

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

UPDATE ON VIRGIN AUSTRALIA’S ADMINISTRATION

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, provides the following update in respect of Virgin Australia’s Administration.

Deed of Company Arrangement and Expected Return to Creditors

On 25 August 2020, the Administrator released a Report to Creditors which provides guidance that the expected return to unsecured creditors will be 9%-13% of the amount owed should the Deed of Company Arrangement be approved at a creditors’ meeting scheduled for 4 September 2020. Proposed settlement of the majority of claims is scheduled as being prior to 30 June 2021.

Avation’s Exposure to Virgin Australia

Avation had a total of 13 aircraft on lease to Virgin Australia when it entered Administration. These included six ATR72-500 aircraft, five ATR72-600 aircraft and two Fokker 100 jet aircraft. Since the commencement of Administration, Avation has entered into new lease arrangements for five of these aircraft, including finance leases for the sale of the two Fokker 100 aircraft, operating leases for two ATR 72-500s with a new airline customer in Australia and a five year operating lease for an ATR72-500 aircraft with a new airline customer in Asia.

The three remaining ATR72-500s have been returned to Avation and are now undergoing maintenance in anticipation of being transitioned. The Administrator has also commenced the return of the five ATR72-600 aircraft. Avation is now seeking to reposition or sell eight ATR72 aircraft. The total secured debt outstanding against these eight aircraft amounts to US\$30.7 million.

The majority of the Company’s claim against Virgin Australia is made up of outstanding rent and lease end return maintenance compensation. At the date Virgin Australia entered Administration, its future outstanding rent totalled US\$48.4 million. The Avation preliminary proof of debt claim against Virgin Australia amounts to US\$74.7 million.

Jeff Chatfield, Executive Chairman of Avation, said: “Avation is fortunate that the leases to Virgin Australia were mature with a range of only 1-3 years remaining duration on each lease. The unearned contracted revenue associated with Virgin Australia represented less than 6% of Avation’s total unearned contracted lease revenue across all customers as at the date of the Administration. The relatively low levels of debt associated with the returned aircraft will be further reduced by the expected payment to Virgin Australia’s creditors following the proposed DOCA approval.

“Avation’s opinion is that regional aviation will recover the first after the pandemic. ATR72 aircraft are amongst the lowest cost commercial passenger aircraft to operate, on a per seat-km basis, and are well suited to regional routes which may present opportunities for other

airline operators as well as those in Australia planning to fill the void left by Virgin. Avation is considering a variety of alternatives to redeploy these aircraft with different operators around the world.”

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Avation welcomes shareholder questions and comments which may be sent to the email address: investor@avation.net

Notes to Editors:

Avation PLC is an aircraft leasing company headquartered in Singapore which owns and manages a fleet of commercial passenger aircraft leased to airlines around the world.

More information on Avation is available at www.avation.net.