

17 December 2020

CIRCULAR TO CREDITORS

Dear Sir/Madam

Virgin Australia Holdings Ltd ACN 100 686 226 and certain subsidiaries listed in Appendix A (formerly subject to Deed of Company Arrangement) (Virgin Group or Companies)

Following on from our last update on 17 November, we would like to take this opportunity to provide you a short update on the administration prior to the traditional holiday period.

Update on the Virgin Group Creditors Trust (the Trust)

All funds due from B.C. Hart Aggregator, L.P. (**Bain**) from the sale were paid on 17 November and are in our control in the Trust. These funds, and any future funds to be received conditional upon the financial performance of the airline under Bain's ownership, will be the total funds available to creditors to meet creditor claims the subject of the Deed Of Company Arrangement (**DOCA**) approved by creditors at the 2nd creditors meeting held on 4 September 2020. As previously foreshadowed, we will look to commence the claims adjudication process in early 2021 and we expect to pay a dividend mid-2021 subject to there not being any unforeseen circumstances that could change this timetable.

In the interim, we are continuing to finalise a number of matters with regards to the administration including and not limited to settlement adjustments, airplane returns, the collection of pre-sale receivables and other administrative matters.

Willis Lease Finance Corporation (Willis) claim

As previously advised, Willis, a former lessor to the Virgin Group, had sought costs from the administrators in relation to the storage and transport of engines that were formerly leased to the Companies. The administrators appropriately resisted this claim on the basis that it would place an unfair burden on the administration and prefer Willis over other creditors. Whilst Willis successfully obtained those orders in the first instance, as you know the administrators appealed, and the appeal was upheld. Willis has since applied for special leave to the High Court to have the matter finally determined. If special leave is granted, it is likely this matter will be heard in the second half of 2021. If Willis are successful in this action, there may be further costs to the administration that impact the quantum of the dividend received by certain creditors. The administrators intend to contest this action and we will keep all creditors apprised with further developments.

Ongoing administration of the Trust

We wish to advise that Mr Strawbridge has decided to retire from our firm. As a result, he is in the process of retiring from his role as a joint trustee of the Trust, as is customary in these circumstances. The 3 other trustees (being the other 3 former administrators of the Virgin Group John Greig, Richard Hughes and Sal Algeri), who have been intimately involved in the administration process to date will be managing the Trust on an ongoing basis.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. 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.

We will continue to use Deloitte's Halo platform as the primary tool for communicating with creditors and adjudicating on claims for distribution purposes. We encourage all creditors to register on Halo to ensure they receive all communication including the forthcoming timetable for the declaration, adjudication and payment of the first distribution from the Trust. Please register at <https://virgin.deloitte-halo.com/>

In closing we would also like to take this opportunity to thank all creditors for their support during this process to date and look forward to being in contact shortly in the new year.

In the interim, should you have any questions regarding the contents of this circular, or the administration in general, please do not hesitate to contact us at virginadmin@deloitte.com.au.

Yours faithfully



Richard Hughes
Trustees



John Greig



Sal Algeri