



**Shape the future  
with confidence**

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## To the Creditors

23 January 2025

<b>Regional Express Holdings Limited</b>	<b>ACN 099 547 270</b>
<b>Air Partners Pty Ltd</b>	<b>ACN 065 221 356</b>
<b>Regional Express Pty Ltd</b>	<b>ACN 101 325 642</b>
<b>Rex Airlines Pty Ltd</b>	<b>ACN 642 400 048</b>
<b>Rex Investment Holdings Pty Ltd</b>	<b>ACN 101 317 677</b>

### **(Administrators Appointed) (together "the Companies" or "the Rex Group")**

Dear Sir/Madam

We refer to the appointment of Adam Nikitins, Justin Walsh and I as Joint and Several Administrators (**Administrators**) of the Rex Group on 30 July 2024 and to our previous circulars issued to creditors of the Company.

As you are aware, on 6 August 2024 the Honourable Justice Yates of the Federal Court of Australia made orders relating to the administration of the Companies under sections 443B(8) and 447A of the *Corporations Act 2001* (Cth) (**Corporations Act**), section 90-15 of the Insolvency Practice Schedule (Corporations) (being Schedule 2 to the Corporations Act), and sections 37AF and 37AG of the Federal Court of Australia Act 1976 (Cth) (**Orders**).

#### **Sale of Pel-Air**

The sale of the shares in Pel-Air Aviation Pty Ltd to an entity owned and controlled by Toll Holdings Limited was completed on 23 December 2024. This sale sees the fixed wing aeromedical services continue to be delivered to New South Wales and Victoria. Further, the sale resulted in the secured debt owed to Westpac Banking Corporation remain with Pel-Air and a material reduction in the secured debt owed to PAG.

#### **Extensive engineering program underway**

Since our previous correspondence, the Administrators have been working closely with the Companies' management to undertake an extensive engineering program aimed at increasing reliability and capacity in the network.

Although global supply chain issues are ongoing and may limit the pace of the improvement plan, every effort is being made to expedite this work to enhance the experience of the Companies' customers and support network growth. It is anticipated that the improvements achieved by this investment in the fleet of aircraft will be positively viewed by parties interested in acquiring the regional business when a sale campaign recommences.

#### **Sale of Regional Express Holdings Limited**

A second sale process seeking a buyer for the regional airline business and other assets of the Rex Group will commence in February 2025. Houlihan Lokey have been engaged as independent sale advisors to the Administrators and will facilitate the sale process.



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**Australian Government now Rex’s largest secured creditor**

In this regard, we advise that today, the Australian Government has announced that it has become the largest secured creditor of the Companies by acquiring \$50m of the debt owed to PAG. We note that this transaction does not increase the amount owed to creditors of the Companies. Rather, it simply means that the amount that was previously owed to PAG, is now owed to the Australian Government.

The Administrators will continue to work closely with the Australian Government through the extended convening period.

We share the view of the Government that the acquisition of the debt reflects an ongoing commitment to maintaining access to aviation services for regional and remote communities, and recognises the critical role of the Rex network to local economies.

By acquiring the debt, the Australian Government is now the principal secured creditor and intends to become a voting member of the Committee of Inspection (“COI”).

**Notification of change to the Committee of Inspection**

In this regard, the Administrators inform the creditors of the Companies that the following nominated representative has been appointed to the single COI for the Companies:

<b>Representative</b>	<b>Representing</b>
Noel McCoy of Norton Rose Fullbright <i>in his absence</i> Scott Atkins of Norton Rose Fullbright	Commonwealth of Australia as represented by the Department of Infrastructure, Transport, Regional Development, Communications, and the Arts ( <b>Commonwealth</b> )

**Reasons for the change to the COI and the likely impact it will have on creditors**

The Commonwealth is now the largest secured creditor of the Companies. It follows that having the Commonwealth join the COI will assist the Administrators on all aspects of this complex administration as a key stakeholder. The Administrators do not consider this change to the COI to have any negative impact on creditors.

In accordance with the Orders, creditors are required to raise any objections they may have with respect to the appointment of the Commonwealth to the COI within 7 days of this notice (i.e., by 30 January 2025).

The Administrators wish to thank PAG for their support of Rex during the voluntary administration.



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We will continue to update creditors or the COI as material events occur in the administration.

Questions regarding the administration should be directed to this office by email at [rex.creditors@au.ey.com](mailto:rex.creditors@au.ey.com).

Your sincerely

A handwritten signature in black ink, appearing to read 'S. Freeman'.

**Sam Freeman**  
Joint and Several Administrator