

**Virgin Australia Holdings Limited (ASX: VAH) Launches Fully Underwritten A\$852 Million Pro-Rata Entitlement Offer****6 July 2016**

Virgin Australia Holdings Limited (ASX: VAH) ('the Virgin Australia Group' or 'the Group') today announces the formal launch of the previously announced fully underwritten 1 for 1 non-renounceable pro-rata entitlement offer of new fully paid ordinary shares in the Group (each a 'New Share', together 'New Shares') at a price of A\$0.21 per share to raise equity of approximately A\$852 million ('Entitlement Offer').

Together, the Entitlement Offer and the recent placement to HNA Innovation<sup>1</sup> ('HNA Placement') will raise total gross proceeds of A\$1,011 million in new equity capital for the Group. These proceeds will be used to strengthen the Group's balance sheet and repay the shareholder loan facility and other debt facilities. The proceeds will also support the previously announced program of operational efficiency and capital initiatives, known as the Better Business program, as well as investment in sustainable growth opportunities.<sup>2</sup>

**Details of the Entitlement Offer**

The Virgin Australia Group is formally launching the Entitlement Offer, open to eligible Virgin Australia Group shareholders and to be conducted on a non-accelerated basis.

The offer price of A\$0.21 per share represents a discount of 28.8 per cent to the closing price on 14 June 2016 of A\$0.295 per share, being the day prior to announcement of the Group's intention to undertake the Entitlement Offer, and a 16.8 per cent discount to the Theoretical Ex Rights Price ('TERP') of A\$0.253<sup>3</sup> per share. The closing price on 5 July 2016, the last trading day prior to launch of the Entitlement Offer, was A\$0.20 per share.

Singapore Airlines, HNA Innovation, Virgin Group, Nanshan Group and Air New Zealand have made binding commitments to take up their pro-rata entitlements under the Entitlement Offer. Singapore Airlines, HNA Innovation and Virgin Group have also made binding commitments to contribute to the sub-underwriting of entitlements not taken up by other shareholders.

As previously announced, to the extent that HNA Innovation's shareholding is less than its target shareholding of 19.99 per cent following the HNA Placement, the take-up of its pro-rata entitlement and participation in any sub-underwriting under the Entitlement Offer, the Virgin Australia Group intends to undertake an additional top-up placement to HNA Innovation at a price of A\$0.26 per share ('Top-up Placement'). The Top-up Placement will enable HNA Innovation to achieve its target shareholding of 19.99 per cent, subject to a maximum investment by HNA Innovation of US\$300 million.

The Top-Up Placement is subject to shareholder approval unless otherwise agreed by the Australian Securities Exchange ('ASX'). Existing shareholders Singapore Airlines, Etihad Airways, Virgin Group and Air New Zealand have advised the Virgin Australia Group that they currently intend to vote to approve any additional top-up placement to HNA Innovation.

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<sup>1</sup> HNA Innovation Ventures (Hong Kong) Co. Ltd. ('HNA Innovation'), an assignee of Hainan HNA Innovation Ventures Co. Ltd. and a subsidiary of HNA Aviation Group.

<sup>2</sup> Please refer to investor presentation for more detail

<sup>3</sup> TERP is calculated by reference to the closing price on 14 June 2016 of A\$0.295 per share.

## Participation in the Entitlement Offer

Eligible Shareholders will be able to purchase 1 New Share for each existing share held in the Virgin Australia Group on the record date of 7:00pm Sydney time on Monday 11 July 2016 ('Record Date') (for each shareholder, their 'Entitlement').

New Shares will be fully paid and rank equally in all respects with the Virgin Australia Group's existing ordinary shares from allotment.

Eligible Shareholders with a registered address in Australia and New Zealand, and certain shareholders in other jurisdictions that the Virgin Australia Group has otherwise determined are eligible, will be invited to participate in the Entitlement Offer which will open on Thursday 14 July 2016 and close at 5.00 pm (Sydney time) on 27 July 2014. Eligible Shareholders can choose to take up all, part or none of their Entitlements. Eligible Shareholders who do not accept their Entitlement will not receive any value for not participating and their Entitlement will lapse.

## Timetable

The timetable below is indicative only and may be subject to change. The Virgin Australia Group reserves the right to amend any or all of these dates and times without notice subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and any other applicable laws. In particular, the Virgin Australia Group reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. All references to time are to Sydney time.

Announcement of intention to undertake the Entitlement Offer	Wednesday 15 June 2016
Formal launch of the Entitlement Offer	Wednesday 6 July 2016
Offer Booklet lodged with ASX	Wednesday 6 July 2016
"Ex" date (Date on which shares trade ex-Entitlement to participate in the Offer)	Friday 8 July 2016
Record Date for the Entitlement Offer (7.00pm Sydney time)	Monday 11 July 2016
Offer Booklet and Entitlement and Acceptance Form dispatched	Thursday 14 July 2016
Entitlement Offer opens	Thursday 14 July 2016
Entitlement Offer closes (5.00pm Sydney time)	Wednesday 27 July 2016
New Shares commence trading on a deferred settlement basis	Thursday 28 July 2016
Results of Entitlement Offer announced	Tuesday 2 August 2016
Allotment of New Shares issued under the Entitlement Offer	Thursday 4 August 2016
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Friday 5 August 2016
Dispatch of holding statements for New Shares issued under the Entitlement Offer	Friday 5 August 2016

### Further Information

Further information, including investment considerations and risks associated with the Entitlement Offer, is included in the investor presentation and Offer Booklet lodged with the ASX today.

Eligible Shareholders should carefully read the Offer Booklet for further details relating to the Entitlement Offer. The Offer Booklet will be despatched to Eligible Shareholders on or about Thursday 14 July 2016. Copies of the Offer Booklet will also be made available on the Virgin Australia Group's website at <http://www.virginaustralia.com/au/en/about-us/company-overview/investor-information/>

UBS is acting as financial adviser to the Group on the capital structure review and sole underwriter on the proposed Offer.

The Virgin Australia Group will announce its results for the 2016 financial year on 5 August 2016.

**ENDS**

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## FORWARD LOOKING STATEMENTS

This announcement may contain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and may include, but are not limited to, the outcome and effects of the Entitlement Offer, the use of proceeds and the financial and operating performance of the Virgin Australia Group. Any forward-looking statements contained in this announcement involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this announcement are not guarantees or predictions of future performance and necessarily involve uncertainties, assumptions, contingencies and other factors and unknown risks, many of which are outside the control of the Virgin Australia Group. Such factors may cause the actual results or performance of the Virgin Australia Group to be materially different from any future results or performance expressed or implied by any such forward-looking statements. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. Any forward-looking statements speak only as of the date of this announcement.

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