

AVATION PLC
(the "Company")

Change in group depreciation policy

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces that the board of the company has resolved to modify its depreciation policy for aircraft. This change was prompted by an environment where aircraft technology is changing rapidly with a resultant impact on aircraft useful economic lives.

Effective from 1 July 2014, the directors have adopted a revised depreciation policy of the Avation PLC group and all of its subsidiaries. The new depreciation policy can be briefly summarised as follows:

The company will depreciate new aircraft over a useful life of 25 years to an estimated residual value based on 15 per cent of new cost. In the case that the company buys second hand aircraft, it will depreciate the cost of the aircraft over the remaining period to 25 years from the date of manufacture to estimated scrap value. This estimated value is to be based on third party appraisers' values. Fully depreciated assets are retained in the financial statements until they are no longer in use. The previous policy involved a useful life of 30 years.

The Company will continue to review the book values of its aircraft for impairment purposes on a periodic basis. This policy applies to both Avation PLC (LSE: AVAP) and Capital Lease Avation PLC (LSE: CLA).

This change will bring the Company's policy for depreciation of aircraft into line with several of its aircraft leasing counterparts.

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

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