

Virgin Australia Holdings Limited (ASX: VAH) Successfully Completes Fully Underwritten Non-Renounceable Pro-Rata Entitlement Offer Raising A\$852m and Announces Top-Up Placement to HNA Innovation.

- Eligible Shareholders take up 89.5 per cent of Entitlements
- A total of A\$852 million has been raised through the Entitlement Offer
- After the issue of New Shares under the Entitlement Offer, the Group will undertake an additional Top-Up Placement to HNA Innovation¹ at a price of A\$0.26 per share to raise approximately A\$89 million²
- Following completion of the Top-Up Placement, HNA Innovation will have a shareholding of approximately 19.2² per cent, having invested a total of US\$300 million in Virgin Australia
- The Top-Up Placement, together with the Entitlement Offer and initial placement to HNA Innovation, will raise gross proceeds of approximately A\$1,100 million for the Group

2 August 2016

Outcomes of the Entitlement Offer

Virgin Australia Holdings Limited (ASX: VAH) ('the Virgin Australia Group' or 'the Group') today announces the successful completion of its fully underwritten 1 for 1 non-renounceable pro-rata entitlement offer ('Entitlement Offer') that opened on Thursday 14 July 2016.

Under the Entitlement Offer, shareholders who were eligible to participate in the Entitlement Offer ('Eligible Shareholders') were invited to participate pro-rata to their existing holdings by subscribing for 1 new Virgin Australia Group share (each a 'New Share', together 'New Shares') for every existing share held in the Group on the record date of 7:00pm Sydney time on Monday 11 July 2016 (for each shareholder, their 'Entitlement') at an offer price of A\$0.21 per New Share. The Entitlement Offer closed at 5.00pm on Wednesday 27 July 2016.

Eligible Shareholders took up 89.5 per cent of total Entitlements available under the Entitlement Offer. This includes the take up by Singapore Airlines, HNA Innovation¹, Virgin Group, Nanshan Group, Etihad Airways and Air New Zealand, each of whom took up their full Entitlement.

As the Entitlement Offer is fully underwritten, the balance of approximately 424 million New Shares not taken up by Eligible Shareholders under the Entitlement Offer will be issued to the sub-underwriters of the Entitlement Offer, including Singapore Airlines, HNA Innovation and Virgin Group.

The Group has raised gross proceeds of A\$852 million through the Entitlement Offer. Together, the Entitlement Offer and recently completed placement to HNA Innovation have raised total gross proceeds of A\$1,011 million. This will increase to approximately A\$1,100 million upon completion of the top-up placement to HNA Innovation².

Chief Executive Officer of the Virgin Australia Group John Borghetti says: "We are very pleased that shareholders have shown their support for the Group through their participation in the offer. Our renewed capital structure will strengthen our balance sheet, provide additional liquidity and support improvement in earnings and cash flow, while also funding initiatives for sustainable growth."

¹ 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.

² Assumes an AUD:USD exchange rate of 0.7535 as at 1 August 2016. The Top-Up placement will be sized such that HNA Innovation's total investment in Virgin Australia is US\$300 million. The exact number of shares issued under the Top-Up Placement and its value in AUD terms will depend on the exchange rate which is applied to the Top-Up Placement.

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Top-Up Placement to HNA Innovation

After the issue of New Shares under the Entitlement Offer, the Group will undertake an additional top-up placement ('Top-Up Placement') to HNA Innovation at a price of A\$0.26 per share² to raise approximately A\$89 million. Having received a waiver from the ASX, the Top-Up Placement will proceed without the need for shareholder approval. Following completion of the Top-Up Placement HNA Innovation will have a shareholding of approximately 19.2 per cent, having invested a total of US\$300 million in Virgin Australia.² The Top-Up Placement is expected to complete by the end of August 2016.

Further information

New Shares to be issued under the Entitlement Offer and the Top-Up Shares to be issued under the Top-Up Placement will be fully paid and rank equally in all respects with the Virgin Australia Group's existing ordinary shares from issue.

New Shares are expected to be issued pursuant to the Entitlement Offer on Thursday 4 August 2016, with normal trading commencing on Friday 5 August 2016.

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

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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.

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