

17 JULY 2015

MEDIA RELEASE

REX AND WAGGA WAGGA CITY COUNCIL ANNOUNCE POSITIVE PLANS FOR AIRPORT HANGAR

Wagga Wagga City Council and Regional Express (Rex) have agreed to terms for the proposed lease of the Douglas Aerospace hangar.

Douglas Aerospace Pty Ltd entered voluntary administration in May and Council is a creditor of the aircraft maintenance company for over \$2M. Whilst in Administration, Council has been in negotiations with Rex and Douglas Aerospace and its creditors in order to explore options which would enable the continuation of the aircraft painting and refurbishment business here in Wagga Wagga. This has been a complex process resulting in the formulation of a Deed of Company Arrangement (DOCA) for consideration by creditors and a Terms Sheet between Rex and Council.

At a meeting on 7 July, creditors voted in favour of a DOCA that results in the termination of the sub-lease with Douglas Aerospace, the acquisition of the plant and equipment by Council for sale to Rex, and distribution of funds held by the Administrator to creditors. The DOCA has come into effect on 16 July and Douglas Aerospace is now out of administration.

The Terms Sheet (commercial in confidence) with Rex outlines the process and commercial terms entering into a long term lease with Council of the hangar and foresees Douglas Aerospace business to be overseen by the Rex Group.

Council is very appreciative of Rex's assistance in overcoming a very tricky and difficult situation and in lending its expertise and financial strength to ensure that the aircraft painting business can remain in Wagga Wagga as a viable commercial entity.

"Council very much values the partnerships with Rex over many years and their investments in the local economy through their multi-million dollar investment in the pilot academy the Australian Airline Pilot Academy (AAPA), a state of the art Saab 340 Full Flight Simulator and a heavy maintenance base which together generate over 100 jobs for the local economy. This has been a significant driver to the overall economic growth and prosperity of the City of Wagga Wagga and surrounding region. This latest involvement by Rex in the aircraft painting and refurbishment business at the airport is further demonstration of the outstanding and unwavering commitment by Rex for our community and we all owe Rex a debt of gratitude for continuing to invest in Wagga Wagga. I call on all local residents to give Rex our fullest support in this endeavour," Mayor Rod Kendall said.

"Council's focus now is to undertake the remaining works necessary at the hangar so that this new venture can realise its true potential of being one of the two most significant aircraft painting facilities in Australia."

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 53 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy, and MRO company AVIEX.

Rex Media Contact: Corporate Communications – 0402 438 361

Wagga Wagga City Council Media Contact - 02 6926 9190 or media@wagga.nsw.gov.au