

24 April 2020

**VIRGIN AUSTRALIA HOLDINGS LIMITED, ACN 100 686 226
AND CERTAIN ENTITIES LISTED IN SCHEDULE A
(ALL ADMINISTRATORS APPOINTED)
(THE COMPANIES OR VIRGIN)**

**FREQUENTLY ASKED QUESTIONS
(FAQs)**

SUPPLIERS

1. Who should I contact if I still have more queries?

Please contact the Virgin team at procurement@virginaustralia.com

2. Pre-appointment debt

Unfortunately, the position of the Administrators is that they will not be in a position to make payment of any of your pre-appointment debt (i.e. debts incurred before our appointment on 20 April 2020).

The Administrators as required by law need to treat all creditors equally as part of their duty and it would not be fair if any one creditor received preferential treatment.

You may lodge a claim in the form of a proof of debt. Please refer to Circular to Suppliers dated 23 April 2020.

3. What happens to future supply?

As the business is continuing to trade, all suppliers have been requested to open a new account for the Administration period. Our intention is to cause as little disruption to the business as possible, however, we need to implement this change to ensure complete oversight of all expenses and we ensure there is a clear distinction between the pre-appointment debt of Virgin and expenses incurred by the Administrators during the administration.

4. New account for Administration period for ongoing trading

You should open a new supplier account (Administrators Account) for any trading you wish to do with Virgin post our appointment. Accounts held prior to our appointment should not be used, so as to allow easier reconciliation and payment in the future.

5. Purchase orders process and remittance

Please send all purchase order via the normal processes with the relevant personnel at Virgin. Please make your request via email at the following email address: newsupplierrequests@virginaustralia.com

The approval of purchase orders will take place internally within our systems at Virgin. If there are any problems, please contact us immediately.

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Administrators Accounts will be paid in accordance with your usual terms of credit. Please note that any security interests you have with Virgin prior to our appointment will not apply to goods supplied as part of transactions on the Administrators Account, unless specifically agreed to by us in writing.

6. What if I have concerns about getting paid during the Administration?

The Administrators will only make payment for goods and services with a properly authorised order. The Administrators will liaise with suppliers to set up accounts as required and provide a list of authorised signatories for ordering purposes.

The Administrators are personally liable for any authorised orders made after their appointment, so suppliers will be paid for their goods and services in the ordinary course. See below:

a) Legislation: Section 443A of Corporations Act 2001

(1) The administrator of a company under administration is liable for debts he or she incurs, in the performance or exercise, or purported performance or exercise, of any of his or her functions and powers as administrator, for:

- a) services rendered; or*
- b) goods bought; or*
- c) property hired, leased, used or occupied, including property consisting of goods that is subject to a lease that gives rise to a PPSA security interest in the goods; or*
- d) the repayment of money borrowed; or*
- e) interest in respect of money borrowed; or*
- f) borrowing costs.*

(2) Subsection (1) has effect despite any agreement to the contrary, but without prejudice to the administrator's rights against the company or anyone else.

Link: http://www5.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s443a.html

b) From the regulator website in Australia, ASIC:

Any debts that arise from the voluntary administrator purchasing goods or services, or hiring, leasing, using or occupying property, are paid from the available assets of the company as costs of the voluntary administration. If there are insufficient funds available from asset sales to pay these costs, the voluntary administrator is personally liable for the shortfall. To have the benefit of this debt protection as a provider of goods or services to a company in voluntary administration, you should ensure you receive a purchase order authorised in the manner advised by the voluntary administrator.

Link: <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/voluntary-administration-a-guide-for-creditors/#liability>

7. Can I collect my goods that have not yet been paid for?

No, not straight away. We will need some time to confirm if you have valid retention of title to unpaid goods (per your Agreement with Virgin), and whether those supplies are required for ongoing trade.

Stock takes will need to be completed by the Administrators to confirm if your specific goods are still available and they can be identified. This may take some time to complete and ask that you please bear with us through this process.

Suppliers will not be permitted to collect their goods without a member of Deloitte being present. Suppliers wishing to claim a "retention of title" are directed to contact us via email at virginsuppliers@deloitte.com.au.

If the Administrators need to use your goods to trade the business, and they are subject to a valid retention of title claim, we will contact you directly to make an arrangement with you.

A full review of all Virgin's grantor registrations on the Personal Property Securities Register (PPSR) will be undertaken on appointment to confirm the validity of all security interests. Generally, as a supplier, if you have not registered your security interest on the PPSR, then your debt will not be secured against the goods.

General information – all creditors

8. Administrators' website

<https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australia-holdings-limited-subsidiaries.html?nc=1>

9. What has happened?

In response to issues brought about by the Covid-19 crisis and restrictions on travel, Virgin was required to suspend its international services and significantly reduce its domestic services, whilst standing down the majority of its workforce.

It became apparent to Virgin management that Virgin would be unable to meet all its obligations from available cash while the Covid-19 pandemic continued.

This caused the Board of Directors to appoint John Greig, Richard Hughes, Sal Algeri and Vaughan Strawbridge from Deloitte Restructuring Services as Voluntary Administrators late on 20 April 2020 to take control of Virgin's business.

10. What is the role of the Voluntary Administrators?

The Administrators have assumed responsibility for the business and operations of Virgin. We are responsible for dealing with the staff and suppliers of the business in respect to the ongoing trading of the business from the date of our appointment.

Subject to the various COVID-19 restrictions that are in place, we intend to continue trading Virgin's business whilst we undertake an urgent assessment of the financial position and explore options including a recapitalisation of the business. We will continue to work with Virgin management and the team at Houlihan Lokey, who were appointed by Virgin prior to our appointment, to seek the best outcome for creditors.

Whilst we assume responsibility for the business, Paul Scurrah and the Virgin management team will continue to be in charge of the operations of the business, with support from our team and us. We are working with management to support the review and roll out role of Virgin's strategic plans to provide the platform for enhanced profitability and viability of Virgin when Covid-19 impacts break.

We are committed to working with the Virgin and Houlihan Lokey teams to ensure the success of this process which will see the continued employment of the majority of the current 10,000 strong Virgin team and also result in the best outcome for all stakeholders.

On that basis, your continued support of Virgin is appreciated during this period and is critical to achieving a successful outcome for all stakeholders, including employees.

11. Will I be paid for pre-appointment debt and when?

The effect of the appointment of Voluntary Administrators is to place a moratorium (freeze) on the payment of amounts due to creditors and employees for debts incurred up to the date of the appointment of Administrators. This allows the Companies breathing space whilst the Administrators

explore options that will either allow the business to continue, or if not, allow it to maximise the returns to creditors.

No payment can be made in relation to this debt during the Administration process, however, you will be able to lodge a pre-appointment creditor claim against the Companies by lodging a Proof of Debt Form.

Proof of Debt forms will be available for download on Deloitte's website:

<https://www2.deloitte.com/au/en/pages/finance/articles/virgin-australia-holdings-limited-subsidiaries.html?nc=1>

Alternatively, you can email us at virginadmin@deloitte.com.au to request a Proof of Debt form.

Given the complexity of Virgin, we may look to extend the process to ensure we get time to get the best result possible. If we do that, we will let you know.

Pre-appointment creditors can only be paid when the Companies either enter a Deed of Company Arrangement or Liquidation. Any amount paid will be contingent upon the success of the recapitalisation process or sale of the business/assets.

12. What if I have a security interest in property provided to Virgin in respect to my debt?

We will be separately contacting those parties that have a registered security interest against Virgin registered on the PPSR. Please note that any security interest you have with Virgin prior to our appointment will not apply to goods supplied as part of transactions on the new account unless specifically agreed to by us in writing and made the subject of a separate registration of the security interest on the PPSR.