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Company Avation plc
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AVATION PLC
 (the "Company")

PLACING OF NEW ORDINARY SHARES

Avation Plc, the aircraft leasing company, is pleased to announce that it has conditionally raised £10 million before expenses from a placing ('the Placing') of 10,000,000 new ordinary shares of the Company ('the Placing Shares'), at a price of 100 pence per share, through W H Ireland Limited (W H Ireland) to clients of W H Ireland.

Background to and Reasons for the Placing

On 10 January 2011, the Company entered into an agreement ("ARAN Agreement") with Skywest Airlines (Australia) Pty Ltd ("Skywest") and Virgin Blue Airlines Pty Ltd ("Virgin Blue") to provide a fleet of up to 18 new commercial aircraft which will operate along the length of the Eastern Coast of Australia. Pursuant to the ARAN Agreement, the Company proposes to provide aircraft to Skywest under aircraft operating lease agreements. Skywest, in turn, proposes to enter "wet-lease" arrangements for the operation of the aircraft for Virgin Blue. Wetleasing the aircraft includes the provision of the aircraft, the actual flight and cabin crew, the maintenance, the insurance and the general operation.

In contemplation of the arrangement envisaged by the ARAN Agreement, the Company has entered into a sale and purchase contract (the "Supply Agreement") with Avions de Transports Regional ("ATR") pursuant to which ATR is to supply to the Company an initial eight aircraft, comprising four ATR 72-500 aircraft and four ATR 72-600 aircraft. Further to these firm deliveries the Company has acquired five ATR 72-600 aircraft options, and seventeen aircraft purchase rights, which if exercised, will be destined for operation on Virgin Blue and Skywest airline networks. The Supply Agreement was agreed as a consequence of a tender process during which the Company determined that the ATR aircraft were suitable.

The purpose of the Placing is to fund the pre-delivery payments for the first eight aircraft and placing costs. The Company has further entered into term sheets for associated debt financing which is required to acquire the first eight aircraft. Additional debt financing is proposed to be supported by the Export Credit Agencies of the Republic of France ("COFACE") and the Italian Republic ("SACE"). However, the Placing is not conditional on the acquisition of the ATR aircraft and will otherwise be available for the Company's purchase of alternative aircraft should the need or opportunity arise.

The Placing

The Placing is conditional, inter alia, on the resolutions being passed by shareholders of the Company at the General Meeting scheduled to take place at 5pm on the 18 March 2011. The Placing Shares will rank pari passu in all respects with the Company's existing ordinary shares in issue. Following admission to trading, the Company's total issued share capital will be 38,532,220 ordinary shares. The Placing Shares will represent 25.9% of the enlarged issued share capital of the Company.

Application will be made for the Placing Shares to be listed on the Official List pursuant to a Standard Listing and admitted to trading on the London Stock Exchange's ("LSE") main market for listed securities. It is expected that admission to the LSE and that dealings in the fully paid Placing Shares, will become effective as of 8:00 a.m. on 21 March 2011.

Admission is subject to the passing of the resolutions at the General Meeting, the publication of a prospectus* and a placing agreement with WH Ireland becoming unconditional in all respects, save only for admission, and not being terminated.

The Placing Shares will, when issued, rank pari passu in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following admission.

*The prospectus will be prepared in accordance with the Prospectus Rules of the Financial Services Authority (the "FSA") made under section 73A of FSMA and approved by the FSA under section 87A of FSMA

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