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FROM	Leila Peters Head of Investor Relations	DATE 10 June 2016
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SUBJECT	Air New Zealand announces sale of 19.98% stake in Virgin Australia	

On 30 March 2016, Air New Zealand (NZX: AIR) advised that it was exploring options with respect to its shareholding in Virgin Australia Holdings Limited (ASX: VAH) (Virgin Australia), including a possible sale of all, or part of its shareholding.

Today, Air New Zealand (NZX: AIR) is pleased to advise that it has entered into a Sale & Purchase Agreement (the Agreement) with Nanshan Group in respect of its stake in Virgin Australia. Under the Agreement, Air New Zealand will sell shares held in Virgin Australia at A\$0.33 per share. Following the sale, Nanshan Group will have a shareholding of approximately 19.98% in Virgin Australia¹.

Nanshan Group is a large, privately owned Chinese conglomerate with interests across a diverse range of industries. Nanshan's aviation interests include its own emerging airline, Qingdao Airlines, launched in April 2014.

Air New Zealand Chairman Tony Carter says: "We believe Nanshan Group will be a very strong, positive and complimentary shareholder for Virgin Australia. The sale will allow Air New Zealand to focus on its own growth opportunities, while still continuing its long-standing alliance with Virgin Australia on the trans-Tasman network".

The sale is subject to and will take place after receipt of Nanshan Group regulatory approvals from Chinese authorities.

Nanshan Group intends to support the outcome of the Virgin Australia capital structure review previously announced on 21 March 2016.

Options regarding the remaining shareholding will be considered by Air New Zealand in due course.

Air New Zealand has been advised by First NZ Capital and Credit Suisse.

Ends

¹ Based on Virgin Australia's expected issued capital outstanding following the HNA Group equity investment as announced by Virgin Australia on 31 May 2016.

About Nanshan Group

- Nanshan Group is a large, privately owned Chinese conglomerate with interests across a diverse range of industries. Nanshan's aviation interests include its own emerging airline, Qingdao Airlines, launched in April 2014. Nanshan Group is privately owned.
- Nanshan Group has operations across the United States, Australia, Italy, Singapore, Indonesia and Hong Kong. For many consecutive years, the Nanshan Group has been ranked as one of China's top 500 companies.
- The aviation industry is a focus area for Nanshan Group as it seeks to develop an integrated industrial system for coordinated development across air transportation, tourism, corporate aviation, aeronautical education, aviation maintenance and aviation materials manufacturing.
- Nanshan Group has a history of successfully partnering with international organisations:
 - Nanshan has a longstanding relationship with the Australian Woolmark Company in developing leading edge wool products through its jointly established R&D centre in China.
 - Nanshan is working jointly with Purdue University, Indiana (USA) in the area of aviation education.