

**Form 5011**

Corporations Act 2001

**s436E, 439A**

Insolvency Practice Rules (Corporations) 2016

**s75-145(1)(c)**

## Copy of minutes of meeting

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### Liquidator details

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Registered liquidator number

**326810**

Registered liquidator name

**RICHARD JOHN HUGHES**

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### Company details

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Company name

**VIRGIN AUSTRALIA HOLDINGS  
LIMITED**

**100 686 226**

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### Section under which minutes are lodged

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Date of meeting

**14-08-2020**

Are the minutes being lodged for a meeting convened under s436E, or  
s439A of the Corporations Act 2001?

**No**

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### Certification

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I certify that the attached minutes of meeting are a true copy of the original  
minutes of meeting signed by the chair of the meeting as identified in the  
minutes.

**Yes**

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## Authentication

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This form has been authenticated by  
Name RICHARD JOHN HUGHES  
This form has been submitted by  
Name Richard John HUGHES  
Date 31-08-2020

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

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

HELD AT THE OFFICES OF DELOITTE, LEVEL 9, 225 GEORGE STREET, SYDNEY NSW 2000  
ON 14 AUGUST 2020 AT 11:00AM (AEST)

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<b>PRESENT</b>	Vaughan Strawbridge Timothy Sackar	Joint and Several Administrator, Deloitte Financial Advisory Pty Ltd ( <b>Deloitte</b> ) Clayton Utz
<b>OPENING OF THE MEETING</b>	<p>Mr Strawbridge declared the meeting open at 11:02 AM (AEST).</p> <p>He advised this was the seventh meeting of the COI of Virgin Australia Holdings Limited and subsidiaries (Administrators Appointed) which will be referred to as the Companies or the Virgin Group during the meeting.</p> <p>He introduced Timothy Sackar of Clayton Utz, the Administrators' solicitor, who was present at the meeting with him.</p> <p>He noted John Greig and Sal Algeri, Joint and Several Administrator of the Companies, were also in attendance via the videoconference facility.</p>	
<b>IN ATTENDANCE</b>	<p>Mr Strawbridge noted that all committee members in attendance were attending via the Microsoft Teams videoconference platform and the listing of those accessing the online meeting platform would be used as a basis for the attendance register.</p> <p>The attendance register is attached at <b>Annexure A</b>. The observers register is attached at <b>Annexure A</b>.</p>	
<b>CHAIRPERSON</b>	<p>Mr Strawbridge advised that pursuant to rule 75-50 of the <i>Insolvency Practice Rules (Corporations) 2016 (IPR)</i>, he would occupy the Chair as Joint and Several Administrator of the Companies.</p>	
<b>QUORUM</b>	<p>The Chairperson declared a quorum present at the meeting as a majority of the committee members were seen as viewing the online meeting platform at that time.</p>	
<b>RECORDING OF THE MEETING</b>	<p>The Chairperson advised of his intention to record the meeting for the purpose of minute taking. He asked if any committee members objected to the meeting being recorded. No objections to the recording of the meeting were made.</p>	
<b>TIME AND PLACE OF MEETING</b>	<p>The Chairperson stated he had not received any objections that the time and place was not convenient to the committee members. Therefore, pursuant to 75-30 of the IPR, he declared that the meeting is held at a time and place most convenient for the majority of persons entitled to receive notice of the meeting.</p>	
<b>AGENDA</b>	<p>The agenda for the meeting is:</p> <ul style="list-style-type: none"><li>a) Broad Peak and Tor application to Court heard on 17 August 2020;</li><li>b) Court orders made since the last COI meeting; and</li><li>c) any other business.</li></ul>	
<b>BROAD PEAK AND TOR (BP&amp;T) APPLICATION TO COURT</b>	<p>The Chairperson advised a letter was sent to committee members last night providing key relevant discussion points for the agenda items of the meeting.</p> <p>The Chairperson advised the essence of the Court application by BP&amp;T is two-fold:</p> <ul style="list-style-type: none"><li>• Firstly, they are seeking for the Court to determine that an alternative Deed of Company Arrangement proposal can and should be voted on at the second meeting; and</li></ul>	

- Secondly, they are seeking an independent facilitator to be appointed for the purpose of providing access to information and stakeholders and to also consider any alternative DOCA proposals put forward.

The Chairperson advised the Administrators had already exercised their power of sale, whilst noting the Corporations Act provides the Administrators with the ability to deal with and sell the assets of the Companies.

The Chairperson advised it was not the Administrators original intent to exercise their power of sale, however, as the sale process progressed, the Administrators needed to get a binding agreement in place and create certainty for the future of the airline.

The Chairperson advised the Administrators can describe an alternative DOCA proposal however, for a proposal to be put to creditors it needs to be capable of being completed, in this case the Administrators have already exercised their power of sale in respect to the assets of the company.

He noted the only way the Administrators could consider an alternative proposal is if the Court was to set aside the sale agreement with Bain Capital (**Bain**), and this had not occurred. This point was raised with his Honour during the last Court hearing with BP&T on 10 July 2020.

The Chairperson advised BP&T had the opportunity to put forward their alternative proposal during the sale process. Their proposal was received, and the Administrators did consider it. The COI and BP&T have previously been taken through the Administrators' reasons for not progressing with their proposal.

He noted how important it was that the sale transaction with Bain is not interrupted or disrupted as the cost and consequence of creating a termination event would be significant for creditors, employees and the future of the airline, and the Administrators need to ensure the transaction is not impacted for those reasons.

The Chairperson noted the impact of BP&T's actions on stakeholders of the business, particularly employees due to the ambiguity it creates around the future of the airline. He then opened the meeting to discussion.

Jason Opperman of JPA No. 123 Co., Ltd asked if the Administrators had clear advice from Senior Counsel on prospects of the BP&T application on Monday.

The Chairperson noted the Administrators have been clear around how they have exercised their power of sale which creates difficulties around their ability to consider alternative proposals.

In relation to the appointment of a facilitator and BP&T's desire to seek access to stakeholders and information, the Chairperson advised that the Administrators had run a very open and public sale process. They have worked with all parties who had expressed an interest in the Virgin Group, including BP&T who first obtained access to the interim funding data room around 26 May 2020 and subsequently full access to the data room. The Administrators agreed to expanding access to the full data room with them and also access to the management team to facilitate the due diligence they wanted to undertake. This access was agreed to with them and provided. They subsequently sought further access but did not comply with what was agreed in respect to their proposal being taken forward. On this basis the Administrators moved forward with the Bain proposal.

The Court considered in an application by BP&T, access to information and stakeholders, which was heard on 10 July. This access was not granted. They then withdrew their application to the Takeovers Panel on the same day, which was an application in respect to access also.

In their current application there is no assertion as to any inappropriate conduct by the Administrators in the conduct of the sale process. The Administrators have at all times considered the requests for information and access to the stakeholders and sought advice in respect to this. The Administrators have responded to their request and outlined their decisions in respect to the sale and why further access to information and stakeholders is not appropriate. The Court has also considered this and dealt with their request at the hearing on 10 July.

Christopher Hill representing Velocity Rewards Pty Limited stated that this matter should start and stop with the fact that the Administrators have exercised their power of sale and an alternative DOCA cannot be considered as the assets have already been sold. He stated this was turning into a distraction, is costing money and is not for the benefit of anybody. Mr Hill further noted that if BP&T get their orders, what is there to stop someone else taking the same action next week. He noted they had a chance to get into the sale process and they did not take it. He believed this action was an unnecessary distraction and uncalled for, while also noting the shortfalls in the merits of their proposal. He believed that even if BP&T got access to the information wanted, it would be another 3 to 4 months before they would be in a position to enter binding agreements. He stated their action was creating instability and more cost, and it cannot be for the benefit of creditors and stakeholders as a whole. His view was that the committee should be providing the Administrators with the support they require for Monday to make it clear to the Court that this should not be entertained.

Tony Troiani representing Sabre GBLB Inc, whilst agreeing with Mr Hill's premise that assets had been disposed of and therefore there is nothing to which the DOCA would attach to, stated he disagreed with the conclusion that Mr Hill came to that other people are not entitled to propose another DOCA. He thought it was a bad look for any administrator to be seeking to close other people out from putting forward a DOCA. Mr Troiani's stated his preference would be to go to Court on Monday and make the clear point that their proposal is futile.

In response, the Chairperson noted BP&T were not excluded from the sale process. The Administrators worked with BP&T and made clear to them there was a certain threshold they would need to meet for their proposal to be taken forward, and they didn't meet that threshold..

Mr Troiani clarified that he was not referring to the sale process, rather the DOCA process and meeting of creditors. He noted it was for creditors to decide what is to happen by way of DOCA or otherwise at the meeting, and all the Administrator can say is that there are no assets available for a proposed DOCA rather than exclude parties from putting a DOCA forward.

The Chairperson advised the Administrators had not stated that alternative proposals could not be put to them and are happy to disclose alternative proposals and their terms in the report. He stated it was more around what can be voted on, whilst also noting that putting an alternative proposal up to vote on by creditors might be seen as misleading as it would not be capable of being completed.

The Chairperson advised the orders sought have the potential of essentially reopening the sale process. He noted no one would be able to complete all the due diligence work by the time the second meeting is due to be held. He advised a further issue is the funding and the Administrators are relying on Bain for funding trading.

Linda White, representing the Australian Council of Trade Unions (ACTU), agreed that the uncertainty this bondholder application is creating is significant for employees at an already difficult time for employees. The ACTU does not see any utility in the application. She noted employees are in difficult time and stated the ACTU cannot see any upside to the application and support the Administrators wholeheartedly.

Thomas Jacquot of FIIG Securities Limited made the following statements:

- a) In reference to the resolution of the COI made on 9 July 2020, his understanding is that there was support from the committee on the premise that the Administrators were running out on cash and they only had one option.
- b) During Court proceedings in July, Middleton J made it clear that anyone had the right to put forward an alternative DOCA.
- c) Only the Administrators know what is in the agreement with Bain, and creditors do not.
- d) In respect of the concerns that the orders sought by BP&T on Monday could reopen the sale process, there is a significant difference between BP&T and other bidders who are not creditors of the Companies.

The Chairperson advised that reopening the sale process is a concern as it would be incredibly disruptive and there would be an enormous amount of work required for

anyone to undertake due diligence. He noted the time to do this work and put proposals forward was during the sale process.

Steve Purvinas, representing members of the Australian Licensed Aircraft Engineers (**ALAEA**), stated he was very disappointed by any discussion coming from the COI that they should consider other proposals. He noted he had absolute confidence in the Administrators and if another option is put to creditors at the meeting, their members would be voting against it as they want certainty. He stated the ALAEA have full faith in the process the Administrators are undertaking.

Mr Jacquot asked that if the Administrators are unable to consider and complete another DOCA, shouldn't this be communicated to creditors?

The Chairperson advised the Administrators, whilst not to the level of detail communicated to the COI, they have communicated to creditors that they have exercised their power of sale which means they cannot entertain any other offer. This has also been publicly stated and also communicated in Court.

Mr Troiani noted the focus had so far been on the sale and the assets available, rather than the DOCA and the upcoming meeting of creditors. He noted no rational creditor could vote against the DOCA that supports the Bain transaction. He further noted that similarly, no rational creditor could vote for the Liquidation of the Companies, however that is still a proposition the Administrators are required to put to creditors as an option. Whilst it is irrational to vote for Liquidation, creditors are still entitled to vote for that option.

Mr Hill commented that the application on Monday is not around whether BP&T can put forward a DOCA proposal, it is also around whether they can open up a sale process, get access to information, employees and management and then formulate a proposal. He noted the time to do that has come and gone. He believed that the COI, as a body representing creditors, should support the Administrators in opposing that.

Mr Troiani agreed with Mr Hill's comments, whilst noting that he did not want it to be suggested that the Administrators are standing in the way of somebody else putting up a DOCA.

The Chairperson reiterated the Administrators had openly stated that anyone is capable of putting up a DOCA which would be taken into account when they report to creditors, however, what they do need to consider is if a proposal is capable of being put to the creditors to vote on.

Mr Jacquot noted that, whilst the Administrators state the BP&T DOCA could not be completed, it is still creditors' right to vote on it.

Henry Carr of the Attorney General's Department sought clarification to the Chairperson's comments that the application on Monday might trigger a termination event of the Bain transaction.

The Chairperson advised the Administrators did not want the opening up of the sale process to create a termination event under the agreement.

Richard Wolanski of Airframe Leasing (S) Pte. Ltd stated he fully supported the process the Administrations have undertaken and noted there was no alternative for the Administrator but to accept Bain's offer given the circumstances and funding issues. He questioned why the money available to unsecured creditors under the Bain transaction has been kept confidential.

The Chairperson advised Bain to have requested this be kept confidential until the Administrators report to creditors.

Mr Wolanski then asked if the Administrators are in compliance with the aircraft protocols signed and will have the time and ability to redeliver aircraft to lessors before the administration ends.

The Chairperson advised the Administrators are aware of their obligations under the aircraft protocols and the timing to return aircraft has been contemplated.

The Chairperson, given the comments made by the members of the COI, proposed a resolution for the committee to consider, noting voting would be conducted on the voices. He put the resolution to the committee:

*"The committee of inspection supports the Voluntary Administrators in objecting to the application on Monday for the provision of information to Broad Peak and Tor and the appointment of a facilitator."*

The Chairperson declared the resolution as carried, whilst noting for the record that the following members had abstained from voting:

- Thomas Jacquot of FIIG Securities Limited
- Yvonne Kelaher of Sargon CT
- Jeremy Hollingsworth of BNY Mellon
- Gary Busby as proxy for the Deputy Commissioner of Taxation
- Richard Wolanski of Airframe Leasing (S) Pte. Ltd
- John Lyons of the Association of Virgin Australia Group Pilots (VIPA)
- David Baker of Airline Cleaning Services Pty Ltd.

Mr Troiani sought clarification as to a scenario where the BP&T DOCA was voted on and approved by creditors at the second meeting, in which case the assets would have been sold, the BP&T DOCA could not be fulfilled and the Companies would end up in liquidation.

The Chairperson noted that in the event the Bain DOCA was not approved by creditors, it is likely the meeting would be adjourned to compete the sale to Bain under the asset sale agreement.

Mr Troiani noted this position illustrates the futility of BP&T's application. He stated that he supported the resolution put to the committee.

The Chairperson declared the resolution carried on the voices.

**COURT ORDERS  
MADE SINCE THE  
LAST COI MEETING**

The Chairperson then talked the committee through the summary Court orders summarised in the letter circulated to committee members last night.

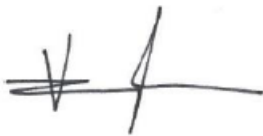
**ANY OTHER  
BUSINESS**

The Chairperson asked if there was any further business the committee members wanted to discuss.

**CLOSURE OF  
MEETING**

The Chairperson thanked committee members for their attendance and declared the meeting closed at 12:07 PM (AEST)

Signed as a correct record.



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CHAIRPERSON

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

**Meeting Details:** Committee of Inspection (seventh meeting)

**Meeting date, time and place:** 14 August 2020, 11:00am (AEST)

Deloitte Financial Advisory Pty Ltd, Level 23, Riverside Centre, 123 Eagle Street Brisbane QLD 4000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
FIIG Securities Limited	Thomas Jacquot	General	Attended via audio-visual conference
Association of Virgin Australia Group Pilots (VIPA)	John Lyons	General	Attended via audio-visual conference
Australian Council of Trade Unions (ACTU)	Linda White	General	Attended via audio-visual conference
Deputy Commissioner of Taxation	Gary Busby	General	Attended via audio-visual conference
Australian Federation of Air Pilots (AFAP)	Simon Lutton	General	Attended via audio-visual conference
Australian Licensed Aircraft Engineers (ALAEA)	Steve Purvinas	General	Attended via audio-visual conference
Australian Manufacturing Workers Union (AMWU)	Glenn Thompson	General	Attended via audio-visual conference
Australian Services Union (ASU)	Emeline Gaske	General	Attended via audio-visual conference
Dayna Field		General	Attended via audio-visual conference
Flight Attendants Association of Australia (FAAA)	Teri O'Toole	General	Attended via audio-visual conference
Skywest Airlines Pilot Association (SALPA)	Paolo Casali	General	Attended via audio-visual conference
Transport Workers Union of Australia (TWU)	Nick McInstosh	General	Attended via audio-visual conference
The Bank of New York Mellon	Jeremy Hollingsworth	General	Attended via audio-visual conference
Electrical Trades Union (ETU)	Matt Murphy	General	Attended via audio-visual conference
Australia Pacific Airports (Melbourne) Pty Ltd	Shane O'Hare	General	Attended via audio-visual conference



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

**Meeting Details:** Committee of Inspection (seventh meeting)

**Meeting date, time and place:** 14 August 2020, 11:00am (AEST)

Deloitte Financial Advisory Pty Ltd, Level 23, Riverside Centre, 123 Eagle Street Brisbane QLD 4000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
Brisbane Airport Corporation Pty Ltd	Jim Parashos	General	Attended via audio-visual conference
Canberra Airport Pty Ltd	Stephen Carson	General	Attended via audio-visual conference
Gold Coast Airport Pty Ltd	Adam Rowe	General	Attended via audio-visual conference
Perth Airport Pty Ltd	Rachael Le Tessier	General	Attended via audio-visual conference
Sydney Airport Corporation Limited	Dhruv Gupta	General	Attended via audio-visual conference
Velocity Rewards Pty Limited	Christopher Hill	General	Attended via audio-visual conference
Airframe Leasing (S) Pte. Ltd	Richard Wolanski	General	Attended via audio-visual conference
Dell Financial Services Pty Ltd	Cassie Douglas	General	Attended via audio-visual conference
JPA No. 123 Co., Ltd	Jason Opperman	General	Attended via audio-visual conference
Wilmington Trust Company (AerCap)	Alexander Wilson	General	Attended via audio-visual conference
Airline Cleaning Services Pty Ltd	David Baker	General	Attended via audio-visual conference
Alliance Airlines Pty Limited	Marc Devine	General	Attended via audio-visual conference
Boeing Training & Flight Services Australia Pty Limited	Edward Gomes	General	Attended via audio-visual conference
Perth Aircraft Leasing (UK) Limited	Noel McCoy	General	Attended via audio-visual conference
Spotless Facility Services Pty Ltd	Jacob Gunzburg	General	Attended via audio-visual conference

**Virgin Australia Holdings Limited and Subsidiaries  
(all Administrators Appointed)****Meeting Details:** Committee of Inspection (seventh meeting)**Meeting date, time and place:** 14 August 2020, 11:00am (AEST)

Deloitte Financial Advisory Pty Ltd, Level 23, Riverside Centre, 123 Eagle Street Brisbane QLD 4000

Committee Member	Name of Proxy/Representative	Proxy Type	Signature
Sabre GBLB Inc	Tony Troiani	General	Attended via audio-visual conference
Sargon CT Pty Ltd	Yvonne Kelaher	General	Attended via audio-visual conference
CWT Australia Pty Ltd	Wai Mun Wong	General	Attended via audio-visual conference

## LIST OF PERSONS PRESENT AT MEETING OF COMMITTEE OF INSPECTION

**Observer's Register for: Virgin Australia Holdings Limited and Subsidiaries  
(all Administrators Appointed)**

**Meeting Details:** Committee of Inspection (seventh meeting)

**Meeting date, time and place:** 14 August 2020, 11:00am AEST

Deloitte Financial Advisory Pty Ltd, Level 23, Riverside Centre, 123 Eagle Street Brisbane QLD 4000

Observer's name	Organisation	Signature
Henry Carr	Commonwealth of Australia represented by the Attorney-General's Department (FEG)	Attended via audio-visual conference
David Orr	Deloitte	Attended via audio-visual conference
Matthew Carr	Deloitte	Attended via audio-visual conference
Harry Bayard	Deloitte	Attended via audio-visual conference
Jillian Robertson	Clayton Utz	Attended via audio-visual conference
Tim Sacker	Clayton Utz	Attended via audio-visual conference