

AVATION PLC

(“Avation” or “the Company”)

AGM STATEMENT, DIVIDEND CURRENCY ELECTION AND TRADING UPDATE

Avation PLC (AVAP: LSE), the commercial passenger aircraft leasing company announces its dividend currency will be United States Dollars (“USD”) and advises that Jeff Chatfield, Executive Chairman, will provide the following Chairman’s address, including an Interim Management Statement and Trading Update at the Company’s Annual General Meeting today.

DIVIDEND CURRENCY ELECTION

Avation’s functional currency is the USD. All of Avation’s assets, liabilities and revenues are denominated in USD. Avation’s Board of Directors has resolved to declare and pay future dividends in USD.

Going forward, the default currency for payment of dividends will be USD. However, shareholders will be provided the opportunity to elect to receive dividends in British Pounds, or in other currencies, by advising Computershare, the Company’s share registrar.

INTERIM MANAGEMENT STATEMENT AND TRADING UPDATE

DISCLAIMER: Please note that certain statements in this announcement are forward-looking statements including without limitation, statements regarding future operations and performance, revenues, operating expenses, other income and expense items. These statements and any projection as to the Company’s future performance represent management’s estimates of future results and speak only as of today. These estimates involve risks and uncertainties that could cause actual results to differ materially from expectations. Further information on the factors and risks that may affect Avation’s business is included in Avation’s regulatory announcements from time to time, including results announcements. Avation assumes no obligation to update any forward-looking statements or information in light of new information or future events. Unauthorized recording of this transmission is not permitted.

Jeff Chatfield, Executive Chairman, will address the Annual General Meeting as follows:

“We are pleased to provide investors with an update on current operations. This statement concerns the period from 1 July 2016 through to today. Avation is a commercial aircraft lessor. We focus on narrowbody commercial jet and turboprop aircraft on long term leases. Avation’s strategy is characterised by the pursuit of owning new and relatively new aircraft on long term leases and selling off mid-life and older aircraft. The Company’s business model has a history of delivering profitability while simultaneously mitigating some of the risks inherent to the aircraft leasing sector.

“The financial results for the last financial year 2016 included reporting lease revenues increasing 25% to \$71.2 million and total profit after tax increasing 37.6% to \$18.3 million year-on-year. We now comment on our progress since the end of the financial year. In this 2016-2017 financial year to date two brand new Airbus A321 jets have been added to the

fleet with two mid-life Airbus A321 jets and one new Airbus A321 being sold. The brand-new aircraft was sold on delivery for risk mitigation reasons.

“As a result of trading activity, Avation’s fleet stands at 38 aircraft. Importantly, as a result of the acquisition of new aircraft and the sale of older aircraft, Avation’s fleet metrics have continued to improve since the end of the financial year. As at 1 November the weighted average age of the fleet declined to 3.3 years and the weighted average lease term has increased to 7.6 years.

“Avation has achieved significant progress in building and diversifying its aircraft fleet, and will continue this growth during the remainder of the current period with a further two new Airbus A321 jets to VietJet Air scheduled for delivery before 31 December 2016. As scale and diversification are delivered into our aircraft fleet, we will strive to lower the cost of debt, which improves the profitability of our existing leasing business and enables Avation to be more competitive in our mission to attract new airline customers.

“We continue to deliver economies of scale as the proportion of administration expense to fleet value continues to decline. We are pleased to report that Avation has a skilled and experienced team in place and a platform that can support further growth in fleet assets.

“Last month, Avation announced that it had received an expression of interest for the purchase of 22 of its ATR turboprop aircraft. This portfolio comprises relatively new aircraft with an average remaining lease term of approximately 6.3 years which are leased to a number of airlines in Europe, Asia and Australia. The portfolio generates high lease yields.

“Since the approach, Avation has announced the appointment of a financial adviser to evaluate the proposal and also engage with the wider investor market to determine the value of the portfolio. The size of the portfolio makes it an attractive acquisition for a range of both strategic industry and financial investors.

“For clarity and certainty, the board advises shareholders that no decision had been made to sell this highly valuable portfolio. The unexpired revenue for the 22 aircraft is in excess of \$305 million as at 1 November 2016. The Board is considering and responding to an offer. There is no guarantee that a transaction will occur or even if an acceptable valuation can be achieved. Approval for any transaction would be sought from shareholders for an eventual bid which the Board determines to be acceptable. Shareholder approval would only be sought if the proposed transaction delivers a significant premium to book value for these assets. The timing for receipt of proposals is before the end of this calendar year.

“Avation remains committed to the ATR turboprop aircraft type. Avation is not currently proposing to divest itself of its future order and delivery options for further ATR aircraft which would allow Avation to rebuild a turboprop portfolio.

“Should a sale of the portfolio be concluded, the Board would consider a dividend for part of the proceeds from the profit on the sale of the portfolio assets to shareholders immediately following conclusion of the transaction. Avation would then seek to reinvest the remainder of the proceeds into replacement aircraft assets that would rebuild the fleet and add further diversification and new airline customers.

“The Board observes that Avation PLC ordinary shares are presently trading at a discount to the net tangible assets. It is therefore appropriate and in the interests of shareholders to consider asset sales that generate a premium to book value as a way of delivering enhanced shareholder returns.

“The value proposition of a commercial aircraft lessor such as Avation is the ability to trade aircraft, access and acquire aircraft, manage and market aircraft to airlines and attach leases to these assets to produce returns to shareholders.

“Avation will release further information regarding the proposed transaction or any material events occurring, but stresses that at this time no decision has been made.

“We would like to thank our shareholders for their continuing support.”

-ENDS-

More information on Avation can be seen at: www.avation.net

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Jeff Chatfield, Executive Chairman

Notes to Editors:

Avation PLC is a commercial passenger aircraft leasing company owning and managing a fleet of jet and turboprop aircraft which it leases to airlines across the world. The Company's customers include Vietjet, Thomas Cook, Air France, Condor, Air Berlin, Flybe, Air India, Virgin Australia, Fiji Airways and UNI Air.

Avation is the second largest lessor customer of ATR turboprop aircraft globally and the Company is one of a small number of aircraft lessors which have both a sales contract and option positions with ATR.