

Regulatory Story

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Company Avation plc
TIDM AVAP
Headline DELIVERY OF FIRST VIRGIN AUSTRALIA AIRCRAFT AND \$152M FINANCING
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AVATION PLC

(the "Company")

DELIVERY OF FIRST VIRGIN AUSTRALIA AIRCRAFT AND \$152M FINANCING

The directors of the Company advise that the Company has entered into 10-year loan facility agreements for up to US \$152.2m (in aggregate), principally provided under a mandate to Cr dit Agricole Corporate and Investment Bank. The loan facilities can be drawn down progressively by the Company on an aircraft by aircraft basis for the purpose of purchasing a fleet of eight new ATR72 Aircraft for operation in Australia. The first of these aircraft, an ATR72-500, has been financed and was delivered new from the factory on the 11th of August 2011.

The first aircraft and subsequent aircraft are being leased by the Company to Australian carrier Skywest Airlines, who in turn operate the aircraft on behalf of Virgin Australia, under the Virgin Australia brand, pursuant to 10-year wet-leases. The operation of the aircraft constitute a part of the Australian Regional Airline Network Agreement ("ARAN") between Skywest Airlines and Virgin Australia under which the parties agreed that Skywest Airlines will operate up to 18 new aircraft on behalf of Virgin Australia. Initially the first routes serviced will include those of Brisbane to Gladstone, Port Macquarie and also from Sydney to Canberra.

These transactions are part of those envisaged and described in the Prospectus published by the Company on the 25th of March 2011. It should be noted that the loan facilities, with respect to the first four aircraft, are credit insured by the French and Italian export credit agencies. The Company understands this is the first ATR aircraft ever to be financed under the new 2011 Aircraft Sector Understanding on Export Credits for Civil Aviation. In addition to the loan facilities referred to above the Company is funding the balance of the purchase price of the first aircraft from existing cash resources including the proceeds of the placing announced on the 9th of March 2011. As the first aircraft has been delivered the first lease has now commenced; the generation of revenue from this first aircraft lease under the ARAN has begun. The loan facilities are at a fixed interest rate cost of approximately 5% per annum. The terms of the loan facilities, the acquisition of the aircraft and the corresponding wet and operating leases are as described in the aforementioned Prospectus

"We are delighted to have completed the delivery of the first aircraft to Virgin Australia and the completion of the arrangement for the credit facilities. The overall Australian Regional Airline Network Agreement will deliver a significant increase in the size of the aircraft fleet owned by the Company and in itself is a further step toward the Company achieving its goal of becoming a leading regional aircraft leasing provider." says Avation Plc Chairman, Mr. Jeff Chatfield.

Mr. Chatfield went further to say that "the ATR72 series aircraft was selected because of a number of factors. Avation understands that the ATR-72 is highly fuel efficient, for example on a 200 nautical mile sector, the ATR 72 fuel consumption per passenger is 16% lower than a typical car and 60% better than a typical regional jet. Furthermore the ATR 72-500 emits about 50% less CO2 per passenger-km than new-generation jets. Compared to a car, the ATR 72-500's CO2 emissions per seat/km on a 200 n.m. sector are 15% lower."

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Information on AVATION PLC can be found at www.avation.net

Avation PLC is registered in England and Wales with an Operational Headquarters in Singapore.

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