Management of VAH and/or subsidiaries
MOFA	Multi Option Facility Agreement – working capital facility provided by ANZ and HSBC
MS	Morgan Stanley
N/A	Not applicable
NBIO	Non-binding indicative offers
NBIO1	Non-binding Indicative Offers - phase 1
NBIO2	Non-binding Indicative Offers - phase 2
NCC	Noteholder Consultative Committee
NDA	Non-disclosure agreement
Non-DOCG entities	Meaning all entities in voluntary administration that are not part of DOCG1 or DOCG 2
PAYG	Pay as you go withholding tax
PMSI	Purchase money security interest
POD	Proof of Debt
PPSA	Personal Property Securities Act 2009 (Cth)

Term	Definition
PPSR / Personal Property Securities Register	The register established and maintained under the PPSA
Primary DOCA	Deed of company arrangement proposed by Bain for ACN 098 904 262, Tiger, VA Holidays, VAA, VAAH, VAC, VAH, VAH Newco 1, VAH Newco 2, VARA, VB Investco, VB Leaseco, VB Ventures, VT, VAIO, 737 20121, 737 20122, SH20161, SH20162, SH20171, VA Holdco, VA Leaseco, VA20131, VARL, VB PDP, VBLH20081, VBLH20082, VBNC5
Protocol Agreement	An agreement between the Voluntary Administrators and the Lessors whereby the Voluntary Administrators have the ability to retain the use of assets under a commercial arrangement, without adopting the pre-appointment contract.
Receivables or Receivables Book	Lease receivables and loan receivables
Related entity	Has the meaning given to that term in the Act (see section 9)
Relation back day	The date of appointment of the Voluntary Administrators
ROCAP	Report on Company Activities and Property
ROT	Retention of title
S&P Global	S&P Global Inc.
Sale Deed	Sale and Implementation Deed
Second meeting	The second meetings of creditors for the Virgin Group subject to this report
Security Trustee	Permanent Custodians Limited in its capacity as trustee of the Virgin Australia Holdings Limited Security Trust
SH20141	Short Haul 2014 No.1 Pty Ltd ACN 600 809 612 (Administrators Appointed)
SH20142	Short Haul 2014 No.2 Pty Ltd ACN 600 878 199 (Administrators Appointed)
SH20161	Short Haul 2016 No.1 Pty Ltd ACN 612 766 328 (Administrators Appointed)
SH20162	Short Haul 2016 No.2 Pty Ltd ACN 612 796 077 (Administrators Appointed)
SH20171	Short Haul 2017 No.1 Pty Ltd ACN 617 644 390 (Administrators Appointed)
SH20172	Short Haul 2017 No.2 Pty Ltd ACN 617 644 443 (Administrators Appointed)
SH20173	Short Haul 2017 No.3 Pty. Ltd. ACN 622 014 813 (Administrators Appointed)
SH20181	Short Haul 2018 No.1 Pty. Ltd. ACN 622 014 831 (Administrators Appointed)
Slots	Airport Slots
SPV	Special Purpose Vehicle
Subsidiary DOCA	Deeds of company arrangement proposed by Bain for SH20141, SH20142, SH20172, SH20181, VA20191, VA20192, VB Leaseco2, VB 800, SH20173. Titled sequentially as Subsidiary DOCA 1 to 8
the Companies, Virgin Group	Companies in voluntary administration as listed in Appendix A (All Administrators Appointed)
the Court	The Federal Court of Australia or any of the state Supreme Courts
the Regulations	Corporations Regulations 2001 (Cth)
Tiger	Tiger Airways Australia Pty Limited ACN 124 369 008 (Administrators Appointed)
Tiger 1	Tiger International Number1 Pty Ltd ACN 606 131 944 (Administrators Appointed)
Tigerair	Tigerair Australia business segment
Trust Deed	The trust deed establishing the Creditors' Trust
Trust Fund	Amount paid to the Deed Administrators for purpose of the Creditors' Trust (further details in section 8)
Trustee	Trustees of the Creditors' Trust, proposed to be the Voluntary Administrators/Deed Administrators
Unlisted AUD notes	Unlisted corporate bonds issued by VAH in two tranches on 30 May 2018 and 5 March 2019

Term	Definition
US	United States of America
USD	United States dollars
USD denominated notes	Corporate bonds issued by VAH in the United States in two tranches on 17 October 2016 (USD Noteholders 2016) and 7 November 2019 (USD Noteholders 2019)
VA (NZ)	Virgin Australia (NZ) Employment and Crewing Ltd (In Liquidation)
VA Holdco	VA Hold Co Pty Ltd ACN 165 507 157 (Administrators Appointed)
VA Holidays	Virgin Australia Holidays Pty Ltd ACN 118 552 159 (Administrators Appointed)
VA Leaseco	VA Lease Co Pty Ltd ACN 165 507 291 (Administrators Appointed)
VA20131	Virgin Australia 2013-1 Issuer Co Pty Ltd ACN 165 507 326 (Administrators Appointed)
VA20191	VA Borrower 2019 No.1 Pty Ltd ACN 633 241 059 (Administrators Appointed)
VA20192	VA Borrower 2019 No.2 Pty Ltd ACN 637 371 343 (Administrators Appointed)
VAA	Virgin Australia Airlines Pty Ltd ACN 090 670 965 (Administrators Appointed)
VAAH	Virgin Australia Airlines Holdings Pty Ltd ACN 093 924 675 (Administrators Appointed)
VAC	Virgin Australia Cargo Pty Ltd ACN 600 667 838 (Administrators Appointed)
VAD	Virgin Australia Domestic
VAH	Virgin Australia Holdings Limited ACN 100 686 226 (Administrators Appointed) - ultimate parent and ASX listed entity
VAH Newco 1	VAH Newco No.1 Pty Ltd ACN 160 881 345 (Administrators Appointed)
VAH Newco 2	VAH Newco No. 2 Pty Ltd ACN 160 881 354 (Administrators Appointed)(In Liquidation)
VAIA	Virgin Australia International Airlines Pty Ltd ACN 125 580 823 (Administrators Appointed)
VAIH	Virgin Australia International Holdings Pty Ltd ACN 155 860 021 (Administrators Appointed)
VAIO	Virgin Australia International Operations Pty Ltd ACN 155 859 608 (Administrators Appointed)
VARA	Virgin Australia Regional Airlines Pty Ltd ACN 008 997 662 (Administrators Appointed)
VARL	VA Regional Leaseco Pty Ltd ACN 127 491 605 (Administrators Appointed)
VB 800	VB 800 2009 Pty Ltd ACN 135 488 934 (Administrators Appointed)
VB Investco	VB Investco Pty Ltd ACN 101 961 095 (Administrators Appointed)(In Liquidation)
VB Leaseco	VB Leaseco Pty Ltd ACN 134 268 741 (Administrators Appointed)
VB Leaseco2	VB Leaseco No 2 Pty Ltd ACN 142 533 319 (Administrators Appointed)
VB PDP	VB PDP 2010-11 Pty Ltd ACN 140 818 266 (Administrators Appointed)
VB Ventures	VB Ventures Pty Ltd ACN 125 139 004 (Administrators Appointed)
VBLH20081	VB LH 2008 No.1 Pty Ltd ACN 134 280 354 (Administrators Appointed)
VBLH20082	VB LH 2008 No.2 Pty Ltd ACN 134 288 805 (Administrators Appointed)
VBNC5	VBNC5 Pty Ltd ACN 119 691 502 (Administrators Appointed)
VDR	Virtual data room
Velocity Group	The entities that own and operate the Velocity Frequent Flyer business, not subject to voluntary administration
Velocity /Velocity Frequent Flyer	The loyalty program business ultimately owned by the Velocity Group and not subject to voluntary administration
Velocity Group Loan	\$460m secured loan facility provided by VRPL as trustee for The Loyalty Trust to VAA
VFF	Velocity Frequent Flyer Pty Ltd manager of the Velocity business

Term	Definition
Virgin Australia 2.0	Forecast business plan
Virgin Group/Group	Companies in voluntary administration as listed in Appendix A (All Administrators Appointed)
VRPL	Velocity Frequent Pty Ltd - trustee of the Loyalty Trust
VSEA	Virgin Australia Airlines (SE Asia) Pty Ltd ACN 097 892 389 (Administrators Appointed)
VT	Virgin Tech Pty Ltd ACN 101 808 879 (Administrators Appointed)
YTD	Year to date (1 July 2019 to 30 April 2020)

Appendix A – Entities under administration

No.	Name	Date of appointment of voluntary administrators	ACN	Abbreviation
1	Virgin Australia Holdings Ltd	20-Apr-20	ACN 100 686 226	VAH
2	Virgin Australia Airlines Pty Ltd	20-Apr-20	ACN 090 670 965	VAA
3	Virgin Australia International Airlines Pty Ltd	20-Apr-20	ACN 125 580 823	VAIA
4	Virgin Australia Regional Airlines Pty Ltd	20-Apr-20	ACN 008 997 662	VARA
5	Tiger Airways Australia Pty Limited	20-Apr-20	ACN 124 369 008	Tiger
6	737 2012 No. 2 Pty Ltd	20-Apr-20	ACN 154 225 064	737 20122
7	737 2012 No.1 Pty. Ltd.	20-Apr-20	ACN 154 201 859	737 20121
8	A.C.N. 098 904 262 Pty Ltd	20-Apr-20	ACN 098 904 262	ACN 098 904 262
9	Short Haul 2014 No. 1 Pty Ltd	20-Apr-20	ACN 600 809 612	SH20141
10	Short Haul 2014 No. 2 Pty Ltd	20-Apr-20	ACN 600 878 199	SH20142
11	Short Haul 2016 No. 1 Pty Ltd	20-Apr-20	ACN 612 766 328	SH20161
12	Short Haul 2016 No. 2 Pty Ltd	20-Apr-20	ACN 612 796 077	SH20162
13	Short Haul 2017 No. 1 Pty Ltd	20-Apr-20	ACN 617 644 390	SH20171
14	Short Haul 2017 No. 2 Pty Ltd	20-Apr-20	ACN 617 644 443	SH20172
15	Short Haul 2017 No. 3 Pty. Ltd.	20-Apr-20	ACN 622 014 813	SH20173
16	Short Haul 2018 No. 1 Pty. Ltd.	20-Apr-20	ACN 622 014 831	SH20181
17	Tiger International Number 1 Pty Ltd	28-Apr-20	ACN 606 131 944	Tiger 1
18	VA Borrower 2019 No. 1 Pty Ltd	20-Apr-20	ACN 633 241 059	VA20191
19	VA Borrower 2019 No. 2 Pty Ltd	20-Apr-20	ACN 637 371 343	VA20192
20	VA Hold Co Pty Ltd	20-Apr-20	ACN 165 507 157	VA Holdco
21	VA Lease Co Pty Ltd	20-Apr-20	ACN 165 507 291	VA Leaseco
22	VA Regional Leaseco Pty Ltd	20-Apr-20	ACN 127 491 605	VARL
23	VAH Newco No.1 Pty Ltd	20-Apr-20	ACN 160 881 345	VAH Newco 1
24	VB 800 2009 Pty Ltd	20-Apr-20	ACN 135 488 934	VB 800
25	VB Leaseco No 2 Pty Ltd	20-Apr-20	ACN 142 533 319	VB Leaseco2
26	VB Leaseco Pty Ltd	20-Apr-20	ACN 134 268 741	VB Leaseco
27	VB LH 2008 No. 1 Pty Ltd	20-Apr-20	ACN 134 280 354	VBLH20081
28	VB LH 2008 No. 2 Pty Ltd	20-Apr-20	ACN 134 288 805	VBLH20082
29	VB PDP 2010-11 Pty Ltd	20-Apr-20	ACN 140 818 266	VB PDP
30	VB Ventures Pty Ltd	20-Apr-20	ACN 125 139 004	VB Ventures
31	VBNC5 Pty Ltd	20-Apr-20	ACN 119 691 502	VBNC5
32	Virgin Australia 2013-1 Issuer Co Pty Ltd	20-Apr-20	ACN 165 507 326	VA20131
33	Virgin Australia Airlines (SE Asia) Pty Ltd	20-Apr-20	ACN 097 892 389	VSEA

No.	Name	Date of appointment of voluntary administrators	ACN	Abbreviation
34	Virgin Australia Airlines Holdings Pty Ltd	20-Apr-20	ACN 093 924 675	VAAH
35	Virgin Australia Cargo Pty Ltd	20-Apr-20	ACN 600 667 838	VAC
36	Virgin Australia Holidays Pty Ltd	20-Apr-20	ACN 118 552 159	VA Holidays
37	Virgin Australia International Holdings Pty Ltd	20-Apr-20	ACN 155 860 021	VAIO
38	Virgin Australia International Operations Pty Ltd	20-Apr-20	ACN 155 859 608	VAIH
39	Virgin Tech Pty Ltd	20-Apr-20	ACN 101 808 879	VT
40	VB Investco Pty Ltd	3-Aug-20	ACN 101 961 095	VB Investco
41	VAH Newco No.2 Pty Ltd	3-Aug-20	ACN 160 881 354	VAH Newco 2

Appendix B – Notice of meeting

FORM 529

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15, 75-225

Notice of meeting of creditors
Virgin Australia Holdings Limited ACN 100 686 226
and subsidiaries listed in Appendix A to the Report
(all Administrators Appointed) (the Companies)
and the business names listed in Schedule 1 below

Notice is given under Insolvency Practice Rules (Corporations) (IPR) section 75-225 that a virtual concurrent meeting of creditors of the Companies will be held:

Date: Friday 4 September 2020
Time: 10:00 Australian Eastern Standard Time
URL: [VAHregistrationform.deloitte.com.au](https://vahregistrationform.deloitte.com.au)

Consistent with government policy on gatherings and social distancing, there is no physical meeting place. Technology will be in use to enable all creditors in attendance at the virtual meeting the ability to participate and vote at the meeting*.

Agenda

1. To receive a Report on the Companies business, property, affairs and financial circumstances.
2. For creditors to resolve:
 - a. that the Companies execute a Deed of Companies Arrangement; or
 - b. that the administrations should end; or
 - c. that the Companies be wound up.
3. If the Companies execute Deeds of Company Arrangement, to consider appointing a Committee of Inspection.
4. If the Creditors' Trust is formed, to consider appointing a Committee of Inspection.
5. If the Companies are wound up, to consider appointing a Committee of Inspection.
6. Any other business that may be lawfully brought forward.

Attendance at this meeting is not compulsory. Creditors may access electronic proofs of debt and proxy forms via the Deloitte Halo platform at: <https://virgin.deloitte-halo.com/>.

Proofs of debt must be lodged on the Deloitte Halo platform by **5:00 pm (AEST) on Friday, 28 August 2020**.

Creditors may attend virtually and vote in person, by proxy or by attorney**. The appointment of a proxy must be in the approved form. A special proxy can be lodged confirming approval or rejection of each resolution. Proxy forms must be lodged through the Halo platform not later than **Tuesday 1 September 2020, 5:00pm (AEST)**. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Please note under IPR section 75-225 if you wish to participate in the meeting using such facilities you must give to the convener not later than **Tuesday 1 September 2020, 5:00pm (AEST)** a written statement, lodged via the Deloitte Halo platform, setting out:

- (i) the name of the person and of the proxy or attorney (if any); and
- (ii) an address to which notices to the person, proxy or attorney may be sent; and
- (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Upon receipt of the above mentioned statement of participation, a link for the virtual meeting will be made immediately available on the Microsoft Forms page.

DATED this 25th day of August 2020.



Vaughan Neil Strawbridge, Salvatore Algeri, Richard John Hughes and John Lethbridge Greig
Joint and Several Administrators

Deloitte Financial Advisory Pty Ltd
Grosvenor Place
225 George Street
SYDNEY NSW 2000
Telephone: (02) 9322 7000

***Participating at a virtual meeting**

The virtual meeting will be hosted using Microsoft Teams Live Events technology and is accessible by registering to vote at the following URL: VAHregistrationform.deloitte.com.au

The Microsoft Teams Live Events technology and Halo platform together enable all participants at the virtual meeting a reasonable opportunity to participate in a vote taken at the meeting, and to ask questions via the Microsoft Teams Live Events technology, without being physically present.

A creditor or proxy is able to participate in a vote taken at the meeting by voting on the Halo platform. The creditor or proxy can start voting from today until voting closes during the meeting. If the creditor's claim is admitted for voting, the creditor or the creditor's proxy can lodge their vote by logging into Halo and clicking 'Start Voting' on the 'Claims' dashboard.

Creditors will be able to speak and to ask questions at the meeting through the Microsoft Teams Q&A chat functionality.

To ensure the meeting runs in a controlled manner, the Administrators will allow creditors to ask questions prior to the meeting which can then be answered by the Chairperson in the meeting. During the meeting, creditors will be able to ask questions through the Q&A chat functionality in the Microsoft Teams platform, which will be answered during the meeting of creditors. Final decisions regarding the technological features that may be employed will be made at the meeting.

****Voting at a Meeting: Insolvency Practice Rules (Corporations) 75-85:**

Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:

- a. his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - b. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
- a. an unliquidated debt; or
 - b. a contingent debt; or
 - c. an unliquidated or a contingent claim; or
 - d. a debt the value of which is not established,
- unless a just estimate of its value has been made.
5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
- a. treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - b. estimate its value;
 - c. for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
- a. the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - b. the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - c. the person is not an insolvent under administration or a person against whom a winding up order is in force.

Votes to be taken on a poll

The *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020* requires all votes taken at a virtual meeting must be taken on a poll, not a show of hands. This means that, to calculate the outcome of each resolution, the administrator must calculate the number and dollar value of each vote in favour together with the number and dollar value of each vote against. A resolution is taken to have passed if a majority in both number and dollar value have voted in favour.

Schedule 1 - Business Names

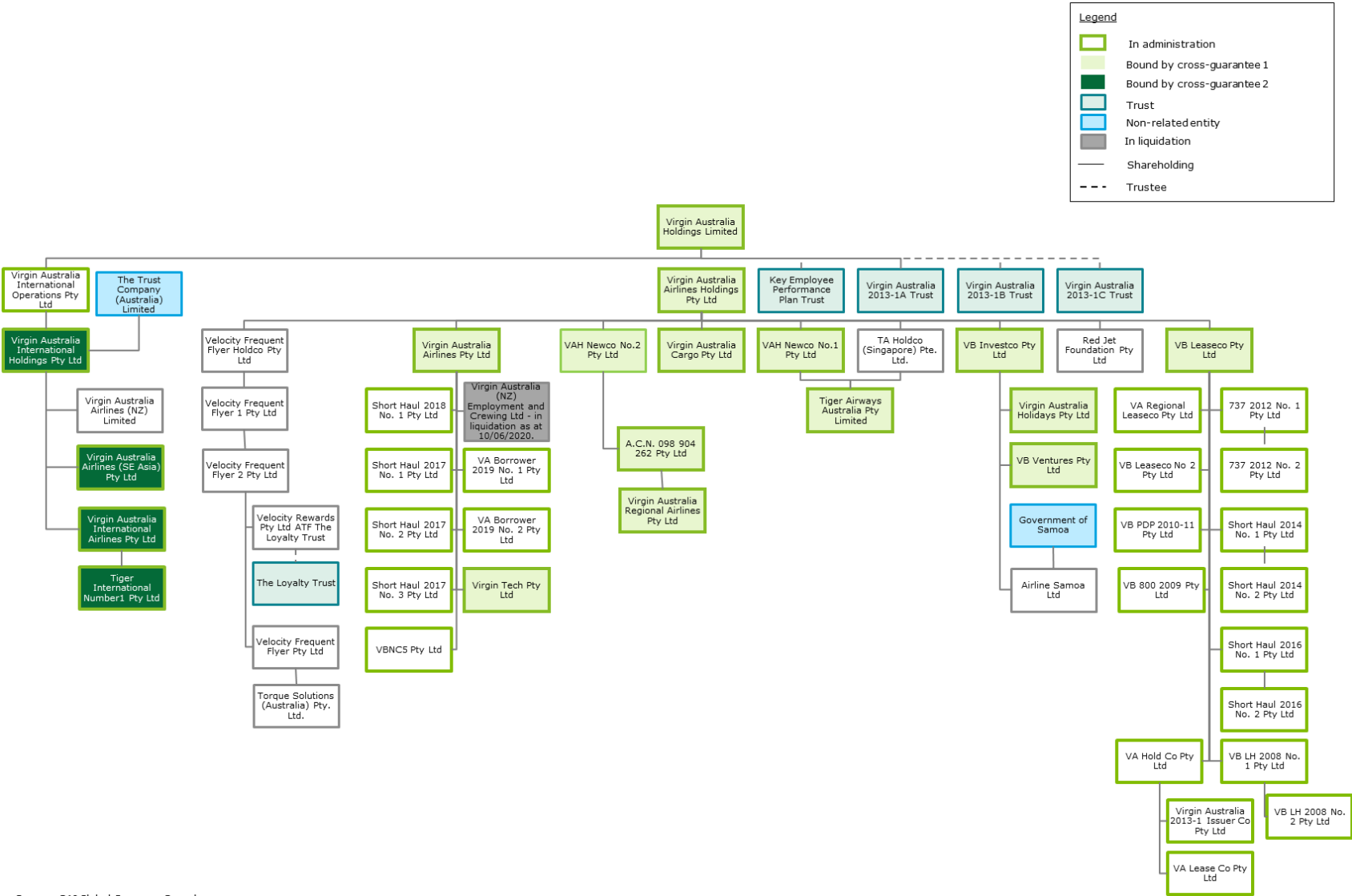
Virgin Australia Holidays
V Australia
AFL Travel
Tigerair Events
Skywest Events
Skywest Airlines

Appendix C – Guide for voting

‘The Voting in Halo – How to Guide’ is attached as a separate document to this report and can be found here:

<http://www.deloitte.com/au/virgin>

Appendix D – Corporate structure



Source: SAI Global Company Searches

Appendix E – Report and ARITA Practice Statement

Insolvency 4: Voluntary Administrators' Report

	Practice Statement – reference and requirement	Compliance	Voluntary Administrators' comments
4.4.2.B	Shareholders, Officers and Charges The Voluntary Administrator's report should incorporate details of the company's existing shareholders and officers and material security interests (in summary form if necessary). Relevant changes in these details that have occurred within twelve months before the Administrator's appointment should also be disclosed.	Partial compliance	This Report does not include complete details of existing shareholders or changes to the shareholding of the Virgin Group. That information is variously (i) not available as the Group is a public company with shares traded on the ASX (ii) too voluminous and (iii) in respect of detail not provided, not sufficiently material. This Report does however include a corporate structure and details of the largest registered shareholders. This Report does include details of the directors and officers of the Group during the 12 month period prior to the appointment of the Administrators. Due to the large number of secured creditors, this Report does not provide details of each security interest. This Report does however provide a summary of all creditors of the Virgin Group, including secured creditors. This Report also provides a summary of securities registered against the Group on the PPSR.
4.4.2.E	Historical financial performance The Voluntary Administrator's report should incorporate a summary of the company's historical financial results and a preliminary analysis and commentary from the Administrator.	Partial compliance	This Report does not include full details of the Virgin Group's historical financial performance. Information as to the Group's full historical financial performance is publicly available from the ASX. This Report does however provide a summary of the Consolidated Group's audited statement of profit and loss, balance sheet and statement of cash flows for FY18 and FY19, and provides a summary of internal management accounts for year to date for the second half of FY20 for the Virgin Group.
4.4.2.G	Directors' Report on Company Activities and Property	Partial Compliance	In accordance with orders of the Federal Court made on 15 May 2020, a single

	Practice Statement – reference and requirement	Compliance	Voluntary Administrators' comments
	The Voluntary Administrator's report should outline the content of the directors' ROCAP and include the Administrator's comments as to the Administrator's estimate of realisable value of assets and liabilities. If directors have failed to provide a ROCAP, this needs to be disclosed.		ROCAP was lodged by the directors in relation to 13 entities in the Virgin Group. Individual ROCAPs were lodged for the remaining entities in administration. This Report outlines the content of all ROCAPs.
4.4.2.J	Related Entities The Voluntary Administrator's report should disclose to the best of the Administrator's knowledge: - those creditors of the company who are related entities - the quantum of their claims - when the debt was incurred - how the debt was incurred - if the debt was assigned, the amount paid for the assignment, and - the process taken by the Administrator to verify the claims made by related entities.	Partial Compliance	The Virgin Group operated as one business and some entities within the Consolidated Group relied on other entities for continued trading and, not unusually for a large, integrated group, the intercompany transactions were considerable. This Report does not therefore include specific details as to every individual intercompany transaction or related party debt due to the large number of dealings and intercompany transactions. This Report does include a summary of related party balances, both inside and outside the Consolidated Group.
4.4.3.D	Directors' personal financial position Where voidable transactions against a company director or a potential insolvent trading claim are identified, the Administrator should comment on the likelihood of recovering monies from the directors in the event that the company were to proceed into liquidation. In forming an opinion, the Administrator should make reasonable enquiries to establish the directors' capacity to pay any judgment obtained.	Non-compliance	This Report does not comment on the likelihood of recovering monies from the personal assets of directors. This is due to (i) the anticipated materiality of such assets when considered against the potential liability if any potential claims identified in this report were pursued, (ii) the existence of directors and officers insurance policies which, if responsive, would be expected to meet any such liability up to the limit of the policies, which is considerable, and (iii) as commented upon in the Report, the availability of defences (including temporary relief to directors for claims for insolvent trading), and the small quantum of the potential insolvent trading claim, both of which mean that any recovery would be unlikely to have any material impact on returns to creditors.

Appendix F – DIRRI

Declaration of Independence, Relevant Relationships and Indemnities

Virgin Australia Holdings Limited (ACN 100 686 226)

And the entities listed in Schedule A

(all Administrators Appointed)

(the Companies or Virgin)

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the Companies and others within the previous 24 months;
 - (iii) any prior professional services for the Companies within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

On 30 July 2020 the Federal Court of Australia granted leave for Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes to be appointed as Voluntary Administrators of VAH Newco No. 2 Pty Ltd (**VAH Newco 2**) and VB Investco Pty Ltd (**VB Investco**), together (**VAH Newcos**).

Richard Hughes was previously appointed as liquidator of the VAH Newcos as detailed in the Corporate Simplification section under Prior Professional services to the Group.

There have been no other updates or changes that would affect our independence, relevant relationships or indemnities requiring notification to creditors since our initial appointment on 20 April 2020 to the Companies as detailed in our Declaration of Independence, Relevant Relationships and Indemnities dated 20 April 2020.

This declaration is made in respect of ourselves, our partners and Deloitte Australia. Deloitte Australia means the Australian partnership of Deloitte Touche Tohmatsu and each of the entities under its control, including Deloitte Financial Advisory Pty Limited (**Deloitte Australia**).

1. Independence

We, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes of Deloitte Australia have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of Virgin in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

2. Declaration of Relationships

Circumstances of appointment

On 6 April 2020, we were engaged by Clayton Utz (Virgin's external legal adviser) to assess the financial position of Virgin and develop contingency plans in the event they would be required.

This engagement involved:

- Assessing the financial position of Virgin with a focus on liquidity including a review of cash flow forecasts and the impact of likely outcomes from negotiations with key stakeholders across the whole of Virgin's operations, and any other restructuring initiatives
- Reviewing the commercial and financial aspects of key stakeholder contracts to determine the consequences in the event of failure of Virgin
- Conducting scenario analysis in order to estimate downside returns and considering alternate courses of action available to Virgin should management's turnaround plans not be achievable.

As part of the engagement we held daily meetings with Virgin management, Houlihan Lokey and Clayton Utz in order to undertake the above services. These meetings were held between 5 April 2020 and the date of appointment.

Deloitte Australia will receive remuneration of approximately \$200,000 (excluding GST) for this engagement, invoiced to Clayton Utz.

In our opinion, Clayton Utz engaging us for these services does not result in a conflict of interest because:

- The initial referral of the engagement was from Houlihan Lokey. Referral engagements are commonplace from business advisors and do not impact on our ability to carry out our duties as Voluntary Administrators.
- We are not paid any commissions, inducements or benefits by Houlihan Lokey or Clayton Utz to undertake any appointments.
- There is no arrangement between us and either Houlihan Lokey or Clayton Utz that we will give any work arising out of the Administration to either Houlihan Lokey or Clayton Utz.
- There is no relationship with Houlihan Lokey or Clayton Utz which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.

In our opinion the above engagement does not affect our independence for the following reasons:

- The engagement enabled us to gain an understanding of the financial position and operations of Virgin and plan for the Voluntary Administration.
- No advice has been provided to Virgin or its management in relation to Virgin's financial position
- The Courts and the ARITA Code of Professional Practice (**COPP**) specifically recognise the need for practitioners to discuss the insolvency process and the options available prior to an appointment and do not consider that such discussions result in a conflict or an impediment to accepting the appointment.
- Our work would not be subject to review or challenge during the course of the administrations due to the nature of the engagement.
- The engagement does not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of Virgin.

On 20 April 2020, we were appointed Voluntary Administrators of the first through thirty-eighth entities listed in Schedule A by resolutions of the companies' directors.

On 28 April 2020, at a meeting of the directors of Tiger International Number 1 Pty Ltd (**Tiger 1**), a resolution was passed appointing us Voluntary Administrators of Tiger 1. Our appointment to Tiger1 was due to guarantees made by Tiger1 to certain Virgin creditors. Tiger 1 is a wholly owned subsidiary of Virgin Australia International Airlines Pty Ltd.

On 3 August 2020, we were appointed Voluntary Administrators of the VAH Newcos pursuant to section 436B of the Corporations Act 2001. VAH Newcos are both, ultimately and through intermediate holding companies, wholly owned subsidiaries of Virgin Australia Holdings Limited (**VAH**). VAH Newcos were placed into Voluntary Administration after Mr Hughes became aware that:

- the VAH Newcos are parties to a deed of cross guarantee (**DOCG**) which provides that, upon the winding up of an entity to the DOCG, each other entity to the DOCG is liable for its debts; and
- VAH Newco 2 is a guarantor of various notes issued by VAH.

Pre-appointment communications

Vaughan Strawbridge attended meetings of the Board of Directors of Virgin Australia Holdings Limited (the directors), as an invitee, on 19 April 2020 and 20 April 2020:

- to clarify and explain to the directors the nature and consequences of an insolvency appointment, and
- for us to provide a consent to act.

We received no remuneration for this advice.

It is our opinion that these meetings do not result in a conflict of interest or duty because:

- The Courts and COPP specifically recognise the need for practitioners to discuss the insolvency process and the options available prior to an appointment and do not consider that such discussions result in a conflict or an impediment to accepting the appointment
- the nature of the advice provided to Virgin is such that it would not be subject to review and challenge during the course of the voluntary administration
- The pre-appointment communications will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the voluntary administration of Virgin in an objective and impartial manner.

We have provided no other information or advice to Virgin, the directors and their advisors prior to our appointment beyond that outlined in this DIRRI.

Prior Professional services to the Group

We, or Deloitte Australia, have provided the following professional services to Virgin in the 24 months prior to the acceptance of this appointment:

Nature of Professional Service	Reasons why there is no conflict of interest or duty
Employment tax advice In April 2019 Deloitte Australia provided advice to Virgin regarding the employment tax implications of	In our opinion the services provided do not cause a conflict of interest or duty for the following reasons: 1. The engagement was immaterial to Virgin and to Deloitte Australia as it was limited with respect to fees, time incurred and scope.

superannuation top-ups and the hiring of a UK individual. Fees rendered for these services were \$25,211 (excluding GST and expenses). This amount was unpaid and has since been written off by Deloitte Australia.	2. The tax services provided were not ongoing and one- off advice only. 3. The advice provided does not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of Virgin. These services will not be subject to review by us during the course of the administration. 4. The services will not influence the objectivity and impartiality of us during the administration.
Staff wellbeing advice In January 2019, Deloitte Australia provided advice to Virgin in relation to its staff wellbeing documentation. Fees rendered were \$7,875 (excluding GST and expenses).	In our opinion the services provided do not cause a conflict of interest or duty for the following reasons: 1. The engagement was immaterial to Virgin and to Deloitte Australia as it was limited with respect to fees, time incurred and scope. 2. The advice provided does not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of Virgin. These services will not be subject to review by us during the course of the administration. 3. The engagement will not influence the objectivity and impartiality of us during the administration.
GST advice In August 2018 Deloitte Australia provide advice to Virgin regarding the GST implications of an agreement with a booking partner to re-direct customers to a co-branded site for booking accommodation. Fees rendered were \$12,500 (excluding GST and expenses).	In our opinion the services provided do not cause a conflict of interest or duty for the following reasons: 1. The engagement was immaterial to Virgin and to Deloitte Australia as it was limited with respect to fees, time incurred and scope. 2. The advice provided does not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administration of Virgin. These services will not be subject to review by us during the course of our Administration. 3. The services will not influence the objectivity and impartiality of us during the Administration.
Corporate Simplification Richard Hughes was appointed by Virgin to conduct various Members Voluntary Liquidations (MVLs) for the purpose of deregistering solvent, non-operating entities within Virgin's corporate structure. The appointments were for five dormant and two active, non-operating, entities in June 2018, and two dormant entities in March 2019.	In our opinion the services provided do not cause a conflict of interest or duty for the following reasons: 1. The engagement is immaterial to Virgin and to Deloitte Australia as it was limited with respect to fees, time incurred and scope. 2. The MVLs were of solvent, non-operating entities. The services provided to deregister the entities will not be subject to review by us during the course of our Administration. 3. The MVL engagements do not influence our ability to be able to fully comply with the

Fees rendered were \$40,500 (excluding GST and expenses) for this work. The VAH Newcos were originally excluded from the administration of Virgin. On 30 July 2020, the Federal Court of Australia made orders that the MVLs be stayed and leave be granted for the Voluntary Administrators to be appointed Administrators of VAH Newcos to be dealt with as part of the administration of Virgin.	statutory and fiduciary obligations associated with the administration of Virgin in an objective and impartial manner.

Relevant Relationships (excluding Professional Services to the Group)

We, or Deloitte Australia, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
Australia and New Zealand Banking Group Limited (ANZ)	ANZ holds an All Present and After-Acquired Property charge over substantially the whole of the property of certain entities of Virgin. We have undertaken formal insolvency and advisory engagements for ANZ in the usual course of business. Deloitte Australia has provided and continues to provide Accounting, Advisory, Assurance, Consulting, Forensic, Tax and Risk services to ANZ.	We have never undertaken any work for ANZ in respect of Virgin. We do not consider previous formal insolvency and advisory engagements accepted for ANZ to present a conflict as there is no connection between these engagements and Virgin. The provision of Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to ANZ brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of Virgin. We are not paid any commissions, inducements or benefits to undertake any engagements with ANZ and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party. Therefore, there is no relationship with ANZ which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.

Bank of China Limited (Bank of China)	Bank of China holds an All Present and After-Acquired Property charge over substantially the whole of the property of certain entities of Virgin. Deloitte Australia has provided tax and risk services to Bank of China.	We have never undertaken any work for Bank of China in respect of Virgin. The provision of tax and risk services to Bank of China brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of Virgin. We are not paid any commissions, inducements or benefits to undertake any engagements with Bank of China and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party. Therefore, there is no relationship with Bank of China which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.
Deutsche Bank AG (Singapore) (Deutsche Bank)	Deutsche Bank holds an All Present and After-Acquired Property charge over substantially the whole of the property of certain entities of Virgin. Deloitte Australia has provided tax services to Deutsche Bank AG in Australia.	We have never undertaken any work for Deutsche Bank in respect of Virgin. The provision of tax and services to Deutsche Bank AG in Australia brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of Virgin. We are not paid any commissions, inducements or benefits to undertake any engagements with Deutsche Bank and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party. Therefore, there is no relationship with Deutsche Bank which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.
BNP Paribas (BNP)	BNP holds an All Present and After-Acquired Property charge over substantially the whole of the property of certain entities of Virgin.	We have never undertaken any work for BNP in respect of the Company. The provision of Audit, Accounting and Risk services to BNP brings about a commercial relationship that in our opinion does not

	Deloitte Australia have provided, and continue to provide Audit, Accounting and Risk services to BNP.	present a conflict or impediment as it does not impact upon the position of Virgin. We are not paid any commissions, inducements or benefits to undertake any engagements with BNP and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party. Therefore, there is no relationship with BNP which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.

A Deloitte Touche Tohmatsu Limited Member Firm (DTTL Member Firm) have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
TD Bank, N.A (TD Bank)	TD Bank holds an All Present and After-Acquired Property charge over substantially the whole of the property of certain entities of Virgin. Deloitte Australia does not have a relationship with TD Bank and has not provided services to TD Bank. DTTL Member Firms have provided, and continue to provide advisory services to TD Bank.	The provision of advisory services by other DTTL Member Firms does not present a conflict as there is no connection between Deloitte Australia and TD Bank. There is no relationship with TD Bank which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.
UMB Bank N.A., United States of America (UMB Bank)	UMB Bank holds an All Present and After-Acquired Property charge over substantially the whole of the property of the certain entities of Virgin. Deloitte Australia does not have a relationship with UMB Bank and has not	The provision of advisory services by other DTTL Member Firms does not present a conflict as there is no connection between Deloitte Australia and UMB. There is no relationship with UMB Bank which in our view would restrict us from properly exercising our judgment and duties in relation to the appointments.

	provided services to UMB Bank. DTTL Member Firms have provided, and continue to provide advisory services to UMB Bank.	

Relationships with Associates

We, Deloitte Australia, or DTTL Member Firms, have the following relationships with Associates of the Companies:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
Velocity Frequent Flyer Pty Limited (Velocity), a wholly owned subsidiary of Virgin Australia Holdings Limited We are not appointed administrators of Velocity.	Deloitte Australia has provided the following services to Velocity over the prior 24 months: Vendor advisory services Deloitte was engaged by Velocity to provide financial vendor assist and tax due diligence in relation to the sale of Affinity Equity Partner's stake in Velocity (Trade Sale) and IPO readiness advice for the possible IPO of Velocity. The engagement spanned the period from February 2019 to approximately October 2019. Accounting Advice In November 2018 Deloitte provided accounting advice to Velocity regarding the accounting treatment under AASB 15 of fees paid by Virgin Australia to Velocity for the management of the Tier Status Program. Share based payment advice Deloitte Australia has provided accounting advice to Velocity in relation to the valuation of Velocity shared based payments for financial reporting purposes. This has been a	In our opinion the services provided to Velocity do not cause a conflict of interest or duty for the following reasons: Vendor advisory services 1. The IPO and Trade Sale process did not complete. We did not deliver any reports, nor was our work utilised by Velocity. 2. Our work entailed assisting management in the compilation and presentation of financial and tax information and analysis only. 3. Affinity Equity Partner's stake in Velocity Frequent Flyer was sold to Virgin instead. Deloitte did not advise Virgin on its purchase of Affinity Equity Partner's 35% stake in Velocity. 4. No work undertaken by Deloitte has impacted Velocity or Virgin and therefore the services will not be subject to review by us during the course of our administration.

	recurring annual engagement since 2016.	Accounting Advice and Share based payment advice 1. No services were provided to Virgin. 2. The services are unrelated to Virgin and will not be subject to review by us during the course of the administration. 3. The services will not influence our objectivity and impartiality during the administration. 4. The services do not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of Virgin.
	Deloitte Australia subleases office space in Grosvenor Place, 225 George Street, Sydney NSW 2000 to Velocity.	In our opinion, the subleasing of office space to Velocity does not cause a conflict with the Voluntary Administration of Virgin because: 1. We have not been appointed administrators of Velocity and therefore this agreement will not be subject to review 2. The rental agreement is on normal market terms and rates 3. Is immaterial to both Deloitte Australia and Velocity.
	The Administrators personally are members of the Velocity Frequent Flyer program.	In our opinion, the points balances we hold in the Velocity Frequent Flyer program do not cause a conflict with the voluntary administration of Virgin because: 1. The points balances are immaterial to us, Velocity and Virgin 2. The points were earned in the normal course of business. 3. The points balances will not influence our objectivity and

		impartiality during the administration.
• SkyWest Airlines Pte Ltd • Captivevision Capital Pte Ltd • SkyWest Airlines (S) Pte Ltd • F11305 Pte Ltd All are Singapore registered wholly owned subsidiaries of Virgin and not part of the administration of the Companies.	Deloitte Singapore, a participating geography of the Asia Pacific DTTL Member Firm was engaged by Virgin to conduct Members Voluntary Liquidations of the entities listed for the purpose of deregistering dormant, solvent, non-operating entities within Virgin's corporate structure. The dates of appointment were: • SkyWest Airlines Pte Ltd: commenced liquidation on 18 August 2014 • SkyWest Airlines (S) Pte Ltd: commenced liquidation on 18 August 2014, and dissolved on 22 February 2020 • Captivevision Capital Pte Ltd: commenced liquidation on 17 December 2015, and dissolved on 9 October 2019 • F11305 Pte Ltd: commenced liquidation on 17 December 2015, and dissolved on 10 September 2019	In our opinion the services provided do not cause a conflict of interest or duty for the following reasons: 1. The Members Voluntary Liquidations are of dormant, solvent non-operating entities. The services provided to deregister the entities by Deloitte Singapore will not be subject to review by us during the course of our administration. 2. A Members Voluntary Liquidation engagement does not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administration of Virgin in an objective and impartial manner.

Group Appointment

As specified on page 1 and Schedule 1, we have been appointed as Voluntary Administrators of 41 companies in the group we refer to as Virgin. We are of the view that the appointment to Virgin will have practical benefits to our conduct, particularly in that this will enable an accurate view to be obtained of the financial position of Virgin as a whole. We are aware that there may be inter-company transactions within Virgin but at this time we are not aware of any potential conflicts arising from our appointment over all the companies in Virgin. However, if in the future any inter-company dealings give rise to a conflict then we undertake to disclose any such conflicts to the creditors and, if required, seek Court directions as to the appropriate means of resolving the conflict among the companies in Virgin.

No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Virgin, an associate of Virgin, a former insolvency practitioner appointed to Virgin or any person or entity that has security over the whole or substantially whole of Virgin's assets and undertaking that should be disclosed.

3. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 21 August 2020



Vaughan Strawbridge
Joint and Several Administrator



Salvatore Algeri
Joint and Several Administrator



John Greig
Joint and Several Administrator



Richard Hughes
Joint and Several Administrator

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Schedule A – Virgin Group entities, all Administrators Appointed

No.	Name	Date of appointment of voluntary administrators	ACN	Abbreviation
1	Virgin Australia Holdings Ltd	20-Apr-20	ACN 100 686 226	VAH
2	Virgin Australia Airlines Pty Ltd	20-Apr-20	ACN 090 670 965	VAA
3	Virgin Australia International Airlines Pty Ltd	20-Apr-20	ACN 125 580 823	VAIA
4	Virgin Australia Regional Airlines Pty Ltd	20-Apr-20	ACN 008 997 662	VARA
5	Tiger Airways Australia Pty Limited	20-Apr-20	ACN 124 369 008	Tiger
6	737 2012 No. 2 Pty Ltd	20-Apr-20	ACN 154 225 064	737 20122
7	737 2012 No.1 Pty. Ltd.	20-Apr-20	ACN 154 201 859	737 20121
8	A.C.N. 098 904 262 Pty Ltd	20-Apr-20	ACN 098 904 262	ACN 098 904 262
9	Short Haul 2014 No. 1 Pty Ltd	20-Apr-20	ACN 600 809 612	SH20141
10	Short Haul 2014 No. 2 Pty Ltd	20-Apr-20	ACN 600 878 199	SH20142
11	Short Haul 2016 No. 1 Pty Ltd	20-Apr-20	ACN 612 766 328	SH20161
12	Short Haul 2016 No. 2 Pty Ltd	20-Apr-20	ACN 612 796 077	SH20162
13	Short Haul 2017 No. 1 Pty Ltd	20-Apr-20	ACN 617 644 390	SH20171
14	Short Haul 2017 No. 2 Pty Ltd	20-Apr-20	ACN 617 644 443	SH20172
15	Short Haul 2017 No. 3 Pty. Ltd.	20-Apr-20	ACN 622 014 813	SH20173
16	Short Haul 2018 No. 1 Pty. Ltd.	20-Apr-20	ACN 622 014 831	SH20181
17	VA Borrower 2019 No. 1 Pty Ltd	20-Apr-20	ACN 633 241 059	VA20191
18	VA Borrower 2019 No. 2 Pty Ltd	20-Apr-20	ACN 637 371 343	VA20192
19	VA Hold Co Pty Ltd	20-Apr-20	ACN 165 507 157	VA Holdco
20	VA Lease Co Pty Ltd	20-Apr-20	ACN 165 507 291	VA Leaseco
21	VA Regional Leaseco Pty Ltd	20-Apr-20	ACN 127 491 605	VARL
22	VAH Newco No.1 Pty Ltd	20-Apr-20	ACN 160 881 345	VAH Newco 1
23	VB 800 2009 Pty Ltd	20-Apr-20	ACN 135 488 934	VB 800
24	VB Leaseco No 2 Pty Ltd	20-Apr-20	ACN 142 533 319	VB Leaseco2
25	VB Leaseco Pty Ltd	20-Apr-20	ACN 134 268 741	VB Leaseco
26	VB LH 2008 No. 1 Pty Ltd	20-Apr-20	ACN 134 280 354	VB LH20081

No.	Name	Date of appointment of voluntary administrators	ACN	Abbreviation
27	VB LH 2008 No. 2 Pty Ltd	20-Apr-20	ACN 134 288 805	VBLH20082
28	VB PDP 2010-11 Pty Ltd	20-Apr-20	ACN 140 818 266	VB PDP
29	VB Ventures Pty Ltd	20-Apr-20	ACN 125 139 004	VB Ventures
30	VBNC5 Pty Ltd	20-Apr-20	ACN 119 691 502	VBNC5
31	Virgin Australia 2013-1 Issuer Co Pty Ltd	20-Apr-20	ACN 165 507 326	VA20131
32	Virgin Australia Airlines (SE Asia) Pty Ltd	20-Apr-20	ACN 097 892 389	VSEA
33	Virgin Australia Airlines Holdings Pty Ltd	20-Apr-20	ACN 093 924 675	VAAH
34	Virgin Australia Cargo Pty Ltd	20-Apr-20	ACN 600 667 838	VAC
35	Virgin Australia Holidays Pty Ltd	20-Apr-20	ACN 118 552 159	VA Holidays
36	Virgin Australia International Holdings Pty Ltd	20-Apr-20	ACN 155 860 021	VAIO
37	Virgin Australia International Operations Pty Ltd	20-Apr-20	ACN 155 859 608	VAIH
38	Virgin Tech Pty Ltd	20-Apr-20	ACN 101 808 879	VT
39	Tiger International Number 1 Pty Ltd	28-Apr-20	ACN 606 131 944	Tiger 1
40	VAH Newco No.2 Pty Ltd	3-Aug-20	ACN 160 881 354	VAH Newco 2
41	VB Investco Pty Ltd	3-Aug-20	ACN 101 961 095	VB Investco

Appendix G – Guarantee groups

Abbreviation	DOCG1	DOCG2	Bond guarantors*	Finance facilities	
				Borrowing entity	Guarantor entity
VAH	✓		Issuer		✓
VAA	✓		✓	✓	✓
VAIA		✓	✓	✓	✓
VARA	✓		✓	✓	
Tiger	✓		✓		✓
737 20122					
737 20121					
ACN 098 904 262	✓		✓		
SH20141					✓
SH20142				✓	
SH20161					
SH20162					
SH20171					
SH20172				✓	
SH20173				✓	
SH20181				✓	
Tiger 1		✓	✓		
VA20191				✓	
VA20192				✓	
VA Holdco					
VA Leaseco					
VARL					
VAH Newco 1	✓		✓		
VB 800				✓	
VB Leaseco2					
VB Leaseco	✓		✓	✓	✓
VB LH20081					
VB LH20082					
VB PDP					
VB Ventures	✓				
VBNC5					
VA20131					

Abbreviation	DOCG1	DOCG2	Bond guarantors*	Finance facilities	
				Borrowing entity	Guarantor entity
VSEA		✓	✓		
VAAH	✓		✓		✓
VAC	✓				
VA Holidays	✓				
VAIO					
VAIH		✓	✓		✓
VT	✓				
VB Investco	✓				
VAH Newco 2	✓		✓		

* See list of guarantor entities by tranche in **Table 8**.

Appendix H – Statutory information

Officers

The ASIC database indicates that during the 12-month period prior to the Voluntary Administrators' appointment, the directors and officers of the Companies were:

Name	Entity	Position	Appointed	Ceased
Allan Grant Houston	VAH	Current director	12 Dec 18	-
Anthony Francis Shepherd	Tiger 1	Current director	29 May 15	-
	VAIA	Current director	30 Mar 12	-
	VAIH	Current director	22 Feb 12	-
	VSEA	Current director	5 Sep 01	-
Du Ming	VAH	Current alternate director	28 May 19	-
Elizabeth Blomfield Bryan	Tiger 1	Current director	29 May 15	-
	VAH	Current director	20 May 15	-
	VAIA	Current director	20 May 15	-
	VAIH	Current director	20 May 15	-
	VSEA	Current director	20 May 15	-
Geoffrey Kevin Smith	737 20121	Former director	23 Sep 15	1 Oct 19
	737 20122	Former director	23 Sep 15	1 Oct 19
	ACN 098 904 262	Former director	23 Sep 15	1 Oct 19
	SH20141	Former director	23 Sep 15	1 Oct 19
	SH20142	Former director	23 Sep 15	1 Oct 19
	SH20161	Former director	2 Jun 16	1 Oct 19
	SH20162	Former director	3 Jun 16	1 Oct 19
	SH20171	Former director	27 Feb 17	1 Oct 19
	SH20172	Former director	27 Feb 17	1 Oct 19
	SH20173	Former director	2 Oct 17	1 Oct 19
	SH20181	Former director	2 Oct 17	1 Oct 19
	Tiger	Former director	23 Sep 15	1 Oct 19
	VA Holdco	Former director	23 Sep 15	1 Oct 19
	VA Holidays	Former director	23 Sep 15	1 Oct 19
	VA Leaseco	Former director	23 Sep 15	1 Oct 19
	VA20131	Former director	23 Sep 15	1 Oct 19
	VA20191	Former director	24 May 19	1 Oct 19
	VAA	Former director	23 Sep 15	1 Oct 19
	VAAH	Former director	23 Sep 15	1 Oct 19
	VAC	Former director	23 Sep 15	1 Oct 19

Name	Entity	Position	Appointed	Ceased
	VAH Newco 1	Former director	23 Sep 15	1 Oct 19
	VAIO	Former director	23 Sep 15	1 Oct 19
	VARA	Former director	23 Sep 15	1 Oct 19
	VARL	Former director	23 Sep 15	1 Oct 19
	VB 800	Former director	23 Sep 15	1 Oct 19
	VB Leaseco	Former director	23 Sep 15	1 Oct 19
	VB Leaseco2	Former director	23 Sep 15	1 Oct 19
	VB PDP	Former director	23 Sep 15	1 Oct 19
	VB Ventures	Former director	23 Sep 15	1 Oct 19
	VLH20081	Former director	23 Sep 15	1 Oct 19
	VLH20082	Former director	23 Sep 15	1 Oct 19
	VBNC5	Former director	23 Sep 15	1 Oct 19
	VT	Former director	23 Sep 15	1 Oct 19
Graham John Bradley	Tiger 1	Current director	29 May 15	-
	VAIA	Current director	30 Mar 12	-
	VAIH	Current director	30 Mar 12	-
	VSEA	Current director	30 Mar 12	-
Hou Wei	VAH	Current director	28 May 19	-
Jiaoqi Luo	VAH	Former alternate director	17 Jul 18	28 May 19
Judith Swales	VAH	Current director	29 May 19	-
Keith Antony Neate	737 20121	Current director	1 Oct 19	-
	737 20122	Current director	1 Oct 19	-
	ACN 098 904 262	Current director	1 Oct 19	-
	SH20141	Current director	1 Oct 19	-
	SH20142	Current director	1 Oct 19	-
	SH20161	Current director	1 Oct 19	-
	SH20162	Current director	1 Oct 19	-
	SH20171	Current director	1 Oct 19	-
	SH20172	Current director	1 Oct 19	-
	SH20173	Current director	1 Oct 19	-
	SH20181	Current director	1 Oct 19	-
	Tiger	Current director	1 Oct 19	-
	VA Holdco	Current director	1 Oct 19	-
	VA Holidays	Current director	1 Oct 19	-
	VA Leaseco	Current director	1 Oct 19	-
	VA20131	Current director	1 Oct 19	-
	VA20191	Current director	1 Oct 19	-
	VA20192	Current director	11 Nov 19	-

Name	Entity	Position	Appointed	Ceased
	VAA	Current director	1 Oct 19	-
	VAAH	Current director	1 Oct 19	-
	VAC	Current director	1 Oct 19	-
	VAH Newco 1	Current director	1 Oct 19	-
	VAIO	Current director	1 Oct 19	-
	VARA	Current director	1 Oct 19	-
	VARL	Current director	1 Oct 19	-
	VB 800	Current director	1 Oct 19	-
	VB Leaseco	Current director	1 Oct 19	-
	VB Leaseco2	Current director	1 Oct 19	-
	VB PDP	Current director	1 Oct 19	-
	VB Ventures	Current director	1 Oct 19	-
	VB LH20081	Current director	1 Oct 19	-
	VB LH20082	Current director	1 Oct 19	-
	VBNC5	Current director	1 Oct 19	-
	VT	Current director	1 Oct 19	-
Kenneth Alfred Dean	VAH	Current director	1 Dec 16	-
Kevin Xing	VAH	Current director	27 Sep 19	-
Kui Zhang	VAH	Former director	31 Jan 18	28 May 19
Lan Xiang	VAH	Former director	24 Jul 17	27 Sep 19
Lindsay James Tanner	Tiger 1	Current director	29 May 15	-
	VAIA	Current director	30 Mar 12	-
	VAIH	Current director	30 Mar 12	-
	VSEA	Current director	30 Mar 12	-
Mark Peter Chellew	VAH	Former director	1 Jan 18	29 Jan 20
Meng Hung Marvin Tan	VAH	Current director	1 Jan 16	-
Paul Darren Scurrah	ACN 098 904 262	Current director	25 Mar 19	-
	Tiger	Current director	25 Mar 19	-
	Tiger 1	Current director	25 Mar 19	-
	VA Holidays	Current director	25 Mar 19	-
	VAA	Current director	25 Mar 19	-
	VAAH	Current director	25 Mar 19	-
	VAC	Current director	25 Mar 19	-
	VAH	Current director	25 Mar 19	-
	VAH Newco 1	Current director	25 Mar 19	-
	VAIA	Current director	25 Mar 19	-
	VAIH	Current director	25 Mar 19	-
	VAIO	Current director	25 Mar 19	-

Name	Entity	Position	Appointed	Ceased
	VARA	Current director	25 Mar 19	-
	VB Ventures	Current director	25 Mar 19	-
	VSEA	Current director	25 Mar 19	-
	VT	Current director	25 Mar 19	-
Peter George Dowling	737 20121	Former director	10 Nov 11	24 Feb 20
	737 20122	Former director	11 Nov 11	24 Feb 20
	SH20141	Current director	21 Jul 14	-
	SH20142	Current director	24 Jul 14	-
	VBLH20082	Former director	13 Jan 09	31 Jul 19
Raymond Gammell	VAH	Current director	20 Dec 18	-
	VAH	Current alternate director	17 Jul 18	-
Samantha Mostyn	VAH	Former director	1 Sep 10	29 May 19
Sharyn Anne Page	737 20121	Company secretary	1 Feb 16	-
	737 20122	Company secretary	1 Feb 16	-
	ACN 098 904 262	Company secretary	1 Feb 16	-
	SH20141	Company secretary	1 Feb 16	-
	SH20142	Company secretary	1 Feb 16	-
	SH20161	Company secretary	2 Jun 16	-
	SH20162	Company secretary	3 Jun 16	-
	SH20171	Company secretary	27 Feb 17	-
	SH20172	Company secretary	27 Feb 17	-
	SH20173	Company secretary	2 Oct 17	-
	SH20181	Company secretary	2 Oct 17	-
	Tiger	Company secretary	1 Feb 16	-
	Tiger 1	Company secretary	1 Feb 16	-
	VA Holdco	Company secretary	1 Feb 16	-
	VA Holidays	Company secretary	1 Feb 16	-
	VA Leaseco	Company secretary	1 Feb 16	-
	VA20131	Company secretary	1 Feb 16	-
	VA20191	Company secretary	24 May 19	-
	VA20192	Company secretary	11 Nov 19	-
	VAA	Company secretary	1 Feb 16	-
	VAAH	Company secretary	1 Feb 16	-
	VAC	Company secretary	1 Feb 16	-
	VAH	Company secretary	1 Feb 16	-
	VAH Newco 1	Company secretary	1 Feb 16	-
	VAIA	Company secretary	1 Feb 16	-
	VAIH	Company secretary	1 Feb 16	-

Name	Entity	Position	Appointed	Ceased
	VAIO	Company secretary	1 Feb 16	-
	VARA	Company secretary	1 Feb 16	-
	VARL	Company secretary	1 Feb 16	-
	VB 800	Company secretary	1 Feb 16	-
	VB Leaseco	Company secretary	1 Feb 16	-
	VB Leaseco2	Company secretary	1 Feb 16	-
	VB PDP	Company secretary	1 Feb 16	-
	VB Ventures	Company secretary	1 Feb 16	-
	VBLH20081	Company secretary	1 Feb 16	-
	VBLH20082	Company secretary	1 Feb 16	-
	VBNC5	Company secretary	1 Feb 16	-
	VSEA	Company secretary	1 Feb 16	-
	VT	Company secretary	1 Feb 16	-
Steven James Fouracre	737 20121	Current director	24 Nov 17	-
	737 20122	Current director	24 Nov 17	-
	SH20141	Current director	24 Nov 17	-
	SH20142	Current director	24 Nov 17	-
	SH20161	Current director	24 Nov 17	-
	SH20162	Current director	24 Nov 17	-
	SH20171	Current director	24 Nov 17	-
	SH20172	Current director	24 Nov 17	-
	SH20173	Current director	2 Oct 17	-
	SH20181	Current director	2 Oct 17	-
	VA Holdco	Current director	24 Nov 17	-
	VA Leaseco	Current director	24 Nov 17	-
	VA20131	Current director	24 Nov 17	-
	VA20191	Current director	24 May 19	-
	VA20192	Current director	11 Nov 19	-
	VARL	Current director	24 Nov 17	-
	VB 800	Current director	24 Nov 17	-
	VB Leaseco	Current director	24 Nov 17	-
	VB Leaseco2	Current director	24 Nov 17	-
	VB PDP	Current director	24 Nov 17	-
	VBLH20081	Current director	24 Nov 17	-
	VBLH20082	Current director	24 Nov 17	-
	VBNC5	Current director	24 Nov 17	-
Tan Pee Teck	VAH	Current alternate director	1 Jan 16	-
Trevor Bourne	VAH	Current director	1 Jan 18	-

Name	Entity	Position	Appointed	Ceased
Warwick Negus	VAH	Current director	3 Jan 17	-
Wu An	VAH	Current alternate director	27 Sep 19	-
	VAH	Former alternate director	24 Jul 17	27 Sep 19

Source: SAI Global and Illion Direct Company Searches

Shareholders

Below is a summary of the distribution of shareholdings in VAH as at the date of appointment, as well as a list of the top 20 shareholders. The Consolidated Group entered a trading halt on 14 April 2020 and has been in voluntary suspension since 16 April 2020.

Fully paid ordinary shares	Number of shareholders	Number of shares	% of issued capital
1-1,000 shares	947	546,782	0.01
1,001 - 5,000 shares	8,600	25,059,119	0.30
5,001 - 10,000 shares	3,945	29,932,675	0.35
10,001 - 100,000 shares	5,012	156,409,264	1.85
100,001 and over shares	682	8,233,270,634	97.49
Total	19,186	8,445,218,474	100.00

Source: Computershare as at 1/6/20

The Consolidated Group's ownership, held either in their own capacity or via nominee or custody entities is concentrated upon its top 5 shareholders being Etihad Airways (20.97%), Singapore Airlines Ltd (20.03%), Nanshan Group (20.01%), HNA Group (19.86%) and Virgin Group Ltd (10.02%) (a UK entity and not otherwise related to VAH other than through its shareholding).

Largest registered shareholders

Shareholder	Total Shares Held	%
EAG Investment Holding Company Limited	1,771,023,828	20.97%
Singapore Airlines Ltd	1,691,623,863	20.03%
Nanshan Capital Holdings Ltd	1,689,932,240	20.01%
HNA Innovation Ventures (Hong Kong) Co Limited	1,676,736,791	19.86%
Corvina Holdings Limited	845,811,931	10.02%
Merrill Lynch (Australia) Nominees Pty Limited	140,159,854	1.66%
Citicorp Nominees Pty Limited	51,404,371	0.61%
HSBC Custody Nominees (Australia) Limited	39,797,045	0.47%
Chesters Nominees Pty Ltd	16,960,275	0.20%
J.P. Morgan Nominees Australia Pty Limited	14,672,238	0.17%
Kilby Pty Ltd <Donald & Ann Lazzaro FAM A/C>	13,653,838	0.16%
BNP Paribas Noms Pty Ltd <DRP>	10,558,680	0.13%
Massimo John Borghetti	9,367,924	0.11%
Archerfield Airport Corporation Pty Ltd	8,000,000	0.09%
Henleaze Investments Pty Ltd	7,000,000	0.08%
JACPAR Qld Pty Ltd	6,000,000	0.07%

Shareholder	Total Shares Held	%
Miss Xiuhua Chen	5,810,656	0.07%
Just Super Co Pty Ltd <Super Fund A/C>	4,930,580	0.06%
Mrs Ruth Morris	4,484,371	0.05%
Mr Lawrence Mottin	3,743,488	0.04%

Source: Computershare as at 1/6/2020

Security Interests

A search of the Personal Property Securities Register (PPSR) revealed the following number of security interests over Virgin Group's assets as at the date of the Voluntary Administrators' appointment:

Company	All PAAP secured creditor	All PAAP with exception	Collateral class					Invest- ment instru- ment	Document of title	Account	Other goods	Total
			Motor vehicle	Aircraft engine	Airframe	Chattel paper	General intangible					
VAAH	-	10	-	-	-	-	-	1	-	-	-	11
VAH	-	14	-	-	-	-	-	-	-	-	1	15
VAA	46	374	155	767	361	-	6	-	1	1	104	,815
VAIA	1	60	-	147	70	-	2	-	-	-	6	286
VARA	3	27	5	73	28	1	-	-	-	1	16	154
ACN 098 904 262	-	-	1	-	-	-	-	-	-	-	1	2
VT	-	-	9	-	-	-	-	-	-	-	5	14
Tiger	-	34	2	98	47	-	2	-	-	1	6	190
VARL	7	11	-	20	10	-	-	-	-	-	-	48
VB Leaseco	13	122	-	291	139	-	1	-	-	-	1	567
VB LH20082	-	1	-	-	-	-	-	-	-	-	-	1
VB 800	1	6	-	22	11	-	-	-	-	-	1	41
VB Leaseco2	-	13	-	44	22	-	-	-	-	-	1	80
SH20172	-	2	-	8	4	-	-	-	-	-	-	14
SH20173	-	1	-	4	2	-	-	-	-	-	-	7
SH20181	-	1	-	4	1	-	-	-	-	-	-	6
VA20191	-	1	-	36	14	-	-	-	-	-	-	51
VA20192	-	2	-	44	22	-	-	-	-	-	-	68

Company	All PAAP secured creditor	All PAAP with exception	Motor vehicle	Aircraft engine	Airframe	Collateral class		Invest- ment instru- ment	Document of title	Account	Other goods	Total
						Chattel paper	General intangible					
VSEA	7	-	-	-	-	-	-	-	-	-	-	7
VAIH	-	5	-	-	-	-	-	-	-	-	-	5
SH20141	1	3	-	-	-	-	-	-	-	-	-	4
SH20142	1	23	-	30	15	-	-	-	-	-	-	69
VAC	-	-	3	-	-	1	-	-	-	1	3	8
Total	80	710	175	1,588	746	2	11	1	1	4	145	3,463

Appendix I – ROCAP

ROCAP question \$m		SH20142	SH20172	SH20173	SH20181	VA20191	VA20192	VB 800	VB LEASECO 2	TIGER 1	VAIA	VAIH	VSEA	DOCG1	Total (\$m)
A4	Do the companies owe money to their employees?	-	-	-	-	-	-	-	-	-	-	-	-	(127.4)	(127.4)
A5	Do the companies owe money, goods or services to others (other than employees)?														
	Secured														
	Aircraft leases	-	-	-	-	-	-	(82.6)	(228.8)	-	-	-	-	(1,903.0)	(2,214.4)
	Debt and interest	(128.6)	(68.7)	(38.0)	(36.8)	(370.8)	(420.7)	-	-	-	-	-	-	(463.9)	(1,527.5)
	Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Debt and interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,991.6)	(1,991.6)
	Hedge counterparties	-	-	-	-	-	-	-	-	-	-	-	-	(197.9)	(197.9)
	Tax Balances	-	-	-	-	-	-	-	-	-	(0.0)	-	-	(19.1)	(19.1)
	Creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	(2.8)	(386.2)	(389.0)
	Property and other leases	-	-	-	-	-	-	-	-	-	(9.5)	-	-	(188.0)	(197.5)
	Other creditors	-	-	-	-	-	-	-	-	-	(19.1)	-	(0.8)	(40.8)	(60.7)
	Sub-total	(128.6)	(68.7)	(38.0)	(36.8)	(370.8)	(420.7)	(82.6)	(228.8)	-	(28.6)	-	(3.5)	(5,190.6)	(6,597.7)
	Intercompany loans	(8.5)	-	-	-	(9.4)	-	(2.7)	(4.2)	(54.0)	(2,505.1)	(948.3)	(782.0)	(2,271.3)	(6,585.5)
	Total question A5	(137.1)	(68.7)	(38.0)	(36.8)	(380.1)	(420.7)	(85.3)	(233.0)	(54.0)	(2,533.7)	(948.3)	(785.6)	(7,461.9)	(13,183.1)

ROCAP question \$m		SH20142	SH20172	SH20173	SH20181	VA20191	VA20192	VB 800	VB LEASECO 2	TIGER 1	VAIA	VAIH	VSEA	DOCG1	Total (\$m)
A6	Are the companies owed money?														
	Trade debtors	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Other debtors	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Intercompany receivables	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
Total question A6															
A7	Do the companies own any assets?														
	Bank accounts	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Inventory	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Aircrafts	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Property	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Non-aircraft	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Office equipment	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
	Project WIP	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld	Withheld
Total question A7															

Appendix J – ARITA Information Sheet on Offences, Recoverables and Insolvent Trading

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437C	Performing or exercising a function or power as an officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report on Company Activities and Property or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.



To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Appendix K – Summary of BP&T proposal

1. Introduction

As stated in **section 8.7** BP&T submitted a DOCA proposal as part of the sale process on 24 June 2020 and a subsequent proposal on substantially the same terms as the 24 June 2020 proposal on 20 July 2020. On 21 August 2020, BP&T withdrew all proposals that had been submitted to us.

While the proposal has been subsequently withdrawn, for completeness, we set out below a summary of the terms of BP&T's proposal. Our comments on the proposal assume that the BP&T proposal received on 20 July 2020 superseded the prior proposal submitted by BP&T. This proposal will be referred to as the "**BP&T DOCA Proposal**", however, references to "**BP&T DOCA**" in this **Appendix** should be read as references to the **BP&T DOCA Proposal**.

BP&T's proposal contemplated:

- A single pooled DOCA relating to each company in the Virgin Group; and
- A single creditors' trust that would be entered into under the BP&T DOCA, with all claims of creditors of the Virgin Group being replaced with claims against the creditors' trust.

The BP&T DOCA Proposal contemplated a recapitalisation of the Virgin Group and continued trading of the Group's business. It broadly proposed that \$800m of funding would be provided to the Virgin Group in the form of convertible notes and working capital facilities. This funding was to also form part of the BP&T creditors' trust to be distributed to certain creditors under the BP&T DOCA.

A summary of the key features of the BP&T DOCA Proposal as understood by the Administrators is outlined below. Where there are items in square brackets, []; this reflects the documents provided to us.

2. Key Features

2.1. Key terms of the DOCA

The key terms of the BP&T DOCA proposal were as follows:

- The terms of the BP&T DOCA would have begun to operate once it had been executed. For this to occur, a resolution must have first been passed by the creditors of each of the Companies in favour of the BP&T DOCA.
- The interim funding provided to the Administrators by Bain in the amount of AUD\$125m was to be repaid. A replacement facility was to be put in place to fund the administration after the close of the second meeting if necessary.
- It was intended that the Administrators would become the Deed Administrators of the BP&T DOCA.
- There were a number of conditions to the BP&T DOCA. Details of the conditions and the steps to completion for the BP&T DOCA have been outlined in section 4.2 below.
- The Deed Administrators would have been required to facilitate the application to Court to seek orders for the transfer of the shares in VAH to the Trustee of the Creditor's Trust. This is further discussed at 2.4 below.
- In circumstances where the Court did not make orders to transfer the VAH shares to the Trustee, the deed proponent would have been required to reach an agreement with the Deed Administrators to enter into alternative share issuance documents. This has been discussed further in section 2.4 below.
- A creditors' trust was proposed to be established upon completion of the BP&T DOCA and would have comprised of [\$270m] cash and all of the shares held in VAH. This is discussed further in section 4.2 below.

2.2. Creditor claims

The effect of the BP&T DOCA Proposal and BP&T creditors' trust would have been to release claims held by creditors against the Virgin Group on completion of the BP&T DOCA. Creditors with eligible creditor claims would have become beneficiaries of the BP&T creditors' trust and be paid a dividend from the relevant pool in the Trust Fund (either as cash or in equity issuance). Details of the funds available in each pool and the creditors entitled to a distribution have been outlined in section 4.1 below.

2.3. BP&T creditors' trust fund under the BP&T DOCA structure

BP&T's DOCA proposal contemplated that under the BP&T creditors' trust, the fund available for distribution to creditors would be divided into seven pools with different eligibility criteria:

- Pool A, being employees and costs in the administration (including the Trustees' remuneration and costs). It was proposed that these creditors would receive a cash distribution from the BP&T creditors' trust.
- Pool B, being "essential" creditors (namely, certain core trade creditors of the Virgin Group's business). It was proposed that these creditors would receive distributions under the BP&T creditors' trust on a pro-rata basis for claims up to a defined amount (not specified in the BP&T DOCA). These creditors were proposed to receive a cash distribution from the BP&T creditors' trust.
- Pool C, being finance lessor creditors. It was proposed that these creditors would receive VAH shares in accordance with the share allocation formula (which is not articulated).
- Pool D, operating lessors. It was proposed that these creditors would receive VAH shares in accordance with the share allocation formula (which was not articulated).
- Pool E, comprised of Bond Holders. It was proposed that these creditors would receive VAH shares in accordance with the share allocation formula (which was not articulated).
- Pool F, comprised of hedging counterparties. It was proposed that these creditors would receive VAH shares in accordance with the share allocation formula (which was not articulated).
- Pool G, being non-core trade creditors. It was proposed that these creditors would receive VAH shares in accordance with the share allocation formula (which was not articulated).

2.4. Share transfer to the creditors' trust

The BP&T DOCA proposed the transfer of 100% of the shares held in VAH to the BP&T creditor's trust for distribution, it is assumed in specie, to creditors. To do this, the BP&T DOCA would have required the Deed Administrators to make an application to Court seeking leave to transfer the shares under section 444GA of the Act.

In circumstances where the 444GA order was not obtained, it was proposed that the parties would enter into the Alternative Share Transaction, whereby [1,196,777,777,778] new ordinary shares in VAH would be issued to the Trustee to be distributed under the BP&T creditors' trust. The effect of this would have been to dilute the VAH Shareholders to [1%] of share capital, with [99%] of the shares to be issued to creditors under the BP&T creditors' trust. In circumstances where VAH is an ASX listed company and the proposal would have resulted in a transfer of 99% of the VAH shares to the Trustee (prior to the shares being distributed pursuant to the BP&T creditors' trust deed, the mechanics of which are also uncertain), the BP&T DOCA Proposal did not address how this transfer could have been effected or how the statutory caps for shareholdings in an ASX entity would have been overcome.

3. Effect on unsecured creditors

3.1. Released claims

The BP&T DOCA proposed to release all debts or claims (other than excluded claims, which are discussed below) against the Virgin Group that occurred on or before the date of appointment of the Administrators whether or not they would have been admissible to prove in the winding up of the Companies.

In return for the releases, creditors who had a claim against the Companies would have been entitled to make a claim against the Trust Fund, which is equal in value to their released claim, in accordance with the BP&T creditors' trust deed.

Creditors would then have received a distribution from the relevant pool of the BP&T creditors' trust fund by way of a cash payment or receipt distribution in specie of VAH shares. This is further discussed at section 4.1.

3.2. Excluded claims

The BP&T DOCA proposed that the following claims would be excluded from participation in the BP&T creditors' trust:

- Claims in respect to continuing employees (refer to section 3.3 below)
- Claims in respect to certain "continuing contracts" (refer to section 3.4 below)
- Insured claims (refer to section 3.5 below)
- Intragroup claims (refer to section 3.6 below); and
- Any creditor who had agreed in writing with the Administrators or Deed Administrators not to participate in the Trust Fund.

3.3. Effect on employees

The continuing employees under the BP&T DOCA were proposed to be employees that would continue to be employed by the Virgin Group following completion of the BP&T DOCA. The Administrators understand that this would have included all employees, with the exception of those that had received a letter terminating their employment. The BP&T DOCA Proposal did not identify which employees would be continuing employees under the BP&T DOCA proposal.

Under the BP&T DOCA, it was proposed that employees (other than the continuing employees) would have been entitled to claim against the BP&T creditors' trust for the value of their employee entitlements. Employees would have retained their priority for the purposes of section 444DA of the Act to receive an amount from the BP&T creditors' trust at least equal to what they would have been entitled to in a liquidation in accordance with sections 556, 560 and 571 of the Act.

3.4. Excluded contracts

The BP&T DOCA contained a placeholder in Schedule 2 for a list of continuing contracts that were intended to be excluded from the BP&T creditors' trust. The BP&T DOCA proposed to exclude these contracts, such that creditors would not have been entitled to claim against the BP&T creditors' trust in respect of those contracts.

3.5. Insured claims

Insured claims were proposed to be excluded from the BP&T DOCA. An insured claim is a claim a creditor has against a Company, in respect of which they would have received priority in the event of a liquidation of the Company under section 562 of the Act.

3.6. Intragroup claims

Intra-Group claims were proposed to be excluded from receiving a distribution in the Creditor's Trust and those claims are would therefore not have been released or extinguished by the BP&T DOCA.

3.7. Future flight credits

Appendix C of the BP&T DOCA Proposal stated that all travel credits would have been honoured in full. No further detail was been provided in relation to travel credits issued to customers.

3.8. Sunset date

The BP&T DOCA listed a Sunset Date of 31 January 2021. That is, the date by which the s444GA order would need to have been obtained and the BP&T DOCA completed (effectuated). It had been proposed that this date could be extended by agreement.

4. Proposed BP&T creditor's trust

It was proposed that a single creditors' trust would have been established pursuant to the BP&T DOCA and the cash amount as well as the VAH shares were to be transferred to the trust as part of the implementation steps under the BP&T DOCA.

4.1. Trust fund pools under the DOCA structure

The cash amount and VAH shares to be transferred into the BP&T creditors' trust were proposed to be divided into 7 pools as described in the table below.

Pool	Distribution of trust funds	Funds / VAH shares available
Pool A	- Deed Administrators, Voluntary Administrators and Trustee of the creditors' trust in respect of their costs and remuneration; - Employee creditors that are not continuing employees with the Virgin Group, in respect of their employee entitlements - Note: the extent that there would have been any surplus, funds would have been provided to the Deed Proponent.	\$170m
Pool B	Creditors described in the BP&T DOCA as "Essential Creditors", being continuing contractual counterparties, which the Voluntary Administrators understand would have included certain core trade creditors of the Virgin Group business.	\$100m
Pool C	Creditors described in the BP&T DOCA as "Finance Lessor Creditors", whereby those creditor's claims would have been admitted in accordance with the formula proposed to be used by BP&T the VAH shares. described as the "share allocation formula" (not articulated)	146,727,986 of the VAH shares.
Pool D	Creditors described in the BP&T DOCA as "Operating Lessor Creditors", whereby those creditor's claims would have been admitted in accordance with the share allocation formula (not articulated)	735,668,023 of the VAH shares.
Pool E	Noteholder creditors whose claims would have been admitted in accordance with the share allocation formula (not articulated)	6,855,736,473 of the VAH shares.
Pool F	Hedging Creditors whose claims would have been admitted in accordance with the share allocation formula (not articulated)	260,036,557 of the VAH shares.
Pool G	Non-Core Trade Creditors whose claims would have been admitted in accordance with the share allocation formula (not articulated)	447,049,435 of the VAH shares.

4.2. Information regarding the BP&T creditors' trust

Information for creditors	Further comments
Key events	The key events in respect of the BP&T creditors' trust were to be as follows: - Creditor approval would be required for the BP&T DOCA structure to be executed following second meeting of creditors. - Completion of the BP&T DOCA would have occurred in line with the steps outlined below and a single creditors' trust would have been established on completion of the DOCA. - The Deed Administrators would have been the Trustees of the creditors' trust.

Information for creditors	Further comments
Completion of the DOCA	Completion of the BP&T DOCA was to be conditional on the following: • Execution of the BP&T creditors' trust deed. • In relation to approval from the FIRB, either: – FIRB approval having been granted by the Treasurer of the Commonwealth of Australia (unconditionally or subject to conditions acceptable to BP&T, acting reasonably); – the Treasurer of the Commonwealth of Australia having become precluded from making an order in relation to the transaction contemplated by the BP&T DOCA under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA); or – if an interim order were to be made under the FATA, the subsequent period for making a final order prohibiting the transfer of shares in VAH having expired without a final order being made; • ASIC and the ASX having issued consents and approvals or such other actions which BP&T considered were reasonably necessary or desirable to implement the transaction contemplated by the BP&T DOCA, including the ASIC Relief. • The Deed Administrators having obtained the order from the Court in respect to the transfer of shares. • The Convertible Note Agreement having been executed (we note that there was no explanation given by BP&T in regard to how the Convertible Note Agreement was to operate). • The Working Capital Facility agreement having been executed (we note that BP&T did not provide any details or indication on the terms of this agreement). • Directors of the Companies having been removed and replaced by incoming directors (we note that BP&T did not detail which directors were to be removed or the proposed incoming directors). • The following steps having been undertaken no later than five business days after the completion (or waiver) of the conditions precedent above: – BP&T to have paid the Fund Amount to be administered to creditors pursuant to the BP&T creditors' trust. – the VAH shares to have been transferred to the Trustee to be administered to creditors pursuant to the BP&T creditors' trust. On completion of the BP&T DOCA the releases of the released claims (outlined in section 3.1) were to have taken effect.
Return to creditors / beneficiaries	Other than where required by law, the funds in the trust deed were proposed to be distributed in the following order of priority: • Pool A: – First, to the extent that they have not previously been paid, for the remuneration and costs payable to the Voluntary Administrators or Deed Administrators for work performed by them, their partners, employees or agents with respect to acting as administrators of the Companies or as Deed Administrators and all amounts in respect of which the Voluntary Administrators are indemnified in accordance with the trust deed; – Next, to the Trustees of the BP&T creditors' trust in satisfaction of their remuneration and costs. – Next, any liability to employees (other than continuing employees) in respect of their employee entitlements;

Information for creditors	Further comments
	– Next, to the extent of any surplus, to the Deed Proponent. • Pool B: – pro rata to each Pool B creditor • Pools C to G: – to each creditor in Pools C to G in accordance with the Share Allocation Formula (not articulated) and the Share Transfer Mechanism (not articulated), from the shares allocated to each of those pools respectively.

4.3. BP&T DOCA proposal estimated return to creditors

BP&T estimated that unsecured creditors (other than employees and core trade creditors) under the BP&T DOCA would receive an average of 69 cents in the dollar, which was to be provided to unsecured creditors in the form of equity in VAH. As mentioned above, a further document circulating in the market appears to contain an amended BP&T DOCA proposal from BP&T. This document was not provided to us by BP&T. In relation to the return to creditors, we note that this later document contemplated that unsecured noteholder creditors were to receive a different return depending on whether they choose to participate in the new money raising by way of the convertible notes. Accordingly, BP&T expected Bond Holders who elected to participate in the new money raising would receive 50-67 cents in the dollar (as equity in VAH) and Bond Holders who elected not to participate in new money raising would receive 38-47 cents in the dollar (as equity in VAH).

5. Administrators' observations

We did not take the BP&T DOCA proposal forward during the week commencing 22 June 2020 due to the reasons set out in section 8.7 of this report. Our observations of their proposal include:

- The BP&T DOCA remained highly conditional in nature as it requires, among other things:
 - Engagement by BP&T with employee organisations to confirm management's view regarding the extension of flexible working arrangements currently agreed to continue during the ramp-up period.
 - Meetings between BP&T and Virgin Group financiers to discuss existing facility agreements and the implications of the DOCA proposal on those facilities post administration of the Virgin Group.
 - Engagement between BP&T and Queensland Investment Corporation to discuss if they would be willing to commit to c. \$200 million.
 - Engagement between BP&T and the Virgin Group lessors and other financiers to discuss and agree reasonable amendments that need to be made to existing leasing and financing arrangements to reflect what would be needed for the Virgin Group's business going forward.
 - Confirmation of the "Share Transfer Allocation Formula" and "Share Transfer Mechanism" pursuant to which Pools C to G were to receive an entitlement to VAH shares under the BP&T creditors' trust.
- The DOCA did not seem to deliver any certainty or guaranteed return to creditors, nor does it provide any cash for a dividend to be paid to unsecured creditors (with the exception of Pool A (employees) and B essential creditors).
- It is unclear whether funding was to be provided for any employees to be terminated and paid in full prior to the DOCA being put in place. The wording of the DOCA indicates that any employees that were not continuing employees would have been required to claim in the creditors' trust.
- The DOCA contained a number of features which would have made implementation and effectuation of the DOCA uncertain, for example, the BP&T DOCA would need to have explained the mechanics of how it was proposed that the creditors in Pools C to G (including Finance Lessor Creditors, Operating Lessor Creditors, Bond Holders, Hedging Creditors and Non-Core Creditors) would be bound to receive equity or how BP&T proposed to cause other creditors to receive or subscribe for equity absent their consent to do so.

- The BP&T DOCA also contained a number of features that were not confirmed by BP&T, which were not contingent on due diligence or any assistance from the Administrators or the Virgin Group, including the "share allocation formula" and the "share allocation mechanism", which were proposed to determine the allocation of VAH shares received by unsecured creditors. The BP&T DOCA did not explain either of these defined terms and no further explanation was provided by BP&T.
- As VAH is an ASX listed company, the proposed arrangement under the BP&T DOCA proposal whereby all of the VAH shares will be transferred to the BP&T creditors' trust by way of a 444GA order was problematic. It is not clear how this aspect of the BP&T DOCA could have been effectuated when that transfer would result in the Trustee of the BP&T creditors' trust holding shares above the statutory cap for shareholdings in an ASX listed company. No clarification of this issue was provided by BP&T.
- Funding for the transaction, being in the form of an \$800m convertible note issuance, would have resulted in significant delays (and material uncertainty) before creditors would have been able to receive any return from any deed of company arrangement distribution.
- BP&T failed to provide us with any satisfactory evidence of financial capacity to provide committed funding either to meet the interim funding requirements or to support their BP&T DOCA proposal, or the conduct of the day-to-day business following completion of the BP&T DOCA.
- No evidence was furnished, nor were we provided with any basis to assume that BP&T speak for, or could bind, all or even a majority of the \$1.98bn in notes on issue.
- The expected level of unsecured creditors is significantly higher than anticipated in their circular to Bond Holders.

6. Consideration of the BP&T DOCA proposal dated 24 June 2020

For completeness, we make the following further comments in relation to our consideration of the BP&T proposal received on 24 June 2020, including our relevant considerations at that time.

Prior to receipt of BP&T's proposal of 24 June 2020, we had made it very clear to BP&T on a number of occasions and as early as 9 June 2020 the minimum threshold requirements their proposal would need to meet. We advised BP&T, as part of the sale process, that we required an interim funding facility of \$125m and additional collateral of \$500m to underpin any proposal. We indicated that if these threshold requirements could be met, we would be prepared to consider their proposal further. The BP&T proposal did not deliver any certainty of a guaranteed return to creditors, nor did their proposal provide any cash for a dividend to be paid to the majority of unsecured creditors. Rather, creditors were to be given the opportunity to participate in convertible notes (in other words, acquiring an interest in a debt instrument rather than a cash distribution, as offered by the Bain proposal). At no time did BP&T provide any evidence of committed funding (either for interim funding or to support their recapitalisation proposal) prior to the decision being made to enter into binding agreements with Bain. In addition, on Tuesday 23 June 2020, prior to their proposal being submitted, BP&T confirmed to the Administrators that they did not have Investment Committee approval from their organisations for the provision of interim funding.

One of the conditions which we imposed on each bidder who proceeded to the final stage of the sale process was the requirement to provide documentary evidence of available and committed funding to complete the transaction proposed by that bidder. This was a contractual element of each bidding party's proposal.

BP&T advised they would not provide interim funding unless their proposal was accepted, and they were not forthcoming with any collateral to underpin a transaction. In addition to this (as noted above) they advised they did not have investment committee approval to provide interim funding.

Under the Sale Deed with Bain we received interim funding of \$125m and security underpinning the transaction by way of a guarantee/payment undertaking deed of \$750m. Bain also provided evidence of available and committed funding to complete the transaction, and evidence of funding to enable the business to trade following completion.

7. Withdrawal of BP&T DOCA proposal

On 21 August 2020, BP&T formally withdrew each of their DOCA proposals such that, as at the date of this report, there is no proposal being advanced by BP&T in respect of the Virgin Group.

Appendix L – Estimated return to creditors in a liquidation scenario

We have assessed the returns to creditors under a no sale-liquidation scenario with both high and low values for each scenario identified below.

We have a detailed model by entity which supports the analysis we have undertaken, the basis for realisation of assets and the flow of funds waterfall across the Group, given the known guarantees between group entities and creditors and the DOCG structures across the Group.

The summary of possible returns to each creditor class are detailed under the below scenarios and in the following table:

- You are either a priority, secured or unsecured creditor and have a claim against an entity within DOCG1 (**No sale-liquidation Example 1**).
- You are either a priority, secured or unsecured creditor and have a claim against an entity within DOCG2 (**No sale-liquidation Example 2**).
- You are either a priority, secured or unsecured creditor and have a claim against a non-DOCG entity (**No sale-liquidation Example 3**).

Table 39: Estimated return to creditors by amount – no sale - liquidation scenario

The Group \$m Description	No sale-liquidation DOCG1 – Example 1		No sale-liquidation DOCG2 – Example 2		No sale-liquidation Non-DOCG – Example 3	
	High	Low	High	Low	High	Low
Net asset realisation (incl. equity in subsidiaries)	184.6	35.7	7.9	-	0.1	-
Net Administrators trading position (less fees)	(47.6)	(65.0)	(10.4)	(11.0)	(0.9)	(0.9)
Net assets available to priority creditors	136.9	(29.3)	(2.5)	(11.0)	(0.8)	(0.9)
Priority creditors						
Employee entitlement claims	(419.1)	(419.1)	-	-	-	-
Employee entitlements paid in Priority	81.1	-	-	-	-	-
Shortfall to priority creditors	(338.0)	(419.1)	-	-	-	-
Cash available to unsecured creditors	55.8	(29.3)	(2.5)	(11.0)	(0.8)	(0.9)
Unsecured claims						
Total Creditor claims	(5,301.4)	(5,681.3)	(2,165.3)	(2,175.1)	(469.3)	(631.9)
Total Surplus/(Shortfall)	(5,382.6)	(5,681.3)	(2,165.3)	(2,175.1)	(469.3)	(631.9)
Unsecured creditors	(5,240.6)	(5,558.3)	(2,165.3)	(2,175.1)	(469.3)	(631.9)
Priority creditors	(339.2)	(424.2)	-	-	-	-
Total Surplus/(shortfall)	(5,579.7)	(5,982.6)	(2,165.3)	(2,175.1)	(469.3)	(631.9)

Table 40: Estimated return to creditors by percentage – no sale - liquidation scenario

The Group % Return Description	No sale-liquidation DOCG1		No sale-liquidation DOCG2		No sale-liquidation Non- DOCG	
	High	Low	High	Low	High	Low
Priority creditors (employees)	19.4%	0%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Secured creditors (range ex. MOFA)*	100.0%	62.4%	<i>n/a</i>	<i>n/a</i>	100.0%	68.0%
Unsecured creditors	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%

*The returns to secured creditors range between high and low scenarios for all secured creditors, not individual creditors where aircraft is expected to be returned. We note that individual returns for each creditor is estimated to vary within the above-mentioned ranges.

Dividends to creditors under a no sale-liquidation scenario

As stated in **section 11.2.5**, the estimation of a return to creditors in the event a sale was unable to be achieved assisted us in evaluating the offers we received for the Group. The analysis undertaken clearly indicates that a sale of the business as a going concern under the Bain DOCA proposal provides a higher return to creditors than if the Companies were to be placed into liquidation.

The no sale-liquidation scenario assumes the Group would cease to operate and all assets would be realised for the benefit of creditors. Our assumptions are summarised below.

Table 41: Assumptions under a no sale - liquidation scenario

Assumption	Detail
Aircraft asset value and aircraft creditors	- Given the significant shock to the global airline and aircraft markets due to COVID-19 and the consequent economic downturn, we have discounted the aircraft market values - For all high scenarios we have assumed 80% realisation of the midpoint valuation based on age and maintenance status of aircraft estimated by an independent valuer, Cirium as at 30 July 2020. For all low scenarios we have assumed 65% realisation. - For operating leased aircraft, we have assumed the crystallisation of a claim driven by 'time to re-lease' and 'market re-lease rate'. For all high scenarios we have assumed 12 months to re-lease at 80% of the currently contracted value. For all low scenarios we have assumed 12 months to re-lease at 65% of the currently contracted value. - The high scenario reflects the current fleet plan and any amended lease terms which includes specific aircraft to be retained at asset realisation values of 80%, whereas the low scenarios reflect asset realisations of 65%.
Creditor claims across two or more DOCG Groups	For the purposes of this analysis we have assumed creditors who have a claim across two or more DOCG groups receive a pari passu return from the DOCG Group where the liability is incurred (i.e. not from a guarantee DOCG Group). This assumes no creditor receives a more favourable outcome than others due to the structure of each DOCG group under a no sale-liquidation scenario.
Employee claims	In the event of a liquidation the employee entitlements claim is \$419m representing all redundancy employee entitlements for the current workforce.
Foreign exchange rates	All asset and liability values denominated in a foreign currency have been converted to AUD using the opening carded on demand airmail buying rate

Assumption	Detail
	from the Commonwealth Bank of Australia in accordance with section 554C of the Act.
Liquidator recovery actions	We have assumed no recovery actions available to a liquidator as outlined in section 6.6 of this report.
Property leases	Crystallisation of claim if property is disclaimed being, the lessor value of 18 months to re-let at monthly contracted occupancy rates or cost of lease to expiry.
Liquidator fees	We estimate the remuneration of the Liquidator to be approximately \$50m under both an ASA - liquidation and no sale – liquidation scenario. We have previously identified the significant work that would be required under an ASA-liquidation scenario. We estimate there would also be significant work that would be required to wind-down operations, realise the assets on a piecemeal basis and liaise with aircraft financiers on collection of leased assets. The remuneration and costs of the Liquidator will be charged on an hourly basis on the same rates as those charged during the period of voluntary administration.

High scenario

These values have been included on the basis that there is potential for an increased recovery or realisation above that of a low scenario for specific assets. Where there are two estimates of the value of an asset, the higher value has been included in the high calculations. Achieving these values is subject to several factors that would arise during the realisation process. This includes various market forces affecting the value of each asset, including the interest in each asset, its condition and the general economic status at the time of sale.

Low scenario

The values included in this calculation are considered the lower possible values recoverable from the specific assets of the company. These amounts have been calculated by either discounting for a reduced return or where two values were provided for an asset, the lower value was included.

In a liquidation piecemeal asset realisation scenario, it is estimated that:

- An aggregate asset value between \$192.5m (high) and \$35.7m (low) across DOCG1 and DOCG2 may be realised for the benefit of creditors under a no sale-liquidation scenario. This includes the realisation of the interest held by VAH in Velocity, inventories, intangible assets, non-aircraft property plant & equipment and encumbered aircraft and non-aircraft assets.
- Secured financiers are estimated to receive a return of between 62.4%-100% within DOCG1 and 68.0%-100% within Non-DOCG entities based on the discounted secured aircraft value and debt facilities held as at appointment. There are no aircraft financing facilities or assets held by companies within DOCG2.
- There is estimated to be between \$37.3m (high) and \$23.7m (low) in equity which relates to both owned and secured financed aircraft (excluding MOFA). Where there is equity in aircraft, the individual secured lenders of that aircraft would receive a 100% return on the dollar.
- Employee priority creditors are estimated to receive between 0.0% (low) and 19.4% (high) in the scenarios, leaving a shortfall to employees of \$419.1m (low) and \$338m (high) respectively.
- Unsecured creditors are estimated to receive a pari passu returns between 1.1% (high) and 0.0% (low) in a no sale-liquidation scenario.

We reiterate the calculation of estimated returns to each creditor class in each entity shown above is extremely complex and requires estimates and assumptions because:

- There are two DOCG with DOCG1 containing 14 entities and DOCG2 containing 4 entities, meaning each company within a DOCG group guarantees each entity's liability incurred.
- One of the MOFA facilities is guaranteed by entities within DOCG1 and DOCG2.
- The unsecured bonds have claims under the DOCG1 and DOCG2 groups.
- The Group's key operating assets are aircraft which are predominately subject to either a finance or operating lease agreement. The valuation of these assets is difficult at this time given the challenges in the global aircraft industry, driving downsizing and an increase of supply in the secondary market. In our analysis we have assumed discounts to latest available "market values" for aircraft.
- Each aircraft financing and operating lease agreement is required to be assessed to determine appropriate estimates of realisable values, quantification of the crystallised liability in the event the aircraft is returned and any termination payments payable in the event the contract is terminated early.

Appendix M – Proposed resolutions at the Second Meeting of Creditors on 4 September 2020

DOCA category	Resolution No. (USD Noteholders only)	Resolutions	Entity	DOCG classification
Primary DOCA	1(a)	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Companies execute the Primary Deed of Company Arrangement as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Companies should be wound up” “That the administration of the Companies should end”	1. Virgin Australia Holdings Ltd	DOCG1
			2. Virgin Australia Airlines Holdings Pty Ltd	DOCG1
			3. Virgin Australia Airlines Pty Ltd	DOCG1
			4. Virgin Tech Pty Ltd	DOCG1
			5. VB Leaseco Pty Ltd	DOCG1
			6. VAH Newco No.1 Pty Ltd	DOCG1
	2	To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”	7. Tiger Airways Australia Pty Limited	DOCG1
			8. A.C.N. 098 904 262 Pty Ltd	DOCG1
			9. Virgin Australia Regional Airlines Pty Ltd	DOCG1
			10. Virgin Australia Cargo Pty Ltd	DOCG1
			11. Virgin Australia Holidays Pty Ltd	DOCG1
			12. VB Ventures Pty Ltd	DOCG1
			13. VB Investco Pty Ltd	DOCG1
			14. VAH Newco No.2 Pty Ltd	DOCG1
			15. Virgin Australia International Operations Pty Ltd	Non-DOCG entity
			16. VBNC5 Pty Ltd	Non-DOCG entity
			17. Short Haul 2017 No. 1 Pty Ltd	Non-DOCG entity

			18.	VB PDP 2010-11 Pty Ltd	Non-DOCG entity
			19.	VB LH 2008 No. 1 Pty Ltd	Non-DOCG entity
			20.	737 2012 No.1 Pty. Ltd.	Non-DOCG entity
			21.	VA Regional Leaseco Pty Ltd	Non-DOCG entity
			22.	VA Hold Co Pty Ltd	Non-DOCG entity
			23.	Short Haul 2016 No. 1 Pty Ltd	Non-DOCG entity
			24.	VB LH 2008 No. 2 Pty Ltd	Non-DOCG entity
			25.	737 2012 No. 2 Pty Ltd	Non-DOCG entity
			26.	Virgin Australia 2013-1 Issuer Co Pty Ltd	Non-DOCG entity
			27.	VA Lease Co Pty Ltd	Non-DOCG entity
International DOCA	1(b)	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Companies execute the International Deed of Company Arrangement as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Companies should be wound up” “That the administration of the Companies should end”	28.	Short Haul 2016 No. 2 Pty Ltd	Non-DOCG entity
			29.	Virgin Australia International Holdings Pty Ltd	DOCG2
			30.	Virgin Australia International Airlines Pty Ltd	DOCG2
			31.	Tiger International Number 1 Pty Ltd	DOCG2
			32.	Virgin Australia Airlines (SE Asia) Pty Ltd	DOCG2
Subsidiary DOCA 1	3	To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”	33.	Short Haul 2014 No. 1 Pty Ltd	Non-DOCG entity
			34.	Short Haul 2014 No. 2 Pty Ltd	Non-DOCG entity

	To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”.			
Subsidiary DOCA 2	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Company execute the Subsidiary Deed of Company Arrangement 2 as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Company should be wound up” “That the administration of the Company should end” To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”.	35.	Short Haul 2017 No. 2 Pty Ltd	Non-DOCG entity
Subsidiary DOCA 3	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Company execute the Subsidiary Deed of Company Arrangement 3 as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Company should be wound up” “That the administration of the Company should end” To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”.	36.	Short Haul 2018 No. 1 Pty. Ltd.	Non-DOCG entity
Subsidiary DOCA 4	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option:	37.	VA Borrower 2019 No. 1 Pty Ltd	Non-DOCG entity

	“That the Company execute the Subsidiary Deed of Company Arrangement 4 as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Company should be wound up” “That the administration of the Company should end” To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”.			
Subsidiary DOCA 5	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Company execute the Subsidiary Deed of Company Arrangement 5 as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Company should be wound up” “That the administration of the Company should end” To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors’ Trust/Liquidation Committee of Inspection”.	38.	VA Borrower 2019 No. 2 Pty Ltd	Non-DOCG entity
Subsidiary DOCA 6	To consider, and if thought fit, pass the following resolution, choosing to vote ‘for’, ‘against’ or ‘abstain’ on each option: “That the Company execute the Subsidiary Deed of Company Arrangement 6 as proposed in the Administrators’ report to creditors dated 25 August 2020” “That the Company should be wound up” “That the administration of the Company should end” To consider, and if thought fit, pass the following resolution: “That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors’ Trust/Liquidation and that all members of the Committee of	39.	VB Leaseco No 2 Pty Ltd	Non-DOCG entity

	Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors' Trust/Liquidation Committee of Inspection".			
Subsidiary DOCA 7	To consider, and if thought fit, pass the following resolution, choosing to vote 'for', 'against' or 'abstain' on each option: "That the Company execute the Subsidiary Deed of Company Arrangement 7 as proposed in the Administrators' report to creditors dated 25 August 2020" "That the Company should be wound up" "That the administration of the Company should end" To consider, and if thought fit, pass the following resolution: "That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors' Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors' Trust/Liquidation Committee of Inspection".	40.	VB 800 2009 Pty Ltd	Non-DOCG entity
Subsidiary DOCA 8	To consider, and if thought fit, pass the following resolution, choosing to vote 'for', 'against' or 'abstain' on each option: "That the Company execute the Subsidiary Deed of Company Arrangement 8 as proposed in the Administrators' report to creditors dated 25 August 2020" "That the Company should be wound up" "That the administration of the Company should end" To consider, and if thought fit, pass the following resolution: "That a Committee of Inspection be formed for the ensuing Deed of Company Arrangement/Creditors' Trust/Liquidation and that all members of the Committee of Inspection appointed for the purpose of the Voluntary Administration, be appointed to the newly formed Deed of Company Arrangement/Creditors' Trust/Liquidation Committee of Inspection".	41.	Short Haul 2017 No. 3 Pty. Ltd.	Non-DOCG entity



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Attachment 4 - Interlocutory Process

NOTICE OF FILING AND HEARING

This document was lodged electronically in the FEDERAL COURT OF AUSTRALIA (FCA) on 20/10/2020 11:44:17 AM AEDT and has been accepted for filing under the Court's Rules. Filing and hearing details follow and important additional information about these are set out below.

Filing and Hearing Details

Document Lodged:	Interlocutory process (Rule 2.2): Federal Court (Corporations) Rules 2000 form 3
File Number:	NSD464/2020
File Title:	APPLICATION IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED) ACN 100 686 226 & ORS
Registry:	NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA
Reason for Listing:	Interlocutory Hearing
Time and date for hearing:	10/11/2020, 10:15 AM
Place:	Please check Daily Court List for details



Sia Lagos

Dated: 20/10/2020 12:07:32 PM AEDT

Registrar

Important Information

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

The Reason for Listing shown above is descriptive and does not limit the issues that might be dealt with, or the orders that might be made, at the hearing.

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



Form 3 Interlocutory process

(Rule 2.2)

No. NSD 464 of 2020

Federal Court of Australia
District Registry: New South Wales
Division: Commercial and Corporations List

IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 100 686 226 & ORS

VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND RICHARD HUGHES, IN THEIR CAPACITIES AS JOINT AND SEVERAL DEED ADMINISTRATORS OF VIRGIN AUSTRALIA HOLDINGS LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

First Plaintiffs / First Applicants

VIRGIN AUSTRALIA HOLDINGS LTD (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 100 686 226

Second Plaintiff / Second Applicant

A. DETAILS OF APPLICATION

This application is made under sections 444GA and 447A of the *Corporations Act 2001* (Cth) (**Corporations Act**) and section 90-15 of the *Insolvency Practice Schedule (Corporations)* set out in Schedule 2 to the Corporations Act (**IPS**) for orders that the First Plaintiffs, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes, in their capacities as joint and several deed administrators (**Deed Administrators**) of the Second to Forty-Second Plaintiffs (together, the **Companies**), be granted leave to transfer all of the existing shares in the Second Plaintiff, Virgin Australia Holdings Ltd (Subject to Deed of Company Arrangement) ACN 100 686 226 (**Company**), to BC Hart Aggregator, L.P., or its nominee (**Bain Capital**).

On the facts stated in the supporting affidavit of Vaughan Neil Strawbridge sworn on 20 October 2020 (**Strawbridge Affidavit**), the First Plaintiffs seek the following orders:

Procedural orders (to be made at first return date of the Interlocutory Process)

1. An order pursuant to section 447A of the Corporations Act and section 90-15(1) of the IPS that the Deed Administrators would be justified in providing the Explanatory Statement in the form annexed

Filed on behalf of (name & role of party)	The Plaintiffs		
Prepared by (name of person/lawyer)	Timothy James Sackar		
Law firm (if applicable)	Clayton Utz		
Tel	+61 2 9353 4000	Fax	+61 2 8220 6700
Email	jrobertson@claytonutz.com		
Address for service (include state and postcode)	Level 15, 1 Bligh Street, Sydney NSW 2000		



to the Interlocutory Process and marked "A" (**Explanatory Statement**) for distribution to the creditors and members of the Company.

2. An order that the Plaintiffs give notice to the creditors and members of the Company of the Interlocutory Process, the hearing date of this application, the Explanatory Statement and the availability of the independent expert's report of FTI Consulting (Australia) Limited dated 19 October 2020, within 3 business days of the date of the orders, by the following methods:
 - (a) where the creditor or member is a registered user on the Halo Platform (as that term is defined in the orders made on 11 August 2020), by publishing a notice via the Halo Platform;
 - (b) where the creditor or member is not a registered user on the Halo Platform but the Deed Administrators have an email address for a creditor or member (including from the books and records maintained by the Companies), by notifying each such creditor or member, via email;
 - (c) where a creditor or shareholder is not a registered user on the Halo Platform and the Deed Administrators do not have an email address for a creditor or shareholder (or have received notification of non-delivery of a notice sent by email in accordance with paragraph (b) above) but the Deed Administrators have a postal address for that creditor or shareholder (including from the books and records maintained by the Companies), by sending the materials to each such creditor or member, via post;
 - (d) by placing scanned, sealed copies on the website maintained by the Deed Administrators at <https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australiaholdings-limited-subsidiaries.html>; and
 - (e) by making an announcement to the Australian Stock Exchange.
3. An order that any interested person wishing to appear at the hearing of this application is to file and serve on the Plaintiffs and the Australian Securities and Investments Commission a Notice of Appearance in the prescribed form and indicating the grounds of opposition by 4pm on 5 November 2020.
4. An order that any interested person who is entitled to oppose this application pursuant to section 444GA(2) of the Corporations Act may apply to be joined as a respondent to this application by no later than 4pm on 5 November 2020.
5. An order that the Plaintiffs file any further evidence upon which they intend to rely on the application, including any supplementary affidavits deposing as to any correspondence or communications received by the Deed Administrators from any interested person who is entitled to oppose this application pursuant to section 444GA(2) of the Corporations Act and any responsive correspondence or communication from the Deed Administrators, by 12pm on 9 November 2020.

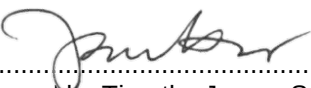


6. This application be listed for hearing on 10 November 2020 at 10.15am or such other date as the Court considers appropriate.

Substantive orders

7. An order pursuant to section 444GA(1)(b) of the Corporations Act that the Deed Administrators be granted leave to transfer all of the existing shares in the capital of the Company (**Shares**) from the members (as defined in the Corporations Act) to Bain Capital or its nominee in accordance with clause 10.3 of the deed of company arrangement dated 25 September 2020, entered into by the Deed Administrators, Bain Capital, and certain of the Companies (**Deed**).
8. An order pursuant to section 447A(1) and section 90-15(1) of the IPS of the Corporations Act that any of the Deed Administrators may, jointly or severally, in their capacity as Deed Administrators:
- (a) execute share transfer forms and any other documents ancillary or incidental to effecting the transfer of the Shares referred to in Order 7; and
 - (b) enter or procure the entry of the name of Bain Capital or its nominee into the share register of the Company in respect of all Shares transferred to Bain Capital or its nominee in accordance with Order 7.
9. An order that the Deed Administrators' costs of and incidental to this application be costs and expenses in the deed administration of the Company.
10. An order that the Court's orders be entered forthwith.
11. Such further or other orders or directions as the Court considers appropriate.

Date: 20 October 2020


.....
Signed by Timothy James Sackar
Solicitor for the Plaintiffs



B. NOTICE TO DEFENDANT(S) (IF ANY)

N/A

C. FILING

This interlocutory process is filed by Clayton Utz, solicitors for the Plaintiffs.

E. SERVICE

The Plaintiffs' address for service is:

Attention: Timothy Sackar/Jillian Robertson
C/- Clayton Utz
Lawyers
1 Bligh Street, Sydney NSW 2000
DX 370 Sydney

It is intended that a copy of this interlocutory process will be provided to each of the persons listed below:

Australian Securities and Investments Commission

Attachment 5 - Procedural Orders



Federal Court of Australia

District Registry: New South Wales

Division: General

No: NSD464/2020

**IN THE MATTER OF VIRGIN AUSTRALIA HOLDINGS LTD (SUBJECT TO
DEED OF COMPANY ARRANGEMENT) ACN 100 686 226 & ORS**

**VAUGHAN STRAWBRIDGE, SALVATORE ALGERI, JOHN GREIG AND
RICHARD HUGHES, IN THEIR CAPACITY AS JOINT AND SEVERAL
VOLUNTARY ADMINISTRATORS OF THE SECOND TO THIRTY-NINTH
PLAINTIFFS** and another/others named in the schedule
Plaintiff

ORDER

JUDGE: JUSTICE MIDDLETON

DATE OF ORDER: 20 October 2020

WHERE MADE: Melbourne

THE COURT ORDERS THAT:

1. Pursuant to section 447A of the *Corporations Act 2001* (Cth) (**Corporations Act**) and section 90-15(1) of the *Insolvency Practice Schedule (Corporations)* set out in Schedule 2 to the Corporations Act (**IPS**), the First Plaintiffs, Vaughan Strawbridge, Salvatore Algeri, John Greig and Richard Hughes, in their capacities as joint and several deed administrators (**Deed Administrators**) of the Second to Forty-Second Plaintiffs (together, the **Companies**), are justified in providing the Explanatory Statement in the form annexed and marked "A" to the Interlocutory Process filed on 20 October 2020 (**Explanatory Statement**) for distribution to the creditors and members of the Second Plaintiff, Virgin Australia Holdings Ltd (Subject to Deed of Company Arrangement) ACN 100 686 226 (**Company**).
2. The Plaintiffs give notice to the creditors and members of the Company of the Interlocutory Process filed in the proceeding on 20 October 2020 (**Interlocutory Process**), the hearing date of the Interlocutory Process, the Explanatory Statement and the availability of the independent expert's report of FTI Consulting (Australia) Limited dated



19 October 2020, within 3 business days of the date of the orders, by the following methods:

- (a) where the creditor or member is a registered user on the Halo Platform (as that term is defined in the orders made on 11 August 2020), by publishing a notice via the Halo Platform;
 - (b) where the creditor or member is not a registered user on the Halo Platform but the Deed Administrators have an email address for a creditor or member (including from the books and records maintained by the Companies), by notifying each such creditor or member, via email;
 - (c) where a creditor or shareholder is not a registered user on the Halo Platform and the Deed Administrators do not have an email address for a creditor or shareholder (or have received notification of non-delivery of a notice sent by email in accordance with paragraph (b) above) but the Deed Administrators have a postal address for that creditor or shareholder (including from the books and records maintained by the Companies), by sending the materials to each such creditor or member, via post;
 - (d) by placing scanned, sealed copies on the website maintained by the Deed Administrators at <https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australiaholdings-limited-subsiidiaries.html>; and
 - (e) by making an announcement to the Australian Stock Exchange.
3. Any interested person wishing to appear at the hearing of this application is to file and serve on the Plaintiffs and the Australian Securities and Investments Commission a Notice of Appearance in the prescribed form and indicating the grounds of opposition by 4pm on 5 November 2020.



4. Any interested person who is entitled to oppose this application pursuant to section 444GA(2) of the Corporations Act may apply to be joined as a respondent to this application by no later than 4pm on 5 November 2020.
5. The Plaintiffs are to file any further evidence upon which they intend to rely on the application, including any supplementary affidavits deposing as to any correspondence or communications received by the Deed Administrators from any interested person who is entitled to oppose this application pursuant to section 444GA(2) of the Corporations Act and any responsive correspondence or communication from the Deed Administrators, by 12pm on 9 November 2020.
6. The Interlocutory Process filed on 20 October 2020 be listed for hearing on 10 November 2020 at 10.15am.

Date that entry is stamped: 20 October 2020

Sia Lagos
Registrar



Schedule

No: NSD464/2020

Federal Court of Australia

District Registry: New South Wales

Division: General

Second Plaintiff	VIRGIN AUSTRALIA HOLDINGS LTD (ADMINISTRATORS APPOINTED) ACN 100 686 226
Second Interested Person	COMMONWEALTH OF AUSTRALIA
Third Plaintiff	VIRGIN AUSTRALIA INTERNATIONAL OPERATIONS PTY LTD (ADMINISTRATORS APPOINTED) ACN 155 859 608
Third Interested Person	BC HART AGGREGATOR, L.P.
Fourth Plaintiff	VIRGIN AUSTRALIA INTERNATIONAL HOLDINGS PTY LTD (ADMINISTRATORS APPOINTED) ACN 155 860 021
Fourth Interested Person	BC HART AGGREGATOR (AUSTRALIA) PTY LTD
Fifth Plaintiff	VIRGIN AUSTRALIA INTERNATIONAL AIRLINES PTY LTD (ADMINISTRATORS APPOINTED) ACN 125 580 823
Sixth Plaintiff	VIRGIN AUSTRALIA AIRLINES (SE ASIA) PTY LTD (ADMINISTRATORS APPOINTED) ACN 097 892 389
Seventh Plaintiff	VIRGIN AUSTRALIA AIRLINES HOLDINGS PTY LTD (ADMINISTRATORS APPOINTED) ACN 093 924 675
Eighth Plaintiff	VAH NEWCO NO.1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 160 881 345
Ninth Plaintiff	TIGER AIRWAYS AUSTRALIA PTY LIMITED (ADMINISTRATORS APPOINTED) ACN 124 369 008
Tenth Plaintiff	VIRGIN AUSTRALIA AIRLINES PTY LTD (ADMINISTRATORS APPOINTED) ACN 090 670 965
Eleventh Plaintiff	VA BORROWER 2019 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 633 241 059
Twelfth Plaintiff	VA BORROWER 2019 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 637 371 343



Thirteenth Plaintiff	VIRGIN TECH PTY LTD (ADMINISTRATORS APPOINTED) ACN 101 808 879
Fourteenth Plaintiff	SHORT HAUL 2018 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 622 014 831
Fifteenth Plaintiff	SHORT HAUL 2017 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 617 644 390
Sixteenth Plaintiff	SHORT HAUL 2017 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 617 644 443
Seventeenth Plaintiff	SHORT HAUL 2017 NO. 3 PTY LTD (ADMINISTRATORS APPOINTED) ACN 622 014 813
Eighteenth Plaintiff	VBNC5 PTY LTD (ADMINISTRATORS APPOINTED) ACN 119 691 502
Nineteenth Plaintiff	A.C.N. 098 904 262 PTY LTD (ADMINISTRATORS APPOINTED) ACN 098 904 262
Twentieth Plaintiff	VIRGIN AUSTRALIA REGIONAL AIRLINES PTY LTD (ADMINISTRATORS APPOINTED) ACN 008 997 662
Twenty First Plaintiff	VIRGIN AUSTRALIA HOLIDAYS PTY LTD (ADMINISTRATORS APPOINTED) ACN 118 552 159
Twenty Second Plaintiff	VB VENTURES PTY LTD (ADMINISTRATORS APPOINTED) ACN 125 139 004
Twenty Third Plaintiff	VIRGIN AUSTRALIA CARGO PTY LTD (ADMINISTRATORS APPOINTED) ACN 600 667 838
Twenty Fourth Plaintiff	VB LEASECO PTY LTD (ADMINISTRATORS APPOINTED) ACN 134 268 741
Twenty Fifth Plaintiff	VA HOLD CO PTY LTD (ADMINISTRATORS APPOINTED) ACN 165 507 157
Twenty Sixth Plaintiff	VA LEASE CO PTY LTD (ADMINISTRATORS APPOINTED) ACN 165 507 291
Twenty Seventh Plaintiff	VIRGIN AUSTRALIA 2013-1 ISSUER CO PTY LTD (ADMINISTRATORS APPOINTED) ACN 165 507 326
Twenty Eighth Plaintiff	737 2012 NO.1 PTY. LTD (ADMINISTRATORS APPOINTED) ACN 154 201 859
Twenty Ninth Plaintiff	737 2012 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED)



ACN 154 225 064

Thirtieth Plaintiff	SHORT HAUL 2016 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 612 766 328
Thirty First Plaintiff	SHORT HAUL 2016 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 612 796 077
Thirty Second Plaintiff	SHORT HAUL 2014 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 600 809 612
Thirty Third Plaintiff	SHORT HAUL 2014 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 600 878 199
Thirty Fourth Plaintiff	VA REGIONAL LEASECO PTY LTD (ADMINISTRATORS APPOINTED) ACN 127 491 605
Thirty Fifth Plaintiff	VB 800 2009 PTY LTD (ADMINISTRATORS APPOINTED) ACN 135 488 934
Thirty Sixth Plaintiff	VB LEASECO NO 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 142 533 319
Thirty Seventh Plaintiff	VB LH 2008 NO. 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 134 280 354
Thirty Eighth Plaintiff	VB LH 2008 NO. 2 PTY LTD (ADMINISTRATORS APPOINTED) ACN 134 288 805
Thirty Ninth Plaintiff	VB PDP 2010-11 PTY LTD (ADMINISTRATORS APPOINTED) ACN 140 818 266
Fortieth Plaintiff	TIGER INTERNATIONAL NUMBER 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 606 131 944
Fortieth Plaintiff	TIGER INTERNATIONAL NUMBER 1 PTY LTD (ADMINISTRATORS APPOINTED) ACN 606 131 944
Forty First Plaintiff	VAH NEWCO NO. 2 PTY LTD (IN LIQUIDATION) (ADMINISTRATORS APPOINTED) ACN 160 881 354
Forty Second Plaintiff	VB INVESTCO PTY LTD (IN LIQUIDATION) (ADMINISTRATORS APPOINTED) ACN 1001 961 095