

20 May 2020

To: The holders of those certain
USD350M 7.875% unsecured senior notes due 2021;
AUD150M 8.25% unsecured fixed rate notes due 2023;
AUD250M 8.075% unsecured fixed rate notes due 2024;
USD425M 8.125% unsecured senior notes due 2024; and
AUD325M 8% unsecured senior notes due 2024
(together the “**Notes**” and the holders thereof, the “**Noteholders**”).

Dear Sir/Madam

**Virgin Australia Holdings Ltd
and certain entities listed in Schedule A
(All Administrators Appointed) (the Companies or Virgin Australia)**

As administrators, Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes, would like to thank you for your continued support for Virgin Australia as we seek to recapitalise the business, find a new owner and bring Virgin Australia out of voluntary administration as soon as possible.

The process we have undertaken is an expedited sale process to encourage strong competition for the Virgin Australia assets, but one that is necessary to ensure the business is restructured as soon as possible, so that it can remain a competitive force in the market and begin more normal operations as soon as COVID restrictions allow.

We have been very pleased with the progress of the administration and sale process to date, with excellent engagement from highly credentialed parties who have worked tirelessly to be in a position to put forward indicative proposals for the future of Virgin Australia. This has been very important to ensure not only the future employment of so many passionate members of the Virgin team, but the future of Australia’s second domestic airline which is in the national interest.

May 15th marked a key milestone in the administration process with indicative proposals due. We received more interest than anticipated from parties who are eager to be a part of the future of Virgin Australia. We are pleased to advise you that we have selected a small number of parties to be shortlisted and invited into the next stage of the process. We understand other parties will be disappointed that they have not been invited to continue their interest, we hope that they will respect our decision which is predicated on the business continuing and achieving the best outcome for all stakeholders.

We cannot comment on who the shortlisted parties are due to confidentiality commitments. We will be working intensely with the shortlisted parties over the next four weeks to enable them to put forward binding offers by mid-June. This will involve the sharing of more detailed financial and operational information, management workshops and meeting with many of the financiers, landlords, suppliers, unions and other key stakeholders of the business.

We also want to thank all of the Noteholders that expressed an interest in joining the Noteholder Consultative Committee (the “NCC”). More than 65 holders submitted expressions of interest. After careful consideration, with specific regard to constituting a representative and effective body, the Administrators have invited 11 Noteholders to join the NCC. The Administrators expect to convene an NCC meeting next week and look forward to ongoing communications with all Noteholders.

Thank you again for your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Greig', with a stylized initial 'J' and a dot over the 'i'.

John Greig

Joint and Several Administrator

Schedule A – Virgin Group entities, all Administrators Appointed

Virgin Australia Holdings Ltd, ACN 100 686 226
Virgin Australia International Operations Pty Ltd, ACN 155 859 608
Virgin Australia International Holdings Pty Ltd, ACN 155 860 021
Virgin Australia International Airlines Pty Ltd, ACN 125 580 823
Virgin Australia Airlines (SE Asia) Pty Ltd, ACN 097 892 389
Virgin Australia Airlines Holdings Pty Ltd, ACN 093 924 675
VAH Newco No.1 Pty Ltd, ACN 160 881 345
Tiger Airways Australia Pty Limited, ACN 124 369 008
Virgin Australia Airlines Pty Ltd, ACN 090 670 965
VA Borrower 2019 No. 1 Pty Ltd, ACN 633 241 059
VA Borrower 2019 No. 2 Pty Ltd, ACN 637 371 343
Virgin Tech Pty Ltd, ACN 101 808 879
Short Haul 2018 No. 1 Pty Ltd, ACN 622 014 831
Short Haul 2017 No. 1 Pty Ltd, ACN 617 644 390
Short Haul 2017 No. 2 Pty Ltd, ACN 617 644 443
Short Haul 2017 No. 3 Pty Ltd, ACN 622 014 813
VBNC5 Pty Ltd, ACN 119 691 502
A.C.N. 098 904 262 Pty Ltd, ACN 098 904 262
Virgin Australia Regional Airlines Pty Ltd, ACN 008 997 662
Virgin Australia Holidays Pty Ltd, ACN 118 552 159
VB Ventures Pty Ltd, ACN 125 139 004
Virgin Australia Cargo Pty Ltd, ACN 600 667 838
VB Leaseco Pty Ltd, ACN 134 268 741
VA Hold Co Pty Ltd, ACN 165 507 157
VA Lease Co Pty Ltd, ACN 165 507 291
Virgin Australia 2013-1 Issuer Co Pty Ltd, ACN 165 507 326
737 2012 No.1 Pty. Ltd, ACN 154 201 859
737 2012 No. 2 Pty Ltd, ACN 154 225 064
Short Haul 2016 No. 1 Pty Ltd, ACN 612 766 328
Short Haul 2016 No. 2 Pty Ltd, ACN 612 796 077
Short Haul 2014 No. 1 Pty Ltd, ACN 600 809 612
Short Haul 2014 No. 2 Pty Ltd, ACN 600 878 199
VA Regional Leaseco Pty Ltd, ACN 127 491 605
VB 800 2009 Pty Ltd, ACN 135 488 934
VB Leaseco No 2 Pty Ltd, ACN 142 533 319
VB LH 2008 No. 1 Pty Ltd, ACN 134 280 354
VB LH 2008 No. 2 Pty Ltd, ACN 134 288 805
VB PDP 2010-11 Pty Ltd, ACN 140 818 266
Tiger International Number 1 Pty Ltd, ACN 606 131 944