

AVATION PLC
(“Avation” or “the Company”)

MANDARIN EXPECT ENTRY INTO SERVICE IN FEBRUARY

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, advises in relation to the three new ATR 72-600 aircraft delivered to Mandarin Airlines, a subsidiary of Taiwan’s flag carrier China Airlines, that Mandarin has announced today that it anticipates entry into commercial service of these aircraft to be during February 2018. The full text of the Mandarin Airlines press release is included in this announcement.

Avation PLC Executive Chairman, Jeff Chatfield said: “We congratulate Mandarin on its rapid entry into service program. Avation has provided pilot type rating instructors and examiners and certain training credits to support Mandarin entry into service of the ATR type. Avation is willing and able to provide entry into service support to new airline customers.”

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

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Notes to Editors:

Avation PLC is a commercial passenger aircraft leasing company, headquartered in Singapore, owning and managing a fleet of jet and turboprop aircraft which it leases to airlines across the world. The Company's customers include EVA Air, easyJet, Philippine Airlines, Air France, Air India, Condor, Flybe, Fiji Airways, Thomas Cook, Virgin Australia, Mandarin Airlines and Vietjet Air. More information on Avation is available at www.avation.net.

FULL TEXT OF CHINA AIRLINES ANNOUNCEMENT FOLLOWS:

2018.01.16

**China Airlines Group launch
Mandarin Airlines New ATR fleet &
New Songshan Maintenance Hangar**

Mandarin Airlines, a subsidiary of the China Airlines Group, hosted its ATR Fleet and Maintenance Hangar Commissioning Ceremony at Songshan Airport on 11Jan18. The event was hosted by China Airlines Chairman Mr. Nuan-hsuan Ho and Mandarin Airlines Chairman Mr. Shih-chien Hsieh. More than 300 guests including Deputy Minister of Foreign Affairs Mr. Chih-chung Wu, Deputy Director of the Civil Aeronautics Administration Mrs. Shu-ping Ho, ATR CEO Mr. Christian Scherer, Chairman of leasing company-Aviation PLC Mr. Jeff Chatfield, local mayors, the Directors of Tourism Bureau in local cities and counties, as well as representatives of air transport, travel and hotel industries. There are two of newly-delivery ATR aircraft shown on site in the hangar where the event is held. An opening cheerleading performance by Mandarin flight attendants has marked official commissioning of the China Airlines Group's No. 4 Maintenance Hangar at Songshan Airport, and grand opening of "A new year, a new fleet, a new hangar and new Mandarin Airlines."

China Airlines Chairman Mr. Ho said it took almost one year to complete ATR introduction project and is expected to have ATR first revenue flight in the middle of Feb'18. He expressed his special gratitude to aircraft manufacturer ATR and leasing company Avation PLC assigned and arranged Type Rating Examiner and Instructor (TRE/TRI) pilots for Initial Operating Experience (IOE) and five-stages certification process required by Taiwanese CAA. In addition, ATR also assigned experienced Field Service Representative to perform on-site support and trouble-shooting works for one year during critical Entry-Into-Service.

Through ATR's introduction and assistance, local Flight Training Academy APEX is able to acquaint with ENAC (Ecole Nationale de l'Aviation Civile), a renowned Civil Aviation College in Toulouse, France which had cadet screening and training Program cooperation with ATR for several years and signed cooperative MOU with ENAC at Singapore in Sep17. ENAC will exert its expertise and capability to upgrade Mandarin Cadet Program with APEX to match equivalent EASA-level standard and commit flight safety assurance.

Under regulatory and partners' witness from Taiwanese CAA/ATR/ENAC, Mandarin Airlines also signed ATR Flight Operations Support collaborative agreements on 10Jan18 with local APEX and Ansett Aviation Asia (AAA), a subsidiary of well-known third party training organization Ansett Aviation in Australia, which have devoted themselves and invest valuable resources for local flight crew training in Taiwan in past three years. Mandarin Airlines will team up with these two passionate partners to enhance flight crew training quality and build localized crew training capability. Ab-initio pilot training cadets program strictly trained in APEX and AAA ATR72 simulator scheduled ready for service in 18Q2 will assure future Mandarin flight operations personnel source and maintain high training quality.

According to Mandarin Airlines Chairman Mr. Hsieh, five stories high Songshan Maintenance Hangar covering 2850 square meters is expected to provide a extensive ATR heavy

maintenance capability. The hangar will be able to hold one 737-800 and one ATR72-600, or two ATR and one business jet simultaneously. Mandarin Airlines has introduced two newly domestic routes including Kaohsiung-Magong, Taichung-Hualien and added more domestic frequencies including Taichung-Magong, and Songshan-Magong in recent years. The introduction of 9 all-new ATR72-600 will further increase overall capacity of China Airlines Group on domestic routes. The more ATR domestic frequencies, the more convenient for travelling public. The new ATR fleet is expected to enter into commercial service before the Chinese New Year in preparation for traffic surge in holiday traffic. The inaugural flight will be the Kaohsiung-Magong route. By the end of 2017, Mandarin Airlines acquired first batch three ATRs leased from Avation PLC. it will add total six more ATRs directly purchased from ATR within next three years to the year of 2020.

Mr. Christian Scherer, ATR's Chief Executive Officer, declared: "We are delighted to add such prestigious brands as China Airlines and Mandarin Airlines to the ATR family. We are now setting up extensive partnership, which will bring passenger modern, versatile and efficient air transportation solution in a highly competitive environment. The ATRs have built up their success all over the world based on their ability to match the airlines' needs thanks to their economic and environmental efficiency. Every year, our aircraft create some 100 new routes all over the world, thus expanding the commercial opportunities of its operators. We are pleased to contribute to the expansion of Mandarin Airlines with the most fuel and cost efficient aircraft of the market.

The new ATR72-600 passenger aircraft has 70 seats and a seat pitch of 30". The genuine leather seats, designed in the Nordic minimalist style, are light, sturdy and ergonomic. The cockpit features advanced electronic instrumentation with full LCD screens and the latest navigation systems greatly enhance flight safety and control. Propulsion is provided by Pratt-Whitney PW127 engines and high-performance propellers that improve fuel-efficiency to reduce energy consumption and carbon emissions.

In addition to new ATR fleet, six remaining E-190s operated by Mandarin Airlines will partially operate on domestic routes but mainly focus on international and cross-strait routes alongside with two 737-800 wet lease from China Airlines. Part of E190s integrating into China Airlines flight networks will increase flight frequencies and dispatch flexibility in thin routes and create strategic synergy for China Airlines Group.