

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) or, if you are taking advice in Australia, holds an Australian Finance Services Licence.

The information in this Offer Document is not financial product advice or general investment advice for the purposes of the Corporations Act 2001 of the Commonwealth of Australia (the “Corporations Act”) and has been prepared without taking into account your particular investment objectives, financial circumstances or needs. You should read the whole of this Offer Document and carefully consider the risk factors (including without limitation those set out in the Risk Factors section set out on pages 3 to 11 of this document) that could affect the performance of Avation PLC and which are associated with investing in Avation PLC in the light of your own particular investment objectives, financial circumstances and needs before deciding whether to invest.

This document does not constitute a prospectus or an offer to the public of shares, debentures or securities of the Company for the purposes of the prospectus rules made under Part VI of FSMA or otherwise. This document is for distribution only to the Company’s existing Shareholders in accordance with Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Application will be made to the Financial Conduct Authority (“FCA”) for all of the New Ordinary Shares to be listed on the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules). Application will also be made to the London Stock Exchange for all such New Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. **It is expected that Admission will become effective and that dealings in the New Ordinary Shares on the London Stock Exchange’s main market for listed securities will commence on or around 24 May 2013.**

The Company and the Directors, whose names appear on page 27 of this Offer Document, accept responsibility for the information contained in this Offer Document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or make any representation in connection with the Open Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied upon as having been authorised by Avation PLC, the Directors or any other person.

The distribution of this document and/or the accompanying documents and/or the transfer of Open Offer Entitlements through CREST in jurisdictions other than the UK, including the United States, Canada, India, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

AVATION PLC

(Incorporated in England and Wales under the Companies Act 2006 with company number 05872328)

Underwritten Open Offer

**of up to 4,337,987 New Ordinary Shares at an issue
price of 60 pence per share**

If you have sold or otherwise transferred or sell or otherwise transfer Existing Ordinary Shares held in uncertificated form prior to the ex-entitlement date, being 7 May 2013, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee through CREST. If you have sold or otherwise transferred, or you sell or otherwise transfer some only of your Existing Ordinary Shares held in certificated form before the ex-entitlement date you should immediately consult the stockbroker, bank or other agent through or by whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form

The New Ordinary Shares will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or under the relevant laws of any state or other jurisdiction of the United States or under applicable securities laws of any state, province or territory of Canada, India, Japan, New Zealand or the Republic of South Africa and, accordingly, subject to certain exceptions, the Open Offer is not being made, and none of the New Ordinary Shares may be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States, Canada, India, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

This Offer Document has not been, and will not be, lodged with ASIC and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Chapter 6D of the Corporations Act of Australia (the “**Corporations Act**”). It is not intended to be used in connection with any offer, sale or issue for which disclosure is required and does not contain all the information that would be required by those provisions if they applied. No direct or indirect offers for issue or sale, and no invitations for applications for issue or offers to purchase, are being or will be made in, to or from Australia, and no prospectus, advertisement or other offering material relating to the New Ordinary Shares has been or will be distributed or published in Australia, unless: (a) such offer or invitation does not require disclosure to investors in accordance with Chapter 6D of the Corporations Act; (b) such action complies with all applicable laws, regulations and directives (including without limitation the licensing requirements set out in Chapter 7 of the Corporations Act); (c) such action does not require any document to be lodged with ASIC; and (d) the offer or invitation is made only to a person who is a “sophisticated investor” within the meaning of section 708(8) of the Corporations Act or a “professional investor” within the meaning of section 708(11) of the Corporations Act.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. Accordingly, the New Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any US Person otherwise than in accordance with Regulation S.

Application will be made for the New Ordinary Shares to be listed on the Official List with a Standard Listing. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that, as the Company’s shares have a Standard Listing and certain of the Listing Rules therefore do not apply to the Company, the UK Listing Authority will not have the authority to (and will not) monitor the Company’s compliance with any of the Listing Rules and/or any provision of the Model Code which would otherwise not apply but which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

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RISK FACTORS

Investment in the Company and the Ordinary Shares carries a degree of risk, including risks relating to the Company's business strategy, airline customers, taxation and the Ordinary Shares. Prospective investors should carefully consider all the information in this document, including the risks described below. The Directors have identified these risks as the material risks relating to the Company and an investment in the Ordinary Shares of which the Directors are aware as at the date of this document. Additional risks and uncertainties not presently known to the Directors, or that the Directors consider immaterial, may also adversely affect the Company's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and the Ordinary Share price could be materially adversely affected. In that case the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly and investors could lose some or all of their investments in the Company.

Standard Listing

The Ordinary Shares have a Standard Listing on the Official List and as a consequence additional on-going requirements and protections applicable to shares with a Premium Listing under the Listing Rules will not apply to the Company

The Company is listed under Chapter 14 of the Listing Rules (*Standard Listing (shares)*) and as a consequence a significant number of the Listing Rules do not apply to the Company. Shareholders in the Company therefore do not receive the full protections of the Listing Rules otherwise associated with a Premium Listing.

Listing Rule 14.3 sets out the continuing obligations applicable to the Company and requires that the Company's listed securities must be admitted to trading on a regulated market at all times. The Company must have at all times at least 25 per cent. of the shares of any listed class in public hands in one or more EEA States and the FCA must be notified as soon as possible if these holdings fall below that level.

The continuing obligations under Chapter 14 of the Listing Rules also include requirements as to:

- the forwarding of circulars and other documentation to the National Storage Mechanism, and related notification to an RIS;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- notifying an RIS in relation to changes to equity and debt capital; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure and Transparency Rules.

As a company with a Standard Listing, the Company will not be required to comply with, *inter alia*, the provisions of Chapters 6 to 13 of the Listing Rules, which set out more onerous requirements for issuers with Premium Listings of equity securities. These include provisions relating to Listing Principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars.

The Company has stated that it intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules which would otherwise apply to the Company if it were to obtain a Premium Listing on the Official List. The Company is not, however, subject to such Listing Principles and will not be required to comply with them. The Directors intend to ensure that Shareholders are provided with sufficient information in order for them to make an informed decision on any matter which they need to approve, and the Directors will also take independent financial advice where appropriate.

The Company is not required to, and does not intend to, appoint a listing sponsor under Chapter 8 of the Listing Rules in order to guide the Company in understanding and meeting its responsibilities under the Listing Rules.

The provisions of Chapter 9 of the Listing Rules (*continuing obligations*) do not apply to the Company. Chapter 9 includes provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, shareholder notifications, and the content requirements of certain financial information.

Although the Company is not required to comply with Chapter 9 of the Listing Rules, it will voluntarily:

- publish its preliminary statement of annual results (or the information from its annual financial report that is required to be communicated to the media pursuant to the Disclosure and Transparency Rules) through an RIS as soon as possible after it has been approved and in any event within four months of the end of the period to which it relates and only after it has been agreed with the Company's auditors;
- notify an RIS as soon as possible after the Directors have approved any decision to pay or make any dividend or other distribution or to withhold any dividend or interest payment; and
- publish its half yearly report to an RIS as soon as possible after it has been approved and in any event within two months of the end of the period to which it relates.

The Company is not required to comply with the Model Code on Directors' dealings in shares of the Company set out in Chapter 9 of the Listing Rules. However, the Company has adopted a share dealing code that is broadly consistent with the provisions of the Model Code and will continue to follow such dealing code.

The Company is not required to comply with Chapters 10, 11 and 12 of the Listing Rules (*significant transactions, related party transactions, dealing in own securities and treasury shares*). The Company does, however, intend that it will continue to conduct its activities as if it were subject to such requirements (in so far as reasonably practicable).

Chapter 13 of the Listing Rules contains provisions relating to the content of circulars and is only applicable to companies with a Premium Listing. Consequently, the Company is not required to comply with the provisions of that chapter.

The Company confirms that, although Listing Rule 5.2.5 (*cancellation of listing*) does not apply to it, in the event a cancellation of its listings were to be proposed, it would in any event seek shareholder approval as if Listing Rule 5.2.5 of the Listing Rules was applicable to it. Pursuant to Listing Rule 5.2.5 this will mean, *inter alia*, that the Company would send a circular to its Shareholders containing certain information as specified in the Listing Rules and obtain the approval of not less than 75 per cent. of its Shareholders in the event that it proposes to seek a cancellation of its listing.

It should be noted that the UK Listing Authority will not have the authority to monitor the Company's voluntary compliance with any of the Listing Rules applicable to companies with a Premium Listing (and will not do so) nor will it impose sanctions in respect of any breach of such requirements by the Company.

Standard Listings have only recently been available for UK companies and relatively few UK companies have come to market with a Standard Listing. Therefore it may not yet be possible to predict how UK companies with Standard Listings will be viewed by analysts and institutional investors.

A company with a Standard Listing is not currently eligible for inclusion in any of the FTSE indices (i.e. FTSE100, FTSE350 etc.). This may mean that certain institutional investors are unable to invest in them.

Delay in delivery of ATR aircraft

If ATR is late in delivering aircraft, the Company will be unable to commence the leases of such aircraft until such time as they are actually delivered. Under the terms of the ATR Supply Agreement, if the delay is caused by ATR and is deemed to be an Inexcusable Delay, the Company will receive compensation from ATR where the delay exceeds 15 days. However, in the unlikely event that compensation is not due to the

Company because of a delay due to Excusable Delay this would delay the period from which the Company would benefit from the leasing of the delayed aircraft. There are no express sanctions under the ARAN Agreement if there is any delay or failure in the delivery of aircraft by ATR.

The Company has a limited number of aircraft types and may be adversely affected by “type” faults in a particular type of aircraft

The Company’s fleet consists of Fokker F100s, ATR 72s, Airbus A320s and A321s. The Company may be adversely affected by design, safety or other issues which may affect aircraft of those types, although there are no material known faults in any of those aircraft types. In the event that there is a “type” fault in a particular type of aircraft, all aircraft of that type may be required to be taken out of service for checks until the nature of the fault is fully ascertained, although that does not obviate each lessee’s obligation to make any rental payments due. This may impact the ability of the Company to re-lease its aircraft in the future or may cause unforeseen expense, since some of the current aircraft leases oblige the Company to cover the cost of any rectification in a recall event.

The Company currently has a limited customer base

The Company’s aircraft are leased to three customers, Virgin Australia, Thomas Cook Airlines Scandinavia A/S and US Airways Inc under operating lease agreements. Should any of its customers face an unexpected failure of its business, this would affect the ability of the Company to receive monthly rental payments from that customer. If such an event were to occur it would adversely affect the Company’s cash flow, even if adequate remedies were available to the Company under the terms of the lease agreements or otherwise in law. However, should any leases be terminated following an unexpected failure of a customer’s business, the Company will remain the owner of the aircraft which could then be re-marketed by sale or new lease. If the Group is not able to re-lease an aircraft or to do so on favourable terms, it may be required to sell the aircraft to provide funds for debt service or operating expenses. To the extent that aircraft were disposed of on unfavourable terms, this may adversely affect the Company’s net assets. The sale of aircraft would deprive the Company of the future revenues which would otherwise have been produced by the lease of such aircraft.

Unforeseen difficulties and costs associated with future acquisitions could reduce or prevent future growth and profitability of the Company

The longer-term growth strategy of the Company beyond that envisaged pursuant to the implementation of the ARAN Agreement and the ATR Supply Agreement will involve future acquisitions and leasing of aircraft. The Company and its subsidiaries may experience difficulties in acquiring such further aircraft on favourable terms, or at all. Increased competition for aircraft could reduce the Company’s acquisition opportunities or may result in a requirement to pay higher prices. There can be no assurance that any such future acquisition of aircraft will be profitable to the Company, nor that it will generate sufficient cash flow to justify the investment.

A deterioration in the financial condition of the commercial airline industry would have an adverse impact on the Company’s ability to lease its aircraft

The Group will lease its aircraft principally to commercial airline customers. Hence, the ability of the Group to lease its aircraft will depend on the financial condition and growth of the commercial airline industry and the appetite of the commercial airline industry to lease, rather than purchase, aircraft. If the financial condition of the commercial airline industry deteriorates, the Group may be adversely affected by:

- reduced demand for the aircraft in its portfolio and reduced market lease rates and lease margins;
- a higher incidence of lessee defaults, lease restructurings, repossessions and airline bankruptcies and restructurings, resulting in lower lease margins due to maintenance and legal costs associated with the repossession, as well as lost revenue for the time the aircraft are off-lease and possibly lower lease rates from the new lessees;
- an inability to lease aircraft on commercially acceptable terms, resulting in lower lease margins due to aircraft not earning revenue and resulting in storage, insurance and maintenance costs; and
- financial loss if any aircraft in the Group’s portfolio is damaged or destroyed by an event specifically excluded from an insurance policy, such as dirty bombs, bio-hazardous materials and electromagnetic pulsing.

The Company will need additional capital to finance its longer-term growth, and it may not be able to obtain it on suitable terms or at all

The Company will require additional debt and equity financing in respect of the acquisition of future aircraft deliveries. Such debt or equity financing may only be available on terms that are not favourable or may indeed not be available at all. In addition, the terms of any other indebtedness incurred by the Company may restrict its ability to incur additional debt. If the Company is unable to raise such additional funds or obtain capital on acceptable terms, it may have to delay, change or abandon some or all of its intended growth strategies or in taking the available finance it may see its projected returns on any aircraft investment lessened by the terms of such finance, for example due to higher interest rates.

As the leases of the aircraft expire, the Company may not be able to re-lease the aircraft on favourable terms, or at all, or may not be able to sell the aircraft on favourable terms

The business strategy of the Group requires it to re-lease or sell aircraft as the existing leases expire in order to generate sufficient revenues to finance its growth and operations at the time which the existing leases expire. The ability to re-lease aircraft will depend on general market and competitive conditions at the time of the lease's expiry. If the Group is not able to re-lease an aircraft or to do so on favourable terms, it may be required to sell the aircraft to provide funds for debt service or operating expenses. If the Group is not able to stagger the lease expiry dates of its aircraft, it may also face difficulty in re-leasing all its aircraft as and when such leases expire. The ability of the Group to re-lease or sell aircraft on favourable terms could be adversely affected by a number of factors, including depressed conditions in the airline and aircraft industries, airline bankruptcies, the effects of terrorism and war and the sale of other aircraft by companies.

Aircraft values and achievable lease rates could decline in the future

Any decrease in the values of, and achievable lease rates for, the Group's portfolio of aircraft on new leases after the current leases expire could have a material adverse effect on the Company's financial condition and business prospects. Factors that may affect the value and/or achievable lease rates of the aircraft include, *inter alia*, the following:

- the particular maintenance and operating history of the airframes and engines;
- the number of operators using that type of aircraft or engine and/or oversupply in the market of that type of aircraft or engine;
- the age of the aircraft;
- any tax, customs, regulatory and other legal requirements that must be satisfied when an aircraft is purchased, sold or re-leased;
- compatibility of aircraft configurations or specifications with other aircraft owned by operators of that type; and
- the creditworthiness of the lessees.

If demand for leased aircraft does not increase, the Company may not be able to expand its business

If the aggregate demand for aircraft (including leased aircraft) does not expand, then the Company may be unable to implement its growth strategy through aircraft acquisitions. Failure to expand the aircraft portfolio would impair the Company's ability to grow or sustain its revenues.

The Company is dependent on its lessees' financial condition and the continued performance of their lease obligations

The success of the Company depends upon the financial strength of the Group's lessees (including the creditworthiness of the credit support provider of such lessees and the performance by the credit support provider, if any, of its obligations). The ability of each lessee to perform its obligations under its lease will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors beyond the control of the Group, including:

- competition;

- fare levels;
- air cargo rates;
- passenger air travel and air cargo demand;
- geopolitical and other events, including war, acts of terrorism, disease and natural disasters;
- operating costs, availability and cost of jet fuel and general economic conditions affecting the lessees;
- operations;
- labour difficulties;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates;
- government regulation; and
- adverse currency and interest rates.

However, the Directors have no reason to believe the Group's current and prospective lessees' financial condition will impact their ability to meet their obligations to the Company.

The Company could be exposed to political, economic and social conditions in the jurisdictions where the Group's lessees are located, and whence they operate

The Group could be exposed to political, economic and social events in the jurisdictions where aircraft lessees are located, and in the markets they serve (the aircraft operate predominantly in Australia, Scandinavia and the US). Such events include political unrest, interest rate and currency exchange rate fluctuations, the nationalisation or expropriation of private assets, strikes, war, economic instability, and other events such as natural disasters, epidemics, widespread transmission of communicable or infectious diseases, acts of God, terrorist attacks and other events beyond the control of the Group that may adversely affect local economies, infrastructures and livelihoods. The resulting instability may adversely affect the Company's sub-ownership interest in its aircraft or the ability of lessees which operate in these markets to meet their lease obligations either or both of which could impact on the Company's revenues.

Failure by the lessees to perform their maintenance obligations on the aircraft could materially and adversely affect the Company's revenues and cash flows

The Group's lessees are typically primarily responsible for maintaining the aircraft and complying with all governmental requirements applicable to the relevant lessee and aircraft, including operational, maintenance, and registration requirements and airworthiness directives. A lessee's failure to perform required maintenance during the term of a lease could result in a reduction in the value of an aircraft, an inability to re-lease the aircraft at favourable rates or at all and may require the Group to incur expenditure to restore the aircraft to an acceptable condition prior to any sale or re-leasing, following expiry of the current leases all and each of which could negatively affect the business, financial condition and results of operations of the Company, whether or not any appropriate remedies are available to the Company in respect of any such lessee's failure.

Failure to obtain certain required licences, consents and approvals could negatively affect the ability of the Company to re-lease or sell aircraft

Aircraft leases often require specific licences, consents or approvals. These include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or de-registration of the aircraft. Subsequent changes in applicable law or administrative practice may increase these requirements. In addition, a governmental consent, once given, might be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an aircraft may not be forthcoming. Any of these events could adversely affect the ability of the Group to re-lease or sell aircraft, which could negatively affect its business, financial condition and results of operations.

The Company is subject to risks inherent in investing in a single industry

The Company's principal activity directly and through its subsidiaries is to own and invest in a portfolio of aircraft intended to operate under medium to long-term leases. By concentrating the vast majority of its operations and investments in the airline market, the Company is susceptible to a downturn in that market which may correlate with a decline in demand for aircraft leasing and could result in the Company's income being adversely affected when the current leases end and the Company is required to re-lease the aircraft. The Company's other activities would not alone allow the Company to meet its growth and development goals in the event of a downturn in the aircraft leasing industry at that point.

The Company depends on certain key personnel; the loss of any key personnel may adversely affect its operations

The Company's performance depends, in part, upon the recruitment, engagement, continued service and performance of its executive directors as its key personnel. These key personnel may leave the Company in the future and compete with the Company. The loss of any of these individuals could have a material adverse effect on the Company's business, financial condition and the results of operations. In particular, Robert Jeffries Chatfield, Roderick Mahoney and Soeren Ferre have significant experience in the airline and aircraft leasing industry and the loss or departure of any of them could seriously affect the future financial condition and business prospects of the Company.

The Company may engage in hedging transactions, which can limit gains and increase exposure to losses

The Company may enter into hedging transactions to protect itself from the effects of interest rate fluctuations on floating-rate debt and also to protect the Company's portfolio from interest rate and prepayment fluctuations due to early termination options, defaults, and other unscheduled lease terminations and lease extension options. Hedging activities may not have the desired beneficial impact on the results of operations or financial condition of the Company and may not completely insulate the Company from the risks associated with changes in interest rates. Moreover, interest rate hedging could fail to protect the Company or even adversely affect the Company or may be difficult or costly to obtain.

No assurance that all lessees will comply with the registration requirements in the jurisdictions where they operate

Generally, failure by a lessee to maintain the registration of a leased aircraft would be a default under the applicable lease, entitling the lessor to exercise its rights and remedies thereunder. If an aircraft were to operate without a valid registration, the lessee operator or, in some cases, the owner or lessor might be subject to penalties, which could constitute or result in a lien being placed on such aircraft. Failure to comply with any necessary registration requirements also could have other adverse effects, including the inability to operate the aircraft and loss of insurance. The Company can give no assurance that all lessees will comply with these requirements. Some jurisdictions in which the Company operates, or may operate, may impose penalties for failure to comply with their requirements.

Government regulations could require substantial expenditure which may reduce the Company's profitability

To the extent that a lessee fails to comply with airworthiness directives required to maintain its certificate of airworthiness or other manufacturer requirements in respect of an aircraft or if the aircraft is not currently subject to a lease, then the Company may have to bear the cost of such compliance.

Aircraft might be adversely affected if not adequately managed and maintained

In circumstances where lessees are not already doing so in accordance with the terms of the relevant lease agreements, should the Group fail to provide adequate management and maintenance of the aircraft, the value of the Company's aircraft might be adversely affected. This could adversely affect the re-lease or sale value of those aircraft and any remedies available to the Company in respect of such inadequate management or maintenance may not adequately compensate the Company for the fall in value.

The imposition of withholding tax on lease payments would have an adverse impact on cash flow

There can be no assurance that upon the expiry or termination of the existing leases, the aircraft will necessarily be leased to a lessee located in a jurisdiction that does not impose withholding tax on aircraft lease payments. Jurisdictions in which the Company's lessees are located may change their withholding tax laws, regulation or enforcement policies so that the current lease payments would have withholding tax imposed on them. Any withholding tax incurred by the Company may have an adverse effect on its cash flow.

Income earned in the jurisdictions in which the aircraft operate or where the lessees are located may be subject to tax, resulting in decreased cash available for the Company

The Company may be subject to income or other taxes in other jurisdictions by reason of where the Group's aircraft operate or where the lessees of its aircraft (or others in possession of their aircraft) are located. If such taxes are levied on the Company, it may decrease net income and cash flow.

Operational costs will increase as the Company's aircraft age

The cost of re-delivering an aircraft under a re-lease, including maintenance and modification expenditures, increases with the age of the aircraft. The costs of converting an ageing passenger aircraft to a cargo aircraft are also substantial, such conversion may be required in the event the Company is unable to re-lease or sell the aircraft in question. The incurrence of these greater expenses as the Group's fleet ages could adversely affect its financial condition and results of operations.

If high fuel prices affect the profitability of the airline industry, airline lessees might not be able to meet their lease payment obligations to the Company

Fuel costs represent a major expense to companies operating within the airline industry, and fuel prices fluctuate widely depending primarily on international market conditions, geo-political and environmental events, currency exchange rates and natural disasters. In 2008, fuel prices were at historically high levels and although they have reduced since that time, a return to such a high cost of fuel may have a material adverse impact on airline profitability. Due to the competitive nature of the airline industry, airlines may not be able to pass on increases in fuel prices to their customers by increasing fares. If they pass on the higher costs, it may adversely affect demand for air travel, which would reduce their revenues. In addition, airlines may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices return to historically high levels, they are likely to cause the airline lessees to incur higher costs or experience reduced revenues. Consequently, if such conditions persisted in the longer term, beyond the scope of lessees' hedging strategies and risk management policies, this may:

- affect the lessees' ability to make rental and other lease payments due to the Group;
- result in lease restructurings and aircraft repossessions;
- increase the Group's costs of servicing and marketing aircraft;
- impair the Group's ability to re-lease the aircraft; and
- reduce the proceeds received for the aircraft upon any disposal.

The effects of terrorist attacks and geo-political conditions may negatively affect the airline industry

Terrorist attacks and geo-political conditions have adversely affected the airline industry, and concerns about geo-political conditions and further terrorist attacks could harm airlines in the future as a result of various factors, including:

- higher costs to airlines due to increased security measures;
- the inconvenience of additional security measures;
- the price and availability of jet fuel and the cost, practicability and effectiveness of obtaining fuel hedges under current market conditions; and
- significantly higher costs of aircraft insurance coverage for claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available.

Future terrorist attacks, war or armed hostilities, or the fear of such events, may further increase airline costs, depress air travel demand, cause certain aviation insurance to become available only at significantly increased premiums or may not be available at all and could have a further adverse impact on the airline industry and on the financial condition and liquidity of the Group's airline lessees, aircraft values and rental rates, all of which could adversely affect the financial condition and results of operations of the Company.

The effects of epidemics may negatively affect the airline industry

The spread of Severe Acute Respiratory Syndrome ("SARS") was linked to air travel early in its development and had a severe adverse impact on the aviation industry, which was evidenced by a sharp reduction in passenger bookings, cancellation of many flights and employee layoffs. In addition, there have been several outbreaks of avian influenza, or "Bird Flu", beginning in Asia and, most recently, spreading to certain parts of Africa and Europe and "Swine Flu" which began in Mexico before spreading globally. Further outbreaks of SARS, Bird Flu, Swine Flu or other epidemics, or the fear of such events, could provoke responses, including government imposed travel restrictions, which could negatively affect passenger demand for air travel and the financial condition of the aviation industry. This in turn could adversely affect the ability of Company to re-lease aircraft to the extent that once the current leases expire lessees of aircraft may find their own financial condition and liquidity adversely affected and consequently cease to trade or reduce the number of aircraft they lease.

The Company operates in a highly competitive market for investment opportunities in aircraft and other aviation assets

The leasing and re-marketing of commercial jet aircraft is highly competitive. The Group competes in leasing, re-leasing and selling aircraft with other aircraft leasing companies. The competitors of the Group may have significantly greater resources. In addition, some competing aircraft lessors have a lower overall cost of capital and may provide financial services, maintenance services or other inducements to potential lessees that the Group cannot provide. If the Group is unable to maintain its competitiveness in the market and is unable to dispose of its aircraft in a timely manner or on favourable terms, the results of operations and financial conditions of the Company could be materially and adversely affected.

In addition, the Directors consider that the Company may encounter competition from other entities, such as airlines, aircraft manufacturers, financial institutions (including those seeking to dispose of repossessed aircraft at distressed prices), aircraft brokers, public and private partnerships and investors and funds with more capital to invest in aircraft and engines. The Company may not compete with Capital Lease Aviation PLC, a non-wholly owned subsidiary, when seeking to acquire aircraft as there is a relationship agreement in place between Capital Lease Aviation PLC and the Company to ensure independent operation of the two companies' boards. This could result in the Company paying more for a specific aircraft than it would have done so otherwise or failing to obtain a specific aircraft at all.

The variability of supply and demand for aircraft and other aviation assets could depress lease rates and the value of leased assets

The aviation leasing and sales industry has experienced periods of aircraft over-supply and under-supply. The over-supply of a specific type of aircraft or other aviation asset in the market is likely to depress lease rates and values. This would have an impact on the Group's cost of acquiring aircraft or other aviation assets, and could delay or prevent the aircraft from being re-leased or sold (as the case may be) at the expiry of their respective leases, and may impact on the ability of the Company to raise debt on favourable terms and to meet any new debt conditions on expiry of its current facilities. This could have an adverse effect on the Company's financial condition and results of operations.

The Company depends on the financial stability of aircraft and engine manufacturers and their ability to continue producing aircraft and engines

The Company depends on the financial stability of aircraft manufacturers and their ability to continue producing aircraft and related components, and provide support services, which meet airlines' demands. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfil their contractual obligations, the Group may experience an inability to acquire aircraft and related components on terms that will allow the Group to lease those aircraft and related components to customers at profitable levels. This may also result in a reduction in the Group's competitiveness due to deep

discounting by the manufacturers, which may lead to reduced market lease rates and may adversely affect the value of its portfolio and its ability to remarket or sell some of the aircraft in its portfolio when the current leases expire. The Company's growth is reliant on the ability of ATR to deliver under the ATR Supply Agreement. In the unlikely event that ATR encounters difficulties in continuing its production of the Aircraft, this would adversely affect the Company's growth plans, as the Company does not have any alternative source for the provision of Aircraft under the ARAN Agreement and such a failure may give rise to the termination of the ARAN Agreement.

Currency Risk

Any future income from the leases may be subject to exchange rate fluctuations and become subject to exchange control or similar restrictions. In addition, the Company expects to report its financial results in Sterling, although the majority of its business may be conducted in US\$. As a result, it may be subject to foreign currency exchange risk due to exchange rate movements which will affect the Company's transaction costs and the translation of its results.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under Open Offer	5.00 p.m. 3 May 2013
Announcement of Open Offer	7 May 2013
Despatch of Offer Document and, to Qualifying Non-CREST Shareholders only, the Application Forms	7 May 2013
Existing Ordinary Shares marked 'ex' by the London Stock Exchange	7 May 2013
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	8.00 a.m. 8 May 2013
Notice of the Open Offer published in the London Gazette	8 May 2013
Recommended last time and date for withdrawing Open Offer Entitlements from CREST	4.30 p.m. 16 May 2013
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. 17 May 2013
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. 20 May 2013
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. 22 May 2013
Expected date of announcement of results of the Open Offer through a Regulatory Information Service	23 May 2013
Expected date of Admission and commencement of dealings in New Ordinary Shares on the London Stock Exchange and New Ordinary Shares credited to CREST stock accounts (Qualifying CREST only)	8.00 a.m. 24 May 2013
Expected date of despatch of definitive share certificates for New Ordinary Shares (to Qualifying non-CREST Shareholders only)	Week commencing 27 May 2013

The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new dates will be notified, as required, to the UK Listing Authority and the London Stock Exchange and, where appropriate, to Shareholders. All times are references to London times.

If you have any queries on the procedure for application and payment under the Open Offer, you should contact Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom (telephone: 0870 707 1324 or +44 870 707 1324 if calling from outside the UK). Computershare Investor Services cannot give Shareholders investment, legal, financial or taxation advice in connection with the Open Offer.

OPEN OFFER STATISTICS

Issue Price	60 pence per New Ordinary Share
Basic Entitlement under the Open Offer	0.0975 New Ordinary Shares for every 1 Existing Ordinary Share
Maximum number of Excess Shares which may be applied for under the Excess Application Facility	1 Excess Share for every Existing Ordinary Share
Number of New Ordinary Shares being issued	4,337,987
Enlarged Ordinary Share Capital in issue following the Open Offer and Admission	48,822,960
New Ordinary Shares as a percentage of the Enlarged Ordinary Share Capital	8.89%
Estimated Net Proceeds of the Open Offer received by the Company	£2,486,733.43

DEALING CODES

The dealing codes for the New Ordinary Shares are as follows:

ISIN	GB00B196F554
SEDOL	B196F55
Ticker/Symbol	AVAP
Basic Entitlement ISIN	GB00B8CLK065
Excess CREST Open Offer Entitlement ISIN	GB00B8CLK289

IMPORTANT NOTICES

In assessing an investment in the Company, prospective investors should rely only on the information in this Offer Document. No person has been authorised to give any information or make any representations other than those contained in this Offer Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Underwriter or any other person. Without prejudice to the Company's obligations under FSMA, the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Neither the Underwriter nor any person acting on its behalf make any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this document nor does any such person authorise the contents of this document. No such person accepts any responsibility or liability whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Ordinary Shares, the Open Offer or Admission. The Underwriter accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement. Neither the Underwriter nor any person acting on its behalf accept any responsibility or obligation to update, review or revise the information in this document or to publish or distribute any information which comes to its or their attention after the date of this document, and the distribution of this document shall not constitute a representation by the Underwriter or any such person that this document will be updated, reviewed, revised or that any such information will be published or distributed after the date hereof.

The Underwriter and any affiliate thereof acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell New Ordinary Shares for its or their own account(s) and may offer or sell such securities otherwise than in connection with the Open Offer. The Underwriter does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of New Ordinary Shares. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the New Ordinary Shares offered hereby is prohibited. Each offeree of the New Ordinary Shares, by accepting delivery of this document, agrees to the foregoing.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any New Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this document and the offering of the New Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom or Australia into whose possession this document comes are required by the Company and the Underwriter to inform themselves about, and to observe any restrictions as to the offer or sale of the New Ordinary Shares and the distribution of, this document under the laws and regulations of any territory in connection with any applications for the New Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Underwriter that would permit a public offering of the New Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. The Company and the Underwriter do not accept any responsibility for any violation of any of these restrictions by any other person.

The New Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Canada, India, Japan, New Zealand or the Republic of South Africa. Subject to certain

exceptions, the New Ordinary Shares may not be taken up, offered, sold, resold, reoffered, pledged, transferred, distributed, delivered directly or indirectly, within, into or in the United States, Canada, India, Japan, New Zealand or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, New Zealand or the Republic of South Africa or to any US Person.

The New Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed judgment upon or endorsed the merits of the offering of the New Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

This Offer Document has not been, and will not be, lodged with ASIC and is not, and does not purport to be, a document containing disclosure to prospective investors for the purposes of Chapter 6D of the Corporations Act. It is not intended to be used in connection with any offer, sale or issue for which disclosure is required and it does not contain all the information that would be required by those provisions if they applied. No direct or indirect offers for issue or sale, and no invitations for applications for issue or offers to purchase, are being or will be made in, to or from Australia, and no prospectus, advertisement or other offering material relating to the New Ordinary Shares has been or will be distributed or published in Australia, unless: (a) such offer or invitation does not require disclosure to prospective investors in accordance with Chapter 6D of the Corporations Act; (b) such action complies with all applicable laws, regulations and directives (including without limitation the licensing requirements set out in Chapter 7 of the Corporations Act); (c) such action does not require any document to be lodged with ASIC; and (d) the offer or invitation is made only to a person who is a “sophisticated investor” within the meaning of section 708(8) of the Corporations Act or a “professional investor” within the meaning of section 708(11) of the Corporations Act.

The offer or invitation which is the subject of this document is only allowed to be made to the persons set out herein. Moreover, this document is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (“SFA”) and accordingly, statutory liability under the SFA in relation to the content of the document will not apply.

As this document has not been and will not be lodged with or registered as a document by the Monetary Authority of Singapore, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore

By accepting this document, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

Investment Considerations

Prospective investors should not treat the contents of this document or any subsequent communications from the Company or the Underwriter or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the holding, transfer or other disposal of New Ordinary Shares, (b) any foreign exchange restrictions applicable to the holding, transfer or other disposal of New Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the holding, transfer or other disposal of New Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company’s investment objectives will be achieved. This Offer Document should be read in its entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum of Association and Articles, which prospective investors should review.

Forward looking statements

This Offer Document contains forward looking statements including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “forecasts”, “projects”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. These factors include, but are not limited to, those described in the part of the Offer Document entitled “Risk Factors”, which should be read by prospective investors in conjunction with the other cautionary statements that are included in this Offer Document. Prospective investors should specifically consider the factors identified in this Offer Document which could cause actual results to differ before making an investment decision.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements apply only as at the date of this Offer Document. Subject to its legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based unless required to do so by any appropriate regulatory authority or by law, including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this Offer Document is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency information

Unless otherwise indicated, all references in this document to “British pounds sterling”, “Sterling”, “£” or “pounds” are to the lawful currency of the United Kingdom and all references to “\$”, “US\$” or “USD” are to the lawful currency of the United States.

The currency exchange rate used for conversion of Sterling amounts to USD as at the latest practicable date is £1.00 to US\$1.585.

Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Offer Document is at close of business on 30 April 2013.

Definitions

A list of defined terms used in this Offer Document is set out at pages 84 to 89 of this Offer Document.

Governing Law

Unless otherwise stated, statements made in this Offer Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

DIRECTORS AND ADVISERS

Directors	Robert Jeffries Chatfield (<i>Chairman</i>) Roderick Douglas Mahoney Bryant James McLarty
all of	510 Thomson Road #12-04 SLF Building Singapore 298135
Registered Office	Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX United Kingdom
Principal Place of Business:	510 Thomson Road #12-04 SLF Building Singapore 298135
Company Secretaries	Siobhán Mary Macgroarty Cool Jason Francis Gollogly Duncan Gerard Stephen Scott
all of	510 Thomson Road #12-04 SLF Building Singapore 298135
Joint Brokers to the Company	WH Ireland Limited 11 St James Square Manchester M2 6WH United Kingdom Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Legal Advisers to the Company as to English Law	Speechly Bircham LLP 6 New Street Square London EC4A 3LX United Kingdom
Legal Advisers to the Company as to Australian law	Herbert Geer Level 21, 385 Bourke Street Melbourne Victoria 3000 Australia
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD United Kingdom
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom

PART I
CHAIRMAN'S LETTER
AVATION PLC

(Incorporated in England and Wales with company number 5872328)

Directors:

Robert Jeffries Chatfield (*Chairman*)
Roderick Douglas Mahoney
Bryant James McLarty

510 Thomson Road
#12-04 SLF Building
Singapore
298135

7 May 2013

Dear Shareholders,

Open Offer of up to 4,337,987 New Ordinary Shares

Introduction

The Company is proposing to raise about £2.6 million by way of the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to participate in the fundraising by subscribing for their Basic Entitlements. In addition, Qualifying Shareholders are being given the opportunity to apply for New Ordinary Shares in excess of their Basic Entitlements by subscribing for Excess Shares under the Excess Application Facility. Applications under the Excess Application Facility may be allocated in such manner as the Directors determine, in their absolute discretion.

The Company has entered into an underwriting agreement dated 30 April 2013, pursuant to which Epsom Assets has agreed to underwrite the whole of the proposed issue of shares to the extent that Qualifying Shareholders do not take up their entitlements. Epsom Assets has agreed pursuant to sub-underwriting agreements dated 3 May 2013 entered into with members of the management of the Company and other investors that such members of management and other investors would sub-underwrite the Open Offer.

The underwriting of the Open Offer by Epsom Assets constitutes a related party transaction (as defined under the Listing Rules), as it is a company in which I am interested. However, as the Company has a Standard Listing, Chapter 11 of the Listing Rules and the restrictions on related party transactions contained therein do not apply to the Company. This arrangement has nonetheless been carried out in compliance with the Company's corporate governance policies. Pursuant to these policies, as the interested director, I have been excluded from the Board's considerations of the arrangement and abstained from voting in respect of the Board's approval of the Underwriting Agreement. The Directors, other than me, consider the Underwriting Agreement to be fair and reasonable as far as the shareholders in the Company are concerned.

Purpose of the Open Offer and use of proceeds

The Net Proceeds of the Open Offer of approximately £2.5 million (US\$3.95 million) are intended to be used by the Company to fund the ongoing Pre-Delivery Payments programme in relation to its delivery schedule set out below.

Background and reasons for the Open Offer

We remain confident in the aircraft leasing market's prospects supported by growing trends in global air traffic. Air traffic has doubled every fifteen years since the 1970s and is expected to double again over the next fifteen years. As a result of this track record in air traffic the demand for passenger aircraft is set to increase both to satisfy increased demand and to replace older aircraft with newer, more fuel-efficient and technologically enhanced aircraft.

The provision of leased passenger aircraft to airlines by dedicated aircraft leasing companies has shown a steady growth over the past thirty years and today approximately 35 per cent. of the global passenger aircraft fleet are operated by airlines under lease from aircraft leasing companies. This percentage is expected to grow over the next five to ten years.

Within the aircraft leasing industry we remain focussed on narrowbody and regional passenger aircraft, including the ATR 72 turbo-prop aircraft, which is a fuel efficient and environmentally friendly aircraft over short flight segments. In May 2012, ATR delivered its 1000th turbo-prop aircraft.

Portfolio update

Since the end of the Company's last financial year (30 June 2012), the Company has increased and refreshed its portfolio of aircraft. Over the period of six months, the Company's total aircraft assets have increased from approximately US\$213 million to US\$281 million.

ARAN & Virgin Australia

The Australian Regional Airline Network ("ARAN") Agreement which the Company signed in January 2011 with Skywest Airlines and Virgin Australia has been implemented and the network has been operational since October 2011 when the first ATR 72-500 entered service. As of 31 December 2012, Avation had delivered 10 ATR 72 aircraft under the ARAN Agreement. The Company delivered a further ATR 72-600 in February 2013.

Schedule of Deliveries

<i>Aircraft</i>	<i>Type</i>	<i>Delivery Date</i>
<i>Delivered Aircraft under the ATR Supply Agreement</i>		
Aircraft 1	ATR 72-500	August 2011
Aircraft 2	ATR 72-500	August 2011
Aircraft 3	ATR 72-500	October 2011
Aircraft 4	ATR 72-500	November 2011
Aircraft 5	ATR 72-600	August 2012
Aircraft 6	ATR 72-600	September 2012
Aircraft 7	ATR 72-600	November 2012
Aircraft 8	ATR 72-600	December 2012
Aircraft 9	ATR 72-600	February 2013
<i>Additional Aircraft – Delivered</i>		
Additional Aircraft 1	ATR 72-500	January 2012
Additional Aircraft 2	ATR 72-500	February 2012
<i>Scheduled Future Deliveries under the ATR Supply Agreement – Firm Aircraft</i>		
Aircraft 10	ATR 72-600	May 2013
Aircraft 11	ATR 72-600	July 2013
Aircraft 12	ATR 72-600	October 2013
Aircraft 13	ATR 72-600	November 2013
Aircraft 14	ATR 72-600	January 2014
Aircraft 15	ATR 72-600	March 2014 ¹
Aircraft 16	ATR 72-600	April 2014
Aircraft 17	ATR 72-600	May 2014 ¹
Aircraft 18	ATR 72-600	June 2014 ¹
Aircraft 19	ATR 72-600	October 2014
Aircraft 20	ATR 72-600	December 2014

¹ The Company is marketing these delivery positions to various airlines.

Virgin Australia has highlighted the airline passenger demand for the ATR 72 regional routes it has brought into service and the Directors believe that Virgin Australia will continue to grow its ATR turbo-prop network as a result of the demand.

Skywest Airlines and Virgin Australia

On 11 April 2013, Virgin Australia completed the acquisition of Skywest Airlines by way of a scheme of arrangement to purchase the entire issued share capital of Skywest Singapore (the ultimate parent Company of that group). Following the acquisition, Virgin Australia plans to rebrand Skywest Airlines under the Virgin Australia brand. As a result of this, the Company will have Virgin Australia as its customer across its ATR 72 fleet and Fokker F100 fleet.

Other portfolio aircraft

The Company continues to operate its other portfolio aircraft which are leased to airlines in Europe, US and Australia. A summary of the Company's aircraft portfolio and the respective lease terms is set out on page 25 of Part II of this document.

The Company is continuously evaluating potential opportunities for growth in line with its strategy, notably growing its portfolio of aircraft, in particular by maintaining communications with aircraft owners and manufacturers.

Financing

The successful implementation of our strategies is critical for the growth of our business. In addition to equity finance raised from its shareholders, the Company has sourced debt finance from a number of lenders. As the Company grows, it intends to diversify the sources of finance to enable it to maximise its growth opportunities.

ECA Senior Debt

In conjunction with the Company's acquisition of ATR 72s, the Company was able to secure financing from Credit Agricole CIB ("CA"), with ECA guaranteed backing from COFACE and SACE, for the Company's initial eight firm orders with ATR (the "Initial Aircraft").

In relation to the next four ATR 72s to be delivered in 2013, the Company has received a binding letter of offer from Export Development Canada, which is the export credit agency for Canada.

Junior Debt

Where appropriate, the Company has also secured Junior Debt to finance these aircraft acquisitions.

Senior bank debt

The Company has loans from a number of other banks and commercial lenders, such loans being secured on the underlying aircraft.

Further details of the above financing are set out in Part II of this document. The Directors are confident that with these diverse funding sources available to the Company the ongoing growth of the Company can be funded in line with its strategy.

Admission and Dealings

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be listed on the Official List with a Standard Listing under Chapter 14 of the Listing Rules and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is expected that Admission will occur, and that dealings will commence, on 24 May 2013.

Costs of the Admission

The Company's expenses in connection with the Admission are estimated to amount to approximately £115,000 (exclusive of VAT). These expenses will be borne by the Company.

Yours faithfully,



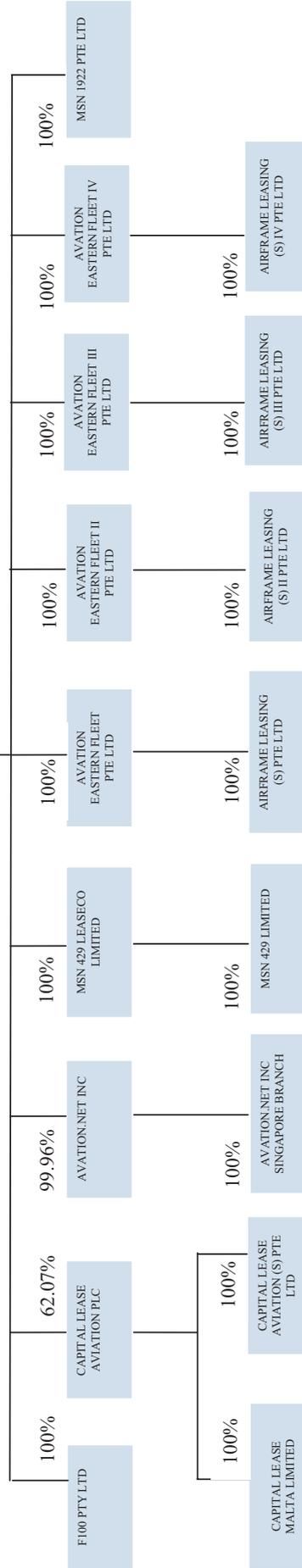
(Chairman)

Group Structure Chart
(as at 30 April 2013)



REGISTERED OFFICE: Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX
DATE OF INCORPORATION: England & Wales, 11 July 2006, admitted on LSE, UK on 6 October 2010

AVIATION PLC
UK Co. No. 5872328



PART II

INFORMATION ON THE COMPANY

Introduction

The Company is a public company limited by shares, which was incorporated in England and Wales on 11 July 2006.

As at 31 December 2012, the Company had total gross assets of £204,777,910 based on the Company's unaudited results for the period of six months ending 31 December 2012.

Principal Activities

The Company's main activity is the leasing of commercial aircraft. Directly and through its subsidiaries, the Company owns or leases twenty one commercial passenger aircraft which are leased to various airlines across Europe, the United States and Australia. Under the Australian Regional Airline Network ("ARAN") agreement between the Company, Skywest Airlines (Australia) Pty Ltd ("Skywest Airlines") and Virgin Australia Airlines Pty Ltd ("Virgin Australia"), the Company has agreed to provide a fleet of ATR 72 aircraft for use by Virgin Australia under a wet lease, operated by Skywest Airlines (the "ACMI Wet Lease").

The ATR aircraft are leased on terms of ten years and the Group's other aircraft are leased for terms of at least 36 months and, in most cases, considerably longer. Monthly rental payments are due under each operating lease agreement which provides the Company with a stable cash flow. The Company believes that its services will become increasingly in demand as airlines look to reduce capital expenditure by leasing, rather than purchasing, aircraft.

As a secondary activity, the Company offers a procurement service for both airlines and media broadcasters to purchase technical spare parts and consumables, although this activity is not a significant contributor to the Company's revenues or balance sheet.

Group Structure and History

The Company was incorporated on 11 July 2006 with the object of supporting Skywest Airlines by providing aircraft leasing facilities and continues to do so. Its initial membership base was formed via a special dividend from Skywest Airlines with shares distributed in specie to all of the then Skywest Airlines' shareholders pursuant to a share exchange transaction between the Company and Skywest Airlines. The Company's shares were originally admitted to trading on the PLUS-quoted market from 7 November 2006 until 5 October 2010. On admission to the PLUS-quoted market, the price of the Ordinary Shares was 4 pence each. On 6 October 2010, the Company's Shares were listed on the Official List with a Standard Listing and admitted to trading on the London Stock Exchange's main market for listed securities. The Company is currently evaluating a dual listing of its securities on SGX-ST and the Company will make further announcements in due course with regard to any significant developments with respect to such plans.

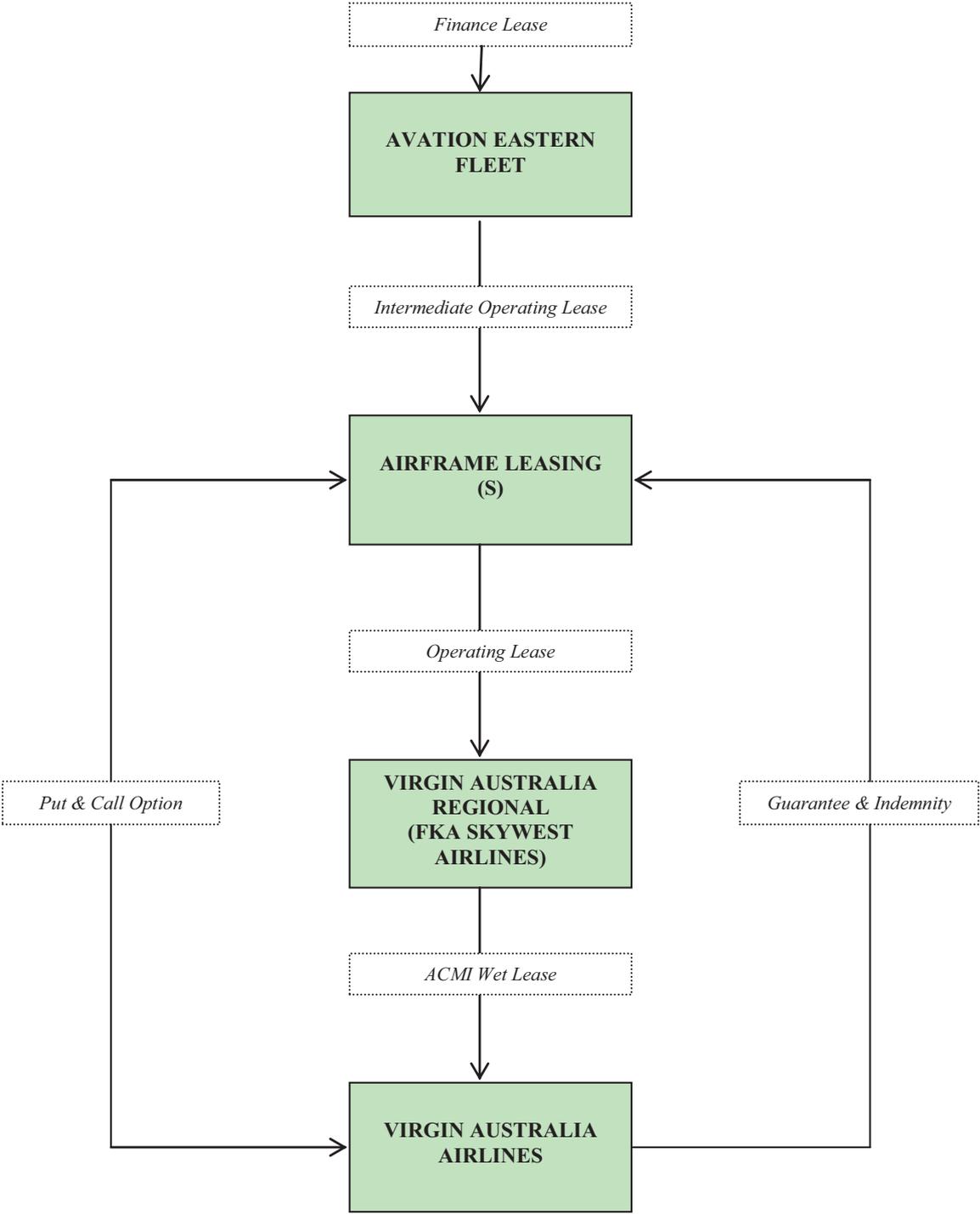
The Company has three principal groups of wholly owned subsidiaries, F100 Pty Ltd holding Fokker F100s, MSN 429 LeaseCo Limited and MSN 1922 holding Airbus A320s and the Avation Eastern Fleet group of companies, all of whose principal activities is the leasing of aircraft. The Avation Eastern Fleet companies are the subsidiaries used by the Company to hold the ATR aircraft being used in the ARAN, further details of which are set out on page 25.

Additionally, the Company has a 62.07 per cent. holding in Capital Lease Aviation PLC whose shares are admitted to trading on AIM. Prior to CLA's pre-admission fundraising round in July 2007, CLA was a wholly owned subsidiary of the Company. As a separately quoted company, the board of CLA operates independently from the Company. CLA is an aircraft leasing company which itself has a wholly owned aircraft leasing subsidiary, Capital Lease Malta Limited.

The Company owns 99.96 per cent. of Avation.net Inc., a subsidiary incorporated in Delaware, through which the Group's parts procurement business is operated.

ATR ARAN Structure

The diagram below shows the typical structure used for the ARAN Aircraft whilst Skywest was owned separately from Virgin Australia. It is intended that following Virgin Australia’s acquisition of Skywest, this structure will be simplified, so as to include an operating lease from the Avation Group to Virgin Regional, with a guarantee from Virgin Australia.



NOTE: in relation to the Additional Aircraft, the Avation Eastern Fleet and Airframe Leasing (S) are replaced by Avation Eastern Fleet II and Airframe Leasing (S) II and subsequent iterations of this AEF/ALS structure will hold subsequent Aircraft to be delivered into ARAN.

The ATRs are deployed into the ARAN through the structure set out above. The principal agreements relating to the structure are set out below:

- **Finance Lease:** the rental payments under this lease represent the on-going financing costs of the ATR aircraft. The margin between the rental payment owed under the finance lease and the payments received under the downstream Operating Leases will contribute to the profit of Avation Eastern Fleet.
- **Intermediate Operating Lease:** this lease is intra-Group. The rental payments received by Airframe Leasing (S) will be the full commercial rate charged to Skywest Airlines and is passed on in full (less administrative charges) under the intermediate lease.
- **Operating Lease:** this lease is between Airframe Leasing (S) and Skywest Airlines under which the full commercial lease rate is charged to Skywest Airlines.
- **ACMI Wet Lease, Put and Call Option Agreement and Guarantee and Indemnity:** these documents were structured when Skywest Airlines was a separate entity from the Virgin Australia Group. Following the acquisition of Skywest Airlines by Virgin Australia, these documents remain relevant to the extent that they provide the Avation Group with an effective guarantee from Virgin Australia. However, many of the features of these documents are now redundant and therefore the contractual structure will be simplified for future deliveries into ARAN.

In the above structure, there are separate agreements in respect of each aircraft delivered into the ARAN, apart from the ACMI Wet Lease which is intended to cover all aircraft under a single agreement. Each of the leases and other aircraft specific documents are for a term of ten years, which matches the term of the financing for those aircraft under the ECA Finance, Junior Debt and vendor finance relating to the ATR aircraft.

Maintenance in relation to the ATR aircraft is to be provided to Skywest Airlines under an airframe general maintenance agreement between Skywest Airlines and ATR and an engine general maintenance agreement between Skywest Airlines and Pratt and Whitney (Canada). Maintenance is paid for on a power-by-the-hour basis with credits accruing under these agreements for scheduled heavy maintenance events during the term of the agreements. If either of these maintenance agreements are terminated early, any accrued credits under those agreements are re-funded for use in funding the scheduled maintenance.

At the end of the term of the leases (or if terminated earlier in the event of a default), the lessor is obliged to return the ATR aircraft in a half-life condition.

Skywest Airlines and Virgin Australia enjoy quiet enjoyment of the ATR aircraft, under quiet enjoyment letters issued by the upstream owners and security holders, for so long as those parties are not in default under the Operating Lease and the ACMI Wet Lease, as the case may be. Under the quiet enjoyment letters, the exercise of the put and call option rights and the substitute operating lease that would arise on exercise of the option rights is also protected allowing it to be leased out immediately to another operator.

With regard to the ATR aircraft funded through the ECA Finance, the legal title to the aircraft sits above the structure set out here, as part of the security granted to the ECA financiers. In relation to the Additional Aircraft, legal title remains with the head lessor under the finance lease and its own financiers, until such time as the Company exercises the purchase option to acquire those aircraft. If the purchase option is exercised to acquire the Additional Aircraft, the legal title to those aircraft would either come within the Group or, if required under the financing to acquire the aircraft, sit within a new security structure under that financing.

Principal Markets

The Group's principal markets are Europe, the United States and Australia. The following table shows a breakdown by country of the location of the net book value of the Group's aircraft for the financial years ended 30 June 2010, 2011 and 2012:

Country	Net Book Value (£)		
	2012	2011	2010
Australia	89,698,256	35,197,379	37,503,127
United States of America	5,661,776	7,074,476	7,649,047
Northern Europe (Denmark)	41,684,917	42,619,016	47,368,403

Aircraft Leases

Information on the leases entered into by the Group is set out below. The total monthly fixed rent generated from these aircraft is US\$3,563,290.

	MSN	Aircraft Type	Lessor Company	Airline Lessee	Commencement Date (Original Date)	Lease Term (Months)	Areas of Operation
1.	11484 (VH-FNY)	Fokker 100	F100 Pty Ltd	Virgin Australia	3 April 2007	114	Western Australia, Northern Territory, Bali (Indonesia)
2.	11489 (VH-FNJ)	Fokker 100	F100 Pty Ltd	Virgin Australia	24 April 2004	117	Western Australia, Northern Territory, Bali (Indonesia)
3.	11488 (VH-FNR)	Fokker 100	F100 Pty Ltd	Virgin Australia	3 August 2004	117	Western Australia, Northern Territory, Bali (Indonesia)
4.	11373 (VH-FNU)	Fokker 100	F100 Pty Ltd	Virgin Australia	8 August 2008	72	Western Australia, Northern Territory, Bali (Indonesia)
5.	11391 (VH-FSW)	Fokker 100	F100 Pty Ltd	Virgin Australia	19 August 2008	64	Western Australia, Victoria
6.	52 (N620AW)	Airbus A320-200	Wilmington Trust Corporation*	US Airways Inc	28 September 1990	275	North America
7.	1881 (OY-VKA)	Airbus A321-200	Capital Lease Malta Limited	Thomas Cook Airlines Scandinavia A/S	1 April 2003	144	Europe, Scandinavia
8.	1921 (OY-VKB)	Airbus A321-200	Capital Lease Malta Limited	Thomas Cook Airlines Scandinavia A/S	28 February 2003	144	Europe, Scandinavia
9.	429 (VH-FNP)	Airbus A320-200	MSN 429 LeaseCo Limited	Virgin Australia	4 April 2010	84	Western Australia, Bali, Victoria
10.	1922 (VH-YUD)	Airbus A320-200	MSN 1922 Pte Ltd	Virgin Australia	18 April 2013	61	Western Australia
11.	954 (VH-FVH)	ATR 72-500	Avation Eastern Fleet Pte Ltd	Virgin Australia	11 August 2011	120	Eastern Australia
12.	955 (VH-FVI)	ATR 72-500	Avation Eastern Fleet Pte Ltd	Virgin Australia	18 August 2011	120	Eastern Australia
13.	974 (VH-FVL)	ATR 72-500	Avation Eastern Fleet Pte Ltd	Virgin Australia	13 October 2011	120	Eastern Australia
14.	979 (VH-FVM)	ATR 72-500	Avation Eastern Fleet Pte Ltd	Virgin Australia	29 November 2011	120	Eastern Australia
15.	978 (VH-FVU)	ATR 72-500	Avation Eastern Fleet Pte Ltd II	Virgin Australia	26 January 2012	120	Eastern Australia

MSN	Aircraft Type	Lessor Company	Airline Lessee	Commencement	Lease Term (Months)	Areas of Operation
				Date (Original Date)		
16. 986 (VH-FVX)	ATR 72-500	Avation Eastern Fleet Pte Ltd II	Virgin Australia	1 February 2012	120	Eastern Australia
17. 1025 (VH-FVP)	ATR 72-600	Avation Eastern Fleet Pte Ltd	Virgin Australia	3 August 2012	120	Eastern Australia
18. 1039 (VH-FVN)	ATR 72-600	Avation Eastern Fleet Pte Ltd	Virgin Australia	6 September 2012	120	Eastern Australia
19. 1053 (VH-FVQ)	ATR 72-600	Avation Eastern Fleet Pte Ltd	Virgin Australia	26 November 2012	120	Eastern Australia
20. 1058 (VH-FVR)	ATR 72-600	Avation Eastern Fleet Pte Ltd	Virgin Australia	19 December 2012	120	Eastern Australia
21. 1073 (VH-FVY)	ATR 72-600	Avation Eastern Fleet Pte Ltd III	Virgin Australia	28 February 2013	120	Eastern Australia

* Capital Lease Aviation PLC as beneficial owner.

The lessees are responsible for all operational costs, insurance costs, maintenance and repairs, airframe and engine overhauls, for obtaining consents and approvals and compliance with conditions for the return of aircraft on lease expiry. Some of the lessees also pay maintenance rent based on the number of hours flown and are entitled to some reimbursement of maintenance expenses as a result. On expiry of each lease, the lessee is obliged to ensure in the hand back process that the aircraft possesses a valid certificate of airworthiness with life-limited parts required to have a minimum number of flight hours remaining in accordance with the return conditions under each lease.

On expiry of each of the leases, the Group seeks to re-lease these aircraft either to the incumbent lessee or to another airline or aircraft operator. The Group also considers the sale of its aircraft assets. The Group commences discussions with the incumbent lessees and potential third party lessees or purchasers around twelve months ahead of the scheduled lease expiry.

The lease of the Fokker F100 with MSN11484 leased to Skywest Airlines which expired in October 2012 was extended for another 4 years at a reduced rental.

Strategy

The Company's strategy is to continue to expand the Group's aircraft leasing business by:

- *Capitalising on continued growth in the aircraft leasing market by acquiring additional aircraft:* the Company intends to exploit the current growth dynamic in the aircraft leasing market by identifying and acquiring additional aircraft. The Company will adopt a flexible approach to the type of aircraft it purchases and this will depend principally on the requirements of its growing customer base. The Company is continuously evaluating potential opportunities for growth in line with its strategy, notably growing its portfolio of aircraft, in particular by maintaining communications with aircraft owners and manufacturers. Continuing to build out the ATR 72 fleet for Virgin Australia continues to be one of the main focuses of the Group.
- *Leasing aircraft to regional and international airlines:* the Directors expect the Group's customer base to comprise both regional and global airline companies. The Group's customer base will not be restricted to a particular geography or type of customer.
- *Efficiently raising capital to execute its growth strategy:* the Company expects to fund its growth strategy through a mix of retained cashflow, debt and equity financing in order to maintain an efficient capital structure. Where possible, the Company may utilize a broad range of funding options to support its growth strategy. The Company expects to use appropriate financing and hedging strategies to manage interest and exchange rate volatility.

Financing

The Group has the following aircraft finance facilities in place as at 30 April 2013, being the latest practicable date before publication of this document, and there has been no change to this position at the date of this document:

<i>Borrower</i>	<i>Facility</i>	<i>Lender</i>	<i>Principal Amount (\$)</i>	<i>Debt Outstanding (\$)</i>
F100 Pty Ltd	Senior Secured Loan	Capital Finance Australia Limited	22,116,000	581,706
CLA/CLM	Senior Secured Loan	DVB Bankd SE	60,000,000	28,486,690
AEF	Senior Secured Export Credit Loan	Crédit Agricole CIB	133,499,069	123,733,995
AEF	Junior Loan ¹	Atriam Mauritius Limited	10,654,977	11,224,1121
AEF II	Finance Lease	Nordic Aviation Capital	35,000,000	33,582,087
Avation	Unsecured Loan	Fleet Solution Consulting	3,000,000	3,000,000
MSN 429	Senior Secured Loan	Barendina S.A.	6,000,000	6,000,000
Leaseco Limited				
AEF III	Senior Secured Loan	CIC	15,000,000	15,000,000
AEF III	Junior Loan	Atriam Mauritius Limited	1,311,076	1,311,076
MSN 1922 Pte Ltd	Finance Lease	BOC Aviation	13,700,00	13,700,00
AEF IV	Senior Secured Loan ²	Export Development Canada	60,000,000	Undrawn
AEF IV	Junior Loan ²	Atriam Mauritius Limited	5,000,000	Undrawn
CLA	Senior Secured Loan ²	Barendina S.A.	7,000,000	Undrawn

1 Interest capitalising

2 Financing subject to finalising definitive documentation

The Board

The Directors have overall responsibility for the Company's activities. The Board consists of three Directors and their biographies are as follows:

Robert Jeffries Chatfield (Chairman)

Mr Chatfield is Chairman of the Company and was a founding director, appointed on 11 July 2006. He is also the Chairman of CLA. Mr Chatfield has managed and been a director of a number of companies involved in the airline, data distribution, electronics, investment, broadcasting and manufacturing sectors. He is the author of a variety of patents held by the Company and its subsidiaries. He has a Bachelor of Engineering and a Masters in Engineering Science from the University of Western Australia, and holds a diploma in corporate governance from the Australian Institute of Company Directors. He is a graduate member of the Australian Institute of Company Directors and a member of Singapore Institute of Directors. He was born in Perth, Australia and is a Permanent Resident of Singapore.

Roderick Douglas Mahoney

Mr Mahoney was a fleet planning and aircraft procurement consultant to the Company and has previously been a project advisor to a variety of Asia-Pacific airlines, suppliers and other aviation businesses, including Virgin Blue and V Australia. Before that, he held various senior executive positions at Airbus for 23 years, largely within the sales divisions covering Europe and Africa, China and the Pacific. He holds a Bachelor of Science Degree in Aeronautical Engineering (BSc. Hons), a Masters in Air Transport (MSc) and a Masters of Applied Finance (MAppFin). Mr Mahoney holds dual citizenship of the United Kingdom and Australia and resides in Singapore. Mr Mahoney holds a diploma in corporate governance and is a Graduate Member of the Australian Institute of Company Directors.

Bryant James McLarty

Mr McLarty was appointed as a Non-Executive Director on 28 November 2007.

Mr McLarty has extensive experience in corporate strategy and management and a practical working knowledge of securities and equity markets.

Currently the Executive Chairman of the Australian Stock Exchange listed company, PharmAust Limited (ASX:PAA), Mr McLarty also holds an Australian Financial Services Licence in his capacity as Executive Director of Equity Capital Markets and Corporate Advisory firm Mac Equity Partners.

Mr McLarty is a member of the Australian Institute of Company Directors.

Other Group Directors

Additionally, with the exception of Mr Chatfield, the directors of CLA are different from the Directors of the Company. They are as follows:

Soeren Eric Ferré

Mr Ferré is the chief executive of CLA and has been the strategic advisor to APFleet since October 2010. Prior to this, he was the Chief Executive Officer of AerCap Group Services B.V. from January 2008. In addition to this responsibility, he was also Head of Europe, Middle East, Africa & Asia-Pacific Region of AerCap Holdings N.V. He joined AerCap in September 2003 as Vice President of Marketing for the Asia-Pacific region. In July 2004, he was appointed as the Head of Sales and Marketing for the Asia-Pacific region. In 2001, Mr Ferré became the Sales Director for the Pacific region for Airbus where he was in charge of the major airlines in that region. Mr Ferré holds a Bachelor's degree in Engineering from the Ecole Nationale de l'Aviation Civile.

Peter Anthony Freeman

Mr Freeman is a Non-Executive Director of CLA. He is a compliance officer of Loeb Aron & Co Ltd (a Corporate Finance firm authorised and regulated by the FCA) and was previously a director of OFEX Plc and OFEX Holdings Plc (formerly PLUS Markets and now ICAP Securities & Derivatives Exchange) and of Loeb Aron & Co Ltd. He is a director of Jenolan Ltd and a member of the Chartered Institute of Securities and Investments corporate finance professional interest forum committee.

Ronald Lewis Aitkenhead

Mr Aitkenhead is a director of F100 Pty Ltd, an Australian subsidiary of the Company, and is a director of C1 an Australian subsidiary of CLA. He is a qualified Justice of the Peace and former Chairman of the Fremantle Port Authority. Mr Aitkenhead is a past Chairman of the Central Wheatbelt Business Enterprise Centre and has held executive positions in many community and sporting organisations in Western Australia.

Performance

As at 31 December 2012, the Company's market capitalisation was £38.99 million. As at the same date, the enterprise value of the Company was approximately £165.02 million with net equity of £45.48 million (as derived from the Company's unaudited management accounts for the period ended 31 December 2012).

Set out below is a summary of audited financial results of the Group for the periods ended 30 June 2010, 2011 and 2012 together with the unaudited half year reports for the six month periods ended 31 December 2011 and 31 December 2012:

	<i>30 June 2010</i>	<i>30 June 2011</i>	<i>30 June 2012</i>	<i>Six months to 31 December 2011</i>	<i>Six months to 31 December 2012</i>
	£	£	£	£	£
Revenue	17,552,513	16,291,428	22,098,019	10,060,035	12,713,862
Gross profit	16,568,634	15,552,150	21,384,893	9,593,816	12,468,575
Profit before taxation	3,548,100	5,631,646	5,240,870	3,223,901	3,957,890
Profit after taxation	2,818,583	5,056,726	4,161,210	2,701,980	3,341,467
Earnings per share	6.39 pence	11.95 pence	8.16 pence	5.29 pence	6.44 pence
Total assets	<u>96,269,565</u>	<u>99,391,843</u>	<u>158,131,903</u>	<u>150,751,710</u>	<u>204,777,910</u>
Total liabilities	<u>60,237,639</u>	<u>49,931,245</u>	<u>105,610,847</u>	<u>95,555,699</u>	<u>148,784,254</u>

Dividend Policy

The Company's dividend policy is, subject to having the reserves to do so, to declare a dividend if the Board considers that it is in the best long-term interests of the Company and its shareholders. The policy is a progressive dividend policy, in that if reserves are available the dividend shall increase.

Since its incorporation, the Company has made six dividends; an interim dividend of 0.5 pence per share in the financial year ended 30 June 2007 (a total of £126,800), a final dividend of 0.5 pence per share in the financial year ended 30 June 2008 (a total of £127,903), a final dividend of 0.5 pence per share in the financial year ended 30 June 2009 (a total of £131,095), a final dividend of 0.6 pence per share in the financial year ended 30 June 2010 (a total of £171,193), a final dividend at 1 penny per share in the financial year ended 30 June 2011 (a total of £407,266.82) and a final dividend at 1.05 pence per share in the financial year ended 30 June 2012 (a total of £464,356.86).

Borrowing Policy and Requirements

In financing assets, the Group has relationships with numerous lenders and seeks to obtain the most competitive finance available for the specific asset or project under consideration.

In order to minimize risk, the term of the finance is matched to the lease period or to the life of the underlying asset or project. Fixed interest finance is sought if the future income stream is fixed. Where contracts are linked to floating interest rates, the Group would seek finance with an appropriate floating rate in order to minimize interest rate risk. Currently, the Company has no debt with floating rate interest charges.

Generally, currency risk is managed by matching the asset and income stream to the financing in terms of currency. If a material multi-currency transaction is entertained, the Group will consider various hedging alternatives to minimize currency risk.

Administration and Company Secretarial Arrangements

The Company has three members of its company secretariat who provide advice and support to the Board. An external share registrar, Computershare Investor Services PLC, handles matters concerning shareholder movements and dividend payments.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous twelve months which may have, or have had in the recent past, significant effects on the Company's and/or Group's financial position or profitability.

Significant Change

There has been no significant change in the financial or trading position of the Group which has occurred since 31 December 2012, the end of the last financial period for which interim financial information has been published.

Financial Statements

The Company prepares its financial statements in accordance with IFRS.

Reports to Shareholders and AGMs

The Company's annual report and financial statements are prepared up to 30 June each year. The Company's AGMs are usually held in December of each year.

PART III

DETAILS AND TERMS AND CONDITIONS OF THE OPEN OFFER

1. The Open Offer

The Open Offer is an opportunity for Qualifying Shareholders to acquire New Ordinary Shares (being in aggregate 4,337,987 New Ordinary Shares) *pro rata* to their current holdings, at the Issue Price in accordance with the terms of the Open Offer. The Open Offer is expected to raise approximately £2.6 million (before costs and expenses).

Pursuant to the Underwriting Agreement, Epsom Assets has made arrangements to underwrite the whole of the proposed issue of New Ordinary Shares at the Issue Price, to the extent that Qualifying Shareholders do not take up their entitlements under the Open Offer.

2. Principal terms of the Open Offer

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for New Ordinary Shares at the Issue Price, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date, on the basis of their Basic Entitlement of:

0.0975 New Ordinary Shares for every 1 Existing Ordinary Share

In addition and subject to availability, the Excess Application Facility enables Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Basic Entitlements up to a maximum number of Excess Shares equal to the number of Existing Ordinary Shares registered in their name at the Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete Boxes D, E, F and G on the Application Form. Qualifying CREST Shareholders will have their Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Excess Shares may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. No more than 4,337,987 New Ordinary Shares in aggregate will be issued by the Company under the Open Offer.

Fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.

The Issue Price of 60 pence per New Ordinary Share represents a discount of 15.5 pence (20.53 per cent.) to the Closing Price of 75.5 pence per Existing Ordinary Share on 3 May 2013 (being the last dealing day prior to announcement of the intention to undertake the Open Offer).

The Issue Price of the New Ordinary Shares was determined by the Directors. The Directors believe that the level of discount at which New Ordinary Shares were placed and at which New Ordinary Shares are being offered in the Open Offer is appropriate with regard to the net proceeds that will be raised and the level of demand from investors.

The Open Offer is fully underwritten by Epsom Assets pursuant to the Underwriting Agreement, the principal terms and conditions of which are summarised in paragraph 9.10 of Part IV of this document, and is sub-underwritten by members of the management of the Company.

The Open Offer will remain open for acceptance until 11.00 a.m. on 22 May 2013. The Open Offer is conditional, *inter alia*, on the Underwriting Agreement becoming unconditional in all respects save for the condition relating to Admission and Admission becoming effective by not later than 8.00 a.m. on 24 May 2013 (or such later time and date as the Company and Epsom Assets may agree, not being later than 8.00 a.m. on 31 May 2013).

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue. The Company may fix a date as the record date by reference to which a dividend will be declared or paid.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List of the UK Listing Authority, and will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 24 May 2013.

This document and, for Qualifying Non-CREST Shareholders, the Application Form, contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III ("Conditions") which gives details of the procedure for application and payment for the New Ordinary Shares. The attention of Overseas Shareholders is drawn to paragraph 7 of this Part III.

The Open Offer is not a rights issue and any New Ordinary Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer.

3. Applications

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is expected to be 5.00 p.m. on 3 May 2013. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 7 May 2013. Basic Entitlements under the Open Offer and also Excess CREST Open Offer Entitlements in connection with the Excess Application Facility Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 8.00 a.m. on 8 May 2013. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. (London time) on 22 May 2013 with Admission and commencement of dealings in New Ordinary Shares expected to take place at 8.00 a.m. (London time) on 24 May 2013.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown in Box B on their Application Form and Excess Shares equal to the number shown in Box A and, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements and Excess CREST Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer, as will Qualifying Shareholders with holdings under different designations or in different accounts.

Qualifying Shareholders may apply for any number of New Ordinary Shares up to the maximum to which they are entitled under the Open Offer. No application in excess of a person's Open Offer Entitlement will be met and any person so applying, and whose application is otherwise valid in all respects, will be deemed to have applied for the maximum entitlement as specified in Boxes B and F of the Application Form (or, in the case of Qualifying CREST Shareholders, for the Open Offer Entitlement standing to the credit of their stock account in CREST), or as otherwise notified to him or her, as applicable (and any monies received in excess of the amount due will be returned to any Qualifying Non-CREST Shareholder without interest as soon as practicable by way of cheque at such Applicant's sole risk).

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. A Qualifying Shareholder that does not take up any New Ordinary Shares under the Open Offer will suffer a dilution of 8.89 per cent. in their holding of the Company as result of the Open Offer. Qualifying CREST Shareholders should note that, although their Open Offer Entitlement will be credited to their CREST accounts, the Open Offer

Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. New Ordinary Shares which are not taken up under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up New Ordinary Shares will not have rights under the Open Offer nor will they receive any proceeds from it. Any New Ordinary Shares which are not taken up under the Open Offer will be issued to the Underwriter and/or the sub-Underwriters subject to the terms of the Underwriting Agreement and sub-underwriting agreements, with the net proceeds retained for the benefit of the Company.

No temporary documents of title will be issued in respect of New Ordinary Shares held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form in the week commencing 27 May 2013. In respect of those Qualifying Shareholders who validly elect to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST on 24 May 2013.

Qualifying Shareholders who do not wish to apply for New Ordinary Shares should take no action.

4. Conditions

The Open Offer is conditional on the Underwriting Agreement becoming unconditional in all respects. The Underwriting Agreement is conditional, amongst other things, on

- Admission occurring not later than 8.00 on 23 May 2013 or such later time and/or date as the Company and the Underwriter may agree (being not later than 31 May 2013)
- The Company having performed all of its obligations under the Underwriting Agreement which are to be performed on the date of the Underwriting Agreement or otherwise prior to Admission

Certain of the conditions to the Underwriting Agreement may be waived by the Underwriter at its sole discretion.

Accordingly, if these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will be revoked and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Registrar in respect of New Ordinary Shares will be returned (at the Applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Please see paragraph 9.10 of Part IV ("General Information") of this document for a summary of the material terms of the Underwriting Agreement. Revocation cannot occur after dealings in the New Ordinary Shares have begun.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be credited to CREST at 8.00 a.m. on 8 May 2013. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 24 May 2013. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

5. Procedure for applications and payments

CREST Sponsored Members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST Members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form on the Record Date will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date will be allotted New Ordinary Shares in uncertificated form to the extent that their entitlement to New Ordinary Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in the paragraph of this Part III entitled "Deposit of Open Offer Entitlements into, and withdrawal from, CREST".

5.1 *If you have an Application Form in respect of your entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 7 of this Part III in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in a Qualifying Non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of New Ordinary Shares which represent the Basic Entitlement of a Qualifying Non-CREST Shareholders. Qualifying Non-CREST Shareholders may apply for more than their Basic Entitlements pursuant to the Excess Application Facility should they wish to do so (see paragraph 5.1(c) below). Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a bona fide market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire New Ordinary Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to 5.00 p.m. on 3 May 2013, being the date upon which the Existing Ordinary Shares will be marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except prior to 3.00 p.m. on 20 May 2013 to satisfy *bona fide* market claims. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his or her holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares are marked "ex" the entitlement to participate in the Open Offer, which is expected to be 5.00 p.m. on 3 May 2013, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold or otherwise transferred all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J of the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should refer to the procedures set out in paragraphs 5.2(b) and 5.2(f) (as applicable) below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown in Box A of the Application Form prior to 5.00 p.m. on 3 May 2013 should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box A) and the Open Offer Entitlement to be included in each Application Form (the aggregate of which must equal the number shown in Box B) and details of the stockbroker, bank or other agent through whom any sale or transfer was effected (or details of the purchaser or transferee, if known) to the Registrar, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. The Registrar will then create new Application Forms, mark the Application Forms "Declaration of sale or transfer duly made" and send them by post to the Qualifying Non-CREST Shareholders submitting the original Application Form.

(c) *Excess Applications*

Qualifying Non-CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares up to a maximum number of Excess Shares equal to the number of Existing Ordinary Shares registered in their name on the Record Date may do so by completing Boxes D, E, F and G of the Application Form. The total number of New Ordinary Shares is fixed and will not be increased in response to any excess applications. Applications for Excess Shares will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full. Applications under the Excess Applications Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Applicant (at the Applicant's risk) without interest as soon as practicable thereafter by way of cheque.

(d) *Application procedure*

Qualifying Non-CREST Shareholders wishing to apply to acquire New Ordinary Shares in respect of all or part of their Open Offer Entitlement should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be returned to the Registrar, by post or by hand (during normal business hours only) to by post to Computershare Investor Services PLC, Corporate Actions Projects, BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by the Registrar by no later than 11.00 a.m. on 21 May 2013, after which time, subject to the limited exceptions below, Application Forms will not be valid. Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided. Within the United Kingdom, Qualifying Non-CREST Shareholders can use the reply-paid envelope accompanying the Application Form. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK or using the reply-paid envelope included with the Application Form in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery.

Completed Application Forms should be returned with a cheque or banker's draft drawn in pounds sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by any of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques should be drawn on a personal account in respect of which the Qualifying Non-CREST Shareholder has sole or joint title to the funds and should be made payable to "CIS PLC re: Aviation Open Offer" and crossed "A/C Payee only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Non-CREST Shareholder has title to the underlying funds) will be subject to the Money Laundering Regulations which could delay or prevent Qualifying Non-CREST Shareholders receiving their New Ordinary Shares (please see paragraph 6 below). All documents and cheques sent through the post by a Qualifying Non-CREST Shareholder will be sent at their own risk and any cheques not received by the Registrar will need to be re-issued and re-sent by the Qualifying Non-CREST Shareholder. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. Should such cheques or banker's drafts not be so honoured, the Company may undertake any action to recover the value of the application and any costs associated with such recovery (including the forfeiture and sale of any New Ordinary Shares allotted pursuant to such an application). If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account, with interest, if any, being retained for the Group until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued and all monies will be returned (at the Applicant's sole risk), without payment of interest, to Applicants as soon as reasonably practicable following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 22 May 2013; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 22 May 2013 from authorised persons (as defined in FSMA) specifying the New Ordinary Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If New Ordinary Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of Qualifying Non-CREST Shareholder, for the sale of such Qualifying Non-CREST Shareholder's New Ordinary Shares. Neither the Registrar nor the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(e) *Effect of application*

By completing and delivering an Application Form, the Applicant:

- (i) represents and warrants to the Company, and the Registrar that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights and perform his

- or her obligations under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
 - (iii) confirms to the Company that in making the application he or she is not relying on any information or representation in relation to the Company and its Group other than that contained in this document, and the Applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he or she will be deemed to have had notice of all information in relation to the Company and its Group contained in this document (including any information incorporated by reference);
 - (iv) confirms to the Company that no person other than the Company has been authorised to give any information or to make any representation concerning the Company, or its subsidiaries, or the New Existing Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
 - (v) represents and warrants to the Company and the Registrar that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he or she received such Open Offer Entitlement by virtue of a *bona fide* market claim;
 - (vi) represents and warrants to the Company and the Registrar that if he or she has received some or all of his or her Open Offer Entitlements from a person other than the Company he or she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
 - (vii) requests that the New Ordinary Shares to which he or she will become entitled be issued to him on the terms set out in this document and the Application Form subject to the Articles of the Company;
 - (viii) represents and warrants to the Company and the Registrar that he or she is not, nor is he or she applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares by such person is prevented by law and he or she is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his or her application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares by such person is prevented by law (except where proof satisfactory to the Company has been provided that he or she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
 - (ix) except where proof in the form described in paragraph 7.2 has been provided to the Company's satisfaction that such person is, or is acting on behalf of, a QIB, and that such person's use of the Application Form will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, represents and warrants to the Company and the Registrar that he or she is not in the United States, nor is he or she applying for the account of any person who is located in the United States,

unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (i) it has the authority to give such instruction and either (ii) has investment discretion over such account or (iii) is an investment manager or investment company that it is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S; and (iv) is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any New Ordinary Shares into the United States; and

- (x) represents and warrants to the Company and the Registrar that he or she is not, and nor is he or she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 (a “Specified Person”) and that if any stamp duty, stamp duty reserve tax, or any other transfer, issuance tax or related interest and penalties (“Stamp Tax”) arises in connection with his or her acquisition of the New Ordinary Shares or any subsequent transfer by him, or his or her agent, of such shares to a Specified Person or a nominee or agent for such person, he or she agrees that he or she will pay and bear, or procure the payment of, the cost of such Stamp Tax.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH (telephone 0870 707 1324 from within the UK, for which calls are charged at approximately 10 pence per minute (including VAT) from a BT landline and other telephone provider costs may vary) (telephone + 44 870 707 1324 if calling from overseas. Please note that the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether Applicants should take up their Open Offer Entitlements.

For information on how to deposit an Open Offer Entitlement in whole or in part into CREST, please see paragraph 5.2(g) below.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Application Form.

5.2 *If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 7 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his or her stock account in CREST of Basic Entitlements under the Open Offer plus a number of Excess Shares equal to the number of Existing Ordinary Shares registered in his name at the Record Date. Basic Entitlements to New Ordinary Shares will be rounded down to the nearest whole number. Any fractional entitlements arising will be rounded down to the nearest whole number of new shares and fractions of new shares will be disregarded.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlement has have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00am on 9 May 2013, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement which should have been credited to his or her stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the

provisions of this document applicable to Qualifying Non-CREST Shareholders who have received Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST Members who wish to apply to acquire some or all of their *pro rata* entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Registrar on 0870 707 1324 from within the UK (or +44 870 707 1324 if calling from overseas) between the hours of 8.30 a.m. and 5.30 p.m. on any Business Day. Please note that the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether Applicants should take up their Open Offer Entitlement. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up and apply for New Ordinary Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Bona fide market claims*

Each of the Open Offer Entitlements will have a separate ISIN and constitute a separate line for CREST purposes. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement will thereafter be transferred accordingly.

(c) *Excess Application Facility*

Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlements up to a maximum number of Excess Shares equal to the number of Existing Ordinary Shares registered in their name at the Record Date.

Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 7 of this Part III in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements in order for any application for Excess Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instruction in paragraph 5.2(f) below and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Basic Entitlements and the relevant Basic Entitlements is transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlements claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlements credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlements.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

The total number of New Ordinary Shares is fixed and will not be increased in response to applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Applicant (at the Applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

(d) *USE instructions*

Qualifying CREST Shareholders who are CREST Members and who want to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlement in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an Unmatched Stock Event ("USE") instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Computershare Investor Services PLC under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for;
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Computershare Investor Services PLC in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Ordinary Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Registrar);
- (ii) the ISIN of the Basic Entitlement. This is GB00B8CLK065;
- (iii) the CREST Participant ID of the accepting CREST Member;
- (iv) the CREST Member account ID of the accepting CREST Member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent. This is 3RA21;
- (vi) the member account ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent. This is AVATION;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 23 May 2013; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 May 2013.

In order to assist prompt settlement of the USE Instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the “free format shared note” field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 22 May 2013 in order to be valid is 11.00 a.m. on that day.

(f) *Content of USE instructions in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Ordinary Shares for which application is being made (and hence the number of the Excess CREST Open Offer Entitlements being delivered to the Registrar);
- (ii) the ISIN of the Excess CREST Open Offer Entitlements. This is GB00B8CLK289
- (iii) the CREST Participant ID of the accepting CREST Member;
- (iv) the CREST Member account ID of the accepting CREST Member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent. This is 3RA21;
- (vi) the member account ID of Computershare Investor Services PLC in its capacity as a CREST receiving agent. This is AVATION;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 23 May 2013; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for Excess CREST Open Offer Entitlements under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 May 2013.

In order to assist prompt settlement of the USE Instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the “free format shared note” field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 22 May 2013 in order to be valid is 11.00 a.m. on that day.

(g) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's Basic Entitlement as set out in his or her Application Form may be deposited into CREST (either into the account of the Qualifying Non-CREST Shareholder named in the Application Form or into the account of a person entitled by virtue of a *bona fide* market claim). Similarly, an Open Offer Entitlement held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, save (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box O of their Application Form, entitled "CREST Deposit Form" and then deposit their Application Form with the CREST Courier and Sorting Service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST Courier and Sorting Service and (b) only the Open Offer Entitlement shown in Box B of the Application Form may be deposited into CREST.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box J must be completed or (in the case of an Application Form which has been split) marked "Declaration of sale or transfer duly made". If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box O of your Application Form must be completed and deposited with the CREST Courier and Sorting Service in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box O of each Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 May 2013. After depositing their Basic Entitlements into their CREST account, CREST holders will receive a credit for their Excess CREST Open Offer Entitlement.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as an Open Offer Entitlement in CREST, is 3.00 p.m. on 17 May 2013 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of an Open Offer Entitlement from CREST is 4.30 p.m. on 16 May 2013, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlement, following the deposit or withdrawal (whether as shown in an Application Form or held in CREST), to take all necessary steps in connection with applying in respect of the Open Offer Entitlement prior to 11.00 a.m. on 22 May 2013. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph entitled "Instructions for depositing entitlements under the Open Offer into CREST" of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST Member(s) that it/they is/are not citizen(s) or resident(s) of the United States or any of the Restricted Jurisdictions or any

jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 22 May 2013 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his or her CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 21 May 2013. In this respect, CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications:*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST Member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE instruction, refunding any unutilised sum to the CREST Member in question (without interest).

(k) *Effect of valid application:*

A CREST Member who makes, or is treated as making, a valid application in accordance with the above procedures as regards an Open Offer Entitlement, thereby:

- (i) represents and warrants to the Company and the Registrar that he or she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or her rights and perform his or her obligations under any contracts resulting therefrom and that he or she is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrar payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (iii) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;

- (iv) confirms to the Company that in making the application he or she is not relying on any information or representation in relation to the Company and its Group other than that contained in this document, and the Applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he or she will be deemed to have had notice of all information in relation to the Company and its Group contained in this document (including any information incorporated by reference);
- (v) confirms to the Company that no person other than the Company has been authorised to give any information or to make any representation concerning the Company, or its subsidiaries, or the New Existing Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
- (vi) represents and warrants to the Company and the Registrar that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he or she received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company and the Registrar that if he or she has received some or all of his or her Open Offer Entitlements from a person other than the Company he or she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) requests that the New Ordinary Shares to which he or she will become entitled be issued to him on the terms set out in this document and the Application Form subject to the Articles of the Company;
- (ix) represents and warrants to the Company and the Registrar that he or she is not, nor is he or she applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares by such person is prevented by law and he or she is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his or her application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares by such person is prevented by law (except where proof satisfactory to the Company has been provided that he or she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
- (x) except where proof in the form described in paragraph 7.2 has been provided to the Company's satisfaction that such person is, or is acting on behalf of, a QIB, and that such person's use of the Application Form will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, represents and warrants to the Company and the Registrar that he or she is not in the United States, nor is he or she applying for the account of any person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (i) it has the authority to give such instruction and either (ii) has investment discretion over such account or (iii) is an investment manager or investment company that it is applying for the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S; and (iv) is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any New Ordinary Shares into the United States; and

- (xi) represents and warrants to the Company and the Registrar that he or she is not, and nor is he or she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 (a “Specified Person”) and that if any stamp duty, stamp duty reserve tax, or any other transfer, issuance tax or related interest and penalties (“Stamp Tax”) arises in connection with his or her acquisition of the New Ordinary Shares or any subsequent transfer by him, or his or her agent, of such shares to a Specified Person or a nominee or agent for such person, he or she agrees that he or she will pay and bear, or procure the payment of, the cost of such Stamp Tax.
- (l) *Company’s discretion as to the rejection and validity of applications*
- Subject to the provisions of the Underwriting Agreement, the Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 3 (“Terms and Conditions of the Open Offer”);
 - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
 - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
 - (iv) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.
- (m) *Lapse of the Open Offer*
- In the event that the Open Offer does not become unconditional by 8.00 a.m. on 23 May 2013 or such later time and date as the Company and the Underwriter may agree, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as reasonably practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

6 Money Laundering Regulations

6.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Registrar may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification

of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of New Ordinary Shares as is referred to therein (for the purposes of this paragraph 6, the “relevant New Ordinary Shares”) and shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any acceptor or application, the relevant New Ordinary Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity and, in any case by 22 May 2013, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (a) if the Applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) if the Applicant (not being an Applicant who delivers his or her application in person) makes payment by way of a cheque drawn on an account in the Applicant’s name; or
- (d) if the aggregate price for the New Ordinary Shares is less than the pounds sterling equivalent of €15,000

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker’s draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to “CIS PLC re: Avation Open Offer” in respect of an application by a Qualifying Shareholder and crossed “A/C Payee Only”. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker’s draft to such effect.

However, third party cheques will be subject to the Money Laundering Regulations which would delay shareholders receiving their New Ordinary Shares. The account name should be the same as that shown on the Application Form;

- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide, with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar

To confirm the acceptability of any written assurance referred to in (ii) above, or in any other case, the acceptor should contact the Registrar. The telephone number of the Registrar is 0870 707 1324 or + 44 870 707 1324 (if calling from overseas), between the hours of 8.30 a.m. and 5.30 p.m. on any Business Day.

If the Application Form(s) is/are in respect of New Ordinary Shares with an aggregate price of the pounds sterling equivalent of €15,000 or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of New Ordinary Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 22 May 2013, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

7 Overseas Shareholders

The making of the Open Offer to persons located or resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdiction. Any person who is in any doubt as to his or her position should consult an appropriate professional adviser without delay

7.1 General

The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens or residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for New Ordinary Shares under the Open Offer.

No action has been or will be taken by the Company, or any other person, to permit a public offering or, subject to certain exceptions, distribution of this document (or any other offering or publicity materials or application form(s) relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to, stock accounts in CREST of persons with registered addresses in the United States or any of the Restricted Jurisdictions or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any such jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an Invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for New Ordinary Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for New Ordinary Shares unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 7.

Subject to paragraphs 7.2 to 7.5 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for New Ordinary Shares must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The Company reserves the right, but shall not be obliged, to treat as invalid, and will not be bound to allot or issue any New Ordinary Shares in respect of, any application or purported application for New Ordinary Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or any of the Restricted Jurisdictions or in a manner that may

involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of New Ordinary Shares or in the case of a credit of an Open Offer Entitlement to a stock account in CREST, to a CREST Member whose registered address would be, in the United States or any Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 5.1(e)(ix) and (x); 5.2(k)(ix) and (x); and 7.2 to 7.4 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for New Ordinary Shares if the Company is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for New Ordinary Shares should note that payment must be made in pounds sterling denominated cheques or banker's drafts or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, the Shareholders who have registered addresses in the United States, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of the United States or any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States or any Restricted Jurisdiction or for the account of any person with a registered address in, or located in, the United States, or any person who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of New Ordinary Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

7.2 *United States*

The New Ordinary Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, none of this document, the Application Forms nor the crediting of Open Offer Entitlements to a stock account in CREST constitutes nor will constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, any New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no Open Offer Entitlements will be credited to, a stock account in CREST with a bank or financial institution of any person with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to

be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements credited to a stock account in CREST, and delivery of the New Ordinary Shares, to the effect set out in paragraphs 5.1(e)(x) and 5.2(k)(x), as applicable.

The Company reserves the right to reject any Application Form or USE Instruction if it has reason to believe such representations and warranties cannot be given.

The Company also reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance of the New Ordinary Shares, or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

In addition, except as set out below, any person applying for New Ordinary Shares must make the representations and warranties set out in paragraphs 5.1(e)(ix) and (x) and 5.2(k)(ix) and (x) above, as appropriate. Accordingly, except as set out below, the Company reserves the right to treat as invalid (i) any Application Form that does not make the representations and warranties set out in paragraphs 5.1(e)(ix) and (x) above and (ii) any USE instruction that does not make representations and warranties set out in paragraphs 5.2(k)(ix) and (x) above. The attention of persons holding for the account of persons located in the United States or located or resident in any of the Restricted Territories is directed to such paragraphs.

Notwithstanding the foregoing, the New Ordinary Shares may be offered to, and applications for New Ordinary Shares may be accepted from persons in, or by persons acting for accounts located in, the United States and that cannot make the representations and warranties referred to above provided such persons are, or are acting for the account of persons, reasonably believed to be QIBs, in transactions exempt from, or not subject to, the registration requirements of the Securities Act, provided such persons satisfy the Company that they are eligible to participate on such basis. To establish eligibility, the QIB must deliver a signed investor letter (in the form provided by the Company) to the Company, the Registrar and, if relevant, any nominee, custodian or other person holding on behalf of such QIB. Such form can be obtained from the Company Secretary.

Such investor letter will include, among other things, the following representations, warranties and agreements:

- representing that the signatory is a QIB, and any account for which the signatory is acquiring the New Ordinary Shares is a QIB;
- representing that the signatory is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in the United States;
- agreeing not to re-offer, resell, pledge or otherwise transfer the New Ordinary Shares, except:
- in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S;
- to a QIB in a transaction in accordance with Rule 144A; or
- pursuant to an exemption from registration provided by Rule 144 under the US Securities Act (if applicable);

and in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States; and

- agreeing not to deposit any New Ordinary Shares into any unrestricted depository facility established or maintained by any depository bank, unless they have been registered pursuant to an effective registration statement under the US Securities Act.

No representation has been, or will be, made by the Company as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the re-offer, sale, pledge or transfer of the New Ordinary Shares by any investor.

In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act.

7.3 *Restricted Jurisdictions*

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Ordinary Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

Subject to certain exceptions, no offer of New Ordinary Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

The notice in the London Gazette referred to in paragraph 7.5 below will state where a copy of this Circular and the Application Form may be inspected or obtained. Any person in the United States or a Restricted Jurisdiction who obtains a copy of an Application Form is required to disregard it, except with the express consent of the Company

7.4 *Jurisdictions other than Restricted Jurisdictions*

Application Forms will be sent to Qualifying Non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up New Ordinary Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form. Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for New Ordinary Shares in respect of the Open Offer.

7.5 *Notice in the London Gazette*

Pursuant to section 562 of the 2006 Act, the Open Offer to Qualifying Shareholders who have no registered address within a member state of the EEA and who have not supplied to the Company an address within an EEA State for the service of notices, the Company will publish a notice in the London Gazette on 8 May 2013 stating where copies of this Document and the Application Form may be inspected or obtained on personal application by or on behalf of such Qualifying Shareholders. However, in order to facilitate acceptance of the Open Offer by Qualifying Shareholders by virtue of such publication, this Document and, subject to paragraphs 7.1 to 7.3 above, Application Forms, have also been posted to such Qualifying Shareholders. Such Shareholders, if it is lawful to do so, may accept the Open Offer either by returning the Application Form posted to them in accordance with the instructions set out therein or, subject to surrendering the original Application Form posted to them, by obtaining a copy thereof from the place stated in the notice in the London Gazette and returning it in accordance with the instructions set out

therein. Similarly, Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Qualifying Shareholders who have registered addresses, or are resident or located, in the United States or any of the Restricted Jurisdictions).

7.6 *Waiver*

The provisions of this paragraph 7 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific persons or on a general basis by the Company, in its absolute discretion (but subject to the provisions of the Underwriting Agreement). Subject to this, the provisions of this paragraph 7 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 7 to the Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

8. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 23 May 2013. Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List of the UK Listing Authority, and will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 24 May 2013.

Admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST. The Existing Ordinary Shares are already admitted to CREST. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 22 May 2013 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above is/are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST Participant IDs and CREST Member account IDs in respect of which the relevant USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with an Open Offer Entitlement, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly taken up are expected to be despatched by post the week commencing 27 May 2013. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to Applicants, or as they may direct, will be sent through the post at their own risk.

9. Times and Dates

The Company shall, in agreement with the Underwriter and after consultation with its advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer, and all related dates set out in this document, and in such circumstances shall make an announcement on a Regulatory Information Service approved by the UK Listing Authority and, if appropriate, by the Shareholders **but Qualifying Shareholders may not receive any further written communication.**

10. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Open Offer, this document or the Application Form (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form). By taking up New Ordinary Shares in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

11. Further information

Your attention is drawn to the further information set out in this document and incorporated by reference into this document and also, in the case of Qualifying Non-CREST Shareholders and any other Qualifying Shareholders to whom an Application Form has been sent to the terms, conditions and other information printed on the Application Form.

PART IV
GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears at paragraph 2.1.2 of this Part IV, and the Directors, whose names and functions appear on pages 27 and 28 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company

2.1 Incorporation

2.1.1 The Company was incorporated in England and Wales on 11 July 2006 under the Companies Act 1985. The Company is registered as a public limited company with registered number 5872328. The Company's legal and commercial name is 'Avation PLC'.

2.1.2 The registered office of the Company is Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX. The Company's telephone number is +65 6252 2077.

2.1.3 The Company's Ordinary Shares of £0.01 each are currently listed on the Official List with a Standard Listing and admitted to trading on the London Stock Exchange's main market for listed securities. The ISIN of the Ordinary Shares is GB00B196F554.

2.1.4 The principal legislation under which the Company operates is the 2006 Act and regulations promulgated thereunder. The Company is domiciled in England and Wales.

2.2 Principal Activities of the Company

The principal activities of the Company are aircraft leasing and procurement and it conducts its business in Europe, the United States, Asia and Australia through the following subsidiaries:

2.2.1 Capital Lease Aviation PLC ("CLA"), a 62.07 per cent. owned UK subsidiary which, through its wholly owned subsidiary, Capital Lease Malta Limited, owns two Airbus A321-200s. CLA itself is the beneficial owner of an American Trust instrument that owns one Airbus A320-200.

2.2.2 F100 Pty Ltd, a wholly owned Australian incorporated subsidiary which owns five Fokker F100 passenger jets.

2.2.3 MSN 429 Leaseco Limited a wholly owned UK subsidiary which owns one Airbus 320 passenger jet.

2.2.4 Avation.net inc, a 99.96 per cent. owned Delaware subsidiary which carries on a parts trading business.

2.2.5 Avation.net Inc (Singapore branch), a branch of Avation.net Inc established in Singapore.

2.2.6 Avation Eastern Fleet Pte Ltd, a wholly owned subsidiary, which has been incorporated in Singapore specifically to hold eight ATR aircraft acquired pursuant to the ARAN Agreement.

2.2.7 Avation Eastern Fleet II Pte Ltd, a wholly owned subsidiary, which has been incorporated in Singapore specifically to hold Additional ATR Aircraft.

2.2.8 Avation Eastern Fleet III Pte Ltd, a wholly owned subsidiary, which has been incorporated in Singapore specifically to hold one ATR Aircraft.

2.2.9 MSN 1922 Pte Ltd, a wholly owned subsidiary, which has been incorporated in Singapore to hold one Airbus A320 passenger jet.

2.2.10 Avation Eastern Fleet IV Pte Ltd, a wholly owned subsidiary, which has been incorporated in Singapore specifically to hold four ATR Aircraft scheduled for delivery in 2013.

3. Structure

<i>Name</i>	<i>Country and date of incorporation</i>	<i>Shares directly held by</i>	<i>Proportion of equity held by shareholding entity</i>
1. Capital Lease Aviation PLC	England and Wales 6 June 2007	The Company	62.07%
2. Capital Lease Malta Limited	Malta 20 June 2008	Capital Lease Aviation PLC	100%
3. Capital Lease Aviation (S) Pte Ltd	Singapore 30 November 2011	Capital Lease Aviation PLC	100%
4. F100 Pty Ltd	Australia 15 November 2006	The Company	100%
5. MSN 429 Limited	England and Wales 24 March 2010	The Company	100%
6. Avation.net Inc	USA, Delaware 2 October 2007	The Company	99.96%
Avation.net Inc (Singapore Branch)	n/a	n/a	n/a
7. Avation Eastern Fleet Pte Ltd	Singapore 8 February 2011	The Company	100%
8. Avation Eastern Fleet II Pte Ltd	Singapore 12 January 2012	The Company	100%
9. Airframe Leasing (S) Pte Ltd	Singapore 12 May 2011	Avation Eastern Fleet	100%
10. Airframe Leasing (S) II Pte Ltd	Singapore 13 January 2012	Avation Eastern Fleet II	100%
11. MSN 429 Leaseco Limited	England and Wales 11 December 2012	The Company	100%
12. Avation Eastern Fleet III Pte Ltd	Singapore 18 February 2013	The Company	100%
13. Airframe Leasing (S) III Pte Ltd	Singapore 19 February 2013	Avation Eastern Fleet III	100%
14. MSN 1922 Pte Ltd	Singapore 26 March 2013	Avation PLC	100%
15. Avation Eastern Fleet IV Pte Ltd	Singapore 18 April 2013	The Company	100%
16. Airframe Leasing (S) IV Pte Ltd	Singapore 18 April 2013	Avation Eastern Fleet IV	100%

4. Share Capital

4.1 The following table shows the issued share capital of the Company as at 31 December 2012 (being the last date in respect of which the Company has published financial information) and as at 30 April 2013 (being the latest practicable date prior to the publication of this document):

	<i>31 December 2012</i>		<i>30 April 2012</i>	
	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>
Issued share capital (fully paid)	443,744.63	44,374,463	444,849.73	44,484,973

4.2 The following table shows the details of warrants over shares in the Company's capital as at 31 December 2012 (being the last date in respect of which the Company has published financial information) and as at 30 April 2013 (being the latest practicable date prior to the publication of this document):

Warrant holder	31 December 2012				30 April 2013			
	Number of Ordinary Shares	Grant date	Expiry date	Exercise price per share	Number of Ordinary Shares	Grant date	Expiry date	Exercise price per share
Epsom Assets Ltd*	400,000	12 December 2011	11 December 2013	110.5 pence	400,000	12 December 2011	11 December 2013	110.5 pence
Giant Mix Enterprises Ltd**	200,000	12 December 2011	11 December 2013	110.5 pence	200,000	12 December 2011	11 December 2013	110.5 pence
Bryant James Mclarty	200,000	12 December 2011	11 December 2013	110.5 pence	200,000	12 December 2011	11 December 2013	110.5 pence

* Epsom Assets Limited is a company in which Robert Jeffries Chatfield is interested.

** Giant Mix Enterprises Limited is a company in which Andrew Charles Baudinette, a former director, is interested.

4.3 All warrants currently in force are capable of being extended for a period between twenty business days and one month after the expiry date (depending on the specific terms of the relevant deed of warrant grant) in the event that the holder is precluded from exercising the warrant due to a trading blackout or the holder being in possession of price sensitive information.

4.4 All of the Ordinary Shares are in registered form and, subject to the new Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the New Ordinary Shares will be capable of being held in both certificated and uncertificated form. No temporary documents of title will be issued.

4.5 The Company's issued share capital history during the last three financial years and since 30 June 2012 is as follows:

(i) In the financial year ended 30 June 2010:

- (a) on 3 December 2009, the Company issued 63,500 Ordinary Shares of 1 pence each following the exercise of warrants by warrant holders; and
- (b) on 8 January 2010, the Company issued 600,000 Ordinary Shares of 1 pence each following the exercise of warrants by warrant holders.

(ii) In the period from 1 July 2010 to 30 June 2011, the Company issued 2,313,210 Ordinary Shares of 1 pence each following the exercise of warrants by warrant holders.

(iii) In the financial year ended 30 June 2012:

- (a) on 12 December 2011, the Company allotted 301,280 fully paid new Ordinary Shares pursuant to the exercise of warrants;
- (b) on 9 December 2011, the Company allotted 1,818,182 fully paid new Ordinary Shares at a price of 110 pence per share; and
- (c) on 20 January 2012, the Company allotted 1,647,781 fully paid new ordinary shares in consideration for the transfer to the Company of 10,662,112 Ordinary Shares in the capital of CLA.

(iv) In the period from 1 July 2012 to 30 April 2013:

- (a) on 5 July 2012, the Company allotted 2,000,000 fully paid ordinary shares at a price of 100 pence per share;
- (b) on 9 January 2013, the Company purchased 150,000 fully paid ordinary shares at a price of 88 pence per ordinary share to be held in treasury;
- (c) on 8 March 2013, the Company issued 60,510 ordinary shares of 1 penny each following the exercise of warrants by warrant holders;

- (d) on 19 March 2013, the Company issued 50,000 ordinary shares of 1 penny each following the exercise of warrants by warrant holders.

4.6 At the annual general meeting of the Shareholders held on 4 December 2012, the Resolutions to authorise the directors to allot shares up to a maximum aggregate nominal value of £150,000 was passed.

5. Memorandum and Articles

The Memorandum of Association and the Articles contain, amongst other things, material provisions as summarised in paragraphs 5.1 and 5.2 below.

5.1 Memorandum of Association

The Memorandum of Association of the Company provides that the Company's objective is to carry on as a general commercial company.

5.2 Articles of Association

Set out below is a summary of the provisions of the Company's Articles.

5.2.1 Share capital

The Articles provide that the Company's share capital consists of Ordinary Shares only.

The Ordinary Shares have such rights, preferences and restrictions attached to them as are set out in the Articles.

The Articles do not confer any additional rights for the holders of Ordinary Shares to share in any surplus in the event of liquidation of the Company other than rights provided by legislation.

5.2.2 Share rights

(i) Subject to the provisions of the Articles and the Companies Acts, and in particular those conferring rights of redemption, and without prejudice to any special rights conferred on the holders of any shares or class of shares, any shares in the Company may be issued with or have attached to them such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

(ii) Subject to the provisions of the Companies Acts, any shares may be issued on the terms that they are, or at the option of the Company are to be liable, to be redeemed on such terms and in such manner as the Company may by special resolution determine.

5.2.3 Share warrants

(i) The Board may issue share warrants to bearer in respect of any fully paid shares under the Seal or in any other manner authorised by the Board. Any share while represented by such warrant shall be transferrable by delivery of the warrant relating to it. In any case in which a warrant is so issued, the Board may provide for the payment of dividends or other moneys on shares represented by the warrants by coupons or otherwise. The Board may decide, either generally or in any particular case that any signature on a warrant may be applied by mechanical means or printed on it or that the warrant need not be signed by any person.

The Board may determine, and from time to time vary, the conditions on which share warrants to bearer shall be issued and, in particular, the conditions on which: (a) a new warrant or coupon shall be issued in place of one worn-out, defaced, lost or destroyed (but no new warrant shall be issued unless the Company is satisfied beyond reasonable

doubt that the original has been destroyed); or (b) the bearer shall be entitled to attend and vote at general meetings; or (c) a warrant may be surrendered and the name of the bearer entered in the Register in respect of the shares specified in the warrant.

- (ii) Subject to those conditions and to the provisions of the Companies Acts, the bearer shall be deemed to be a member and shall have the same rights and privileges as he would have if his name had been included in the Register as the holder of the shares comprised in the warrant.

5.2.4 *Variation of rights*

- (i) Subject to the Companies Act and terms of the shares issued, all or any of the rights and restrictions for the time being attached to any share or class of shares issued may from time to time be varied, added to or abrogated by a special resolution passed at a separate meeting of the holders of the relevant class of shares in accordance with the Companies Acts.
- (ii) The rights conferred upon the holders of any shares or class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority to them for payment of a dividend or repayment of capital but shall not, unless otherwise expressly provided, or the rights attaching to, or the terms of issue of, such shares, be deemed to be varied or abrogated by:
 - (a) the creation or issue of further shares ranking *pari passu* with them or subsequent to them save as to the date from which such new shares shall rank for dividends; or
 - (b) subject to the Articles, a purchase by the Company of its own shares.

5.2.5 *Allotment*

Subject to the provisions of the Companies Acts and the Articles relating to authority, pre-emption rights or otherwise and of any resolutions of the Company, all unissued shares of the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, and for such consideration and upon such terms as the Board may determine.

5.2.6 *Commission*

The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts as consideration for subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares. The commissions and brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

5.2.7 *Shares held in uncertificated form*

The Company may issue shares which may be held, evidenced and transferred through a relevant system in uncertificated form. Where any share is held in uncertificated form, the Company shall not issue, and no person shall be entitled to receive, a certificate in respect of such share at any time and for so long as the title to that share is evidenced otherwise than by a certificate, and transfers may be made otherwise than by a written instrument by virtue of the Uncertificated Securities Regulations. Title to shares in issue at the date of adoption of the Articles may be transferred and evidenced by a relevant system.

5.2.8 *Dividends*

The Company may, subject to the provisions of the Companies Acts and the Articles, from time to time declare dividends to be paid to shareholders not exceeding the amount recommended by the Board. In so far as, in the Board's opinion, the Company's profits

justify such payments, the Board may pay interim dividends. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Board resolves, be forfeited and revert to the Company.

5.2.9 *Transfer of Ordinary Shares*

- (i) Subject to any restrictions in the Articles, a shareholder may transfer all or any of his shares, in the case of certificated shares, by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) approved by the Board. Any written instrument of transfer shall be executed by or on behalf of the transferor and, in the case of partly paid shares, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register.
- (ii) The Board may decline, without giving any reason, to register any transfer of any share:
 - (a) which is not a fully paid up share providing such refusal will not prevent dealings in the shares from taking place on an open and proper basis;
 - (b) to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health.
- (iii) The Board may also decline to register any share transfer unless:
 - (a) any written instrument of transfer, duly stamped, is lodged with the Company at the Registered Office or such other place as the Board may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person or a holder of such shares in respect of whom the Company is not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares); and
 - (b) there is provided such evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so; and
 - (c) any instrument of transfer is in respect of only one class of share; and
 - (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.
- (iv) If the Board declines to register a transfer it shall, within ten business days or such period (if any) as may be prescribed by the Companies Acts, send to the transferee notice of the refusal.

5.2.10 *Alteration of share capital*

- (i) Without prejudice to the rights attached to any then existing share or class of shares, the Company may from time to time by ordinary resolution increase its capital by the creation of shares of such nominal amounts and carrying such rights and restrictions as the resolution may specify but unless the shares so created are uniform in all respects with a class of shares in the capital of the Company prior to such resolution, such new shares shall be subject to the provisions of the Articles with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise as the shares in the existing share capital.
- (ii) Subject to the provisions of the Companies Acts, the Company may by resolution increasing its capital direct that the new shares or any of them shall be offered in the first instance to all holders for the time being of shares of any class or class in proportion to the number of such shares held by them respectively or may make any provisions as to the issue of new shares.

- (iii) The Company may from time to time by ordinary resolution:
 - (a) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
 - (b) subject to the provision of the Companies Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association and so that resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have such deferred or qualified rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; and
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
- (iv) The Company may reduce its share capital in accordance with the Companies Acts.

5.2.11 *Purchase of own Ordinary Shares*

Subject to the provisions of the Companies Acts the Company may purchase all or any of its shares of any class including any redeemable shares. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Companies Acts and by a special resolution passed at a separate general meeting of the holders of any shares which at the date on which the contract is authorised by the Company in general meeting entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company.

5.2.12 *General meetings*

(i) Notice

General meetings and annual general meetings shall be held in accordance with the Companies Acts and the Articles at such time and place as the Board may determine. Any general meeting of the Company other than an annual general meeting shall be called a general meeting.

The Board may convene a general meeting whenever it thinks fit. A general meeting shall also be convened on such requisition, or in default may be convened by such requisition as provided by the Companies Acts. If there are not within the United Kingdom sufficient members of the Board to convene a general meeting, any Director or any shareholder of the Company may call a General Meeting. In the case of a general meeting called in pursuance of a requisition, no business shall be transacted except that stated by the requisition or proposed by the Board.

An annual general meeting shall be called by not less than 21 clear days' notice in writing. A meeting other than annual general meetings shall be called by not less than 14 clear days' notice in writing. Notwithstanding that a general meeting is called on shorter notice, it shall be deemed duly called if it is so convened:

- (a) in the case of an annual general meeting, by all the shareholders entitled to attend and vote at the meeting; and
- (b) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice shall specify the nature of the meeting, the place, day and time of the meeting, the general nature of the business and include any details of any arrangements made for the general meeting to be held in more than one location or for persons

entitled to be able to view and hear the recordings of the general meeting. These shall appear with reasonable prominence in every such notice and statement that a shareholder is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him and that a proxy need not be a shareholder.

(ii) Quorum

No business shall be transacted unless two shareholders are present in person or by proxy and entitled to attend and to vote. If within 15 minutes or such longer period (not exceeding one hour as the Chairman of the meeting may determine to wait) as the Chairman in his absolute discretion thinks fit, after the time appointed for the meeting a quorum is not present, or if a quorum ceases to be present during a meeting, the meeting if convened on the requisition of shareholders, shall be dissolved. In any other case it shall stand adjourned to such other day (being not less than seven days thereafter) at the same time and place, or as the Chairman may determine.

(iii) Right to vote

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held at a general meeting, on a show of hands every shareholder who is present in person or by proxy and is entitled to vote in his own right and the duly authorised representative of one or more corporations shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for each share of which he is a holder.

(iv) Voting

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three shareholders present in person or by proxy and entitled to attend and vote at the meeting; or
- (c) any shareholder or shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to attend and vote at the meeting; or
- (d) any shareholder or shareholders present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sums paid up on all shares conferring that right.

5.2.13 *Directors*

- (i) Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two, and there shall not be any maximum number of Directors.
- (ii) Each of the Directors who does not hold executive office shall be paid a fee at such rate as may from time to time determined by the Board (or for the avoidance of doubt any duly authorised committee of the Board) provided that the aggregate of all such fees paid to such Directors (excluding amounts payable under any other Article) shall not exceed £50,000 per annum, or such higher sum as may be determined from time to time by ordinary resolution of the Company, except that any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only be entitled to a sum in proportion to the time during the period which he has held office.

- (iii) Each Director who does not hold executive office may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company and shall be paid all expenses properly and reasonably properly incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any such Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. Such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other provision of the Articles.
- (iv) At every annual general meeting, one third of the Directors for the time being or, if their number is not a multiple of three, the number nearer to and not exceeding one third shall retire from office. Each Director shall retire from office at least once every three years.
- (v) No shareholding qualification for Directors shall be required.
- (vi) Directors interests etc.
 - (a) If a situation arises in which a Director has, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company (a "Relevant Situation") the Directors may for the purposes of section 175 of the 2006 Act, resolve to authorise:
 - (i) if a Relevant Situation arises from the appointment or proposed appointment of a person as a Director of the Company, the appointment of the Director and the Relevant Situation, subject to any limits or conditions which the directors may determine; or
 - (ii) if the Relevant Situation arises in circumstances other than as set out in (vi)(a)(i), the Relevant Situation and the continuing performance by the Director of his duties, subject to any limits or conditions which the Directors may determine,

and any such authorisation will be subject only to any limits or conditions which the Directors expressly impose.
 - (b) The interested Director, and any other Director with a similar interest, cannot vote, or be counted in the quorum, on a resolution to authorise his interest.
 - (c) Any limits or conditions determined by the Directors under the Relevant Situation may be imposed at the time of authorisation or may be imposed or varied subsequently and may include (without limitation):
 - (i) whether the interested Director(s) may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
 - (ii) the exclusion of the interested Director(s) from all information and discussion by the company of the Relevant Situation; and
 - (iii) the imposition of a specific duty of confidentiality for any confidential information of the company relating to the Relevant Situation.
 - (d) An interested Director must act in accordance with any limits or obligations imposed by the Directors under the Relevant Situation.
 - (e) Subject to the Articles, any authorisation shall be dealt with in the same way as any other matter that may be decided by the Directors under the Articles.

- (f) Any authorisation of a Relevant Situation given by the Directors may provide that, where the interested Director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.
- (g) Whilst there is a Relevant Situation, the general duties which the interested Director owes to the Company under Sections 171 to 177 of the 2006 Act will not be infringed if he:
 - (i) absents himself from meetings of the Directors or from the discussion of any matter at a meeting relating to the Relevant Situation; and / or
 - (ii) makes arrangements for papers to be received and read by a professional adviser on his behalf which may relate to the Relevant Situation; and / or
 - (iii) behaves in any other way authorised by any guidance which may be issued by the Directors from time to time.
- (h) Subject to the provisions of the Companies Acts and the Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or employment or as a vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the shareholders for any remuneration, profit or other benefit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established or to vacate the office of Director.
- (i) A Director who to his knowledge is in any, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A declaration of interest may also be made in writing in accordance with the provisions of section 185 of the 2006 Act. For the purposes of this Article, a general notice to the Board by a Director to the effect that:
 - (i) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm, or
 - (ii) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him within the meaning of the Act,

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or otherwise in accordance with section 185 of the 2006 Act.

- (j) Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director, notwithstanding his office:
- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
 - (iii) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (k) Save as otherwise provided by the Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:
- (i) the giving to him of a guarantee, security or indemnity in respect of money lent to or an obligation incurred by him for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiary undertakings, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
 - (iv) the resolution relates in any way to any proposal concerning a retirement, death or disability benefits scheme or a share option scheme, share incentive scheme or profit-sharing scheme which either relates to both employees and directors and/or directors of any subsidiary undertaking and does not provide to any Director as such any privilege or advantage not accorded to the employees to whom such scheme or fund relates or has been approved by or is conditional on approval by HMRC for tax purposes;
 - (v) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights

available to members of the relevant body corporate (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

- (vi) any proposal concerning an insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Directors or persons who include the Directors.

An interest of a person who is, for any purpose of the 2006 Act (excluding any statutory modification thereof not in force when this Article becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

- (l) If any question arises at any meeting of the Board as to the entitlement of any Director (other than the chairman) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, it shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned (as known to such Director) has not been fairly disclosed to the chairman of the meeting. If any question as aforesaid shall arise in respect of the chairman of the meeting the question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote on the issue). Such resolution shall be final and conclusive except in the case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.
- (m) The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of Directors or of a committee of Directors.

5.2.14 *Borrowing powers and limit*

Subject as provided in the Articles and subject to the Companies Acts, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital or any part thereof and (subject to section 551 of the 2006 Act) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise the Board can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Group and for the time being owing to persons outside the Group less the aggregate amount of Current Asset Investments (as defined at article 145.2(e)) shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to four times the Adjusted Capital and Reserves (as defined at article 145.2(b)).

5.2.15 *Reserves*

The Board may, before recommending any dividend, (whether preferential or otherwise) set aside out of the profits of the Company such sums as it thinks proper as reserves which shall (subject to the Companies Acts), at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any purpose to which the profits of the Company

may be properly applied. Pending any such application such reserves may, also at such discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit, so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve, carry forward any profits which it may think prudent not to distribute.

5.2.16 *Capitalisation of reserves*

The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) and not required for payment of dividend on any shares with a preferential right to dividend, whether or not the same is available for distribution, and accordingly that such amount be set free for distribution among the shareholders or any class of shareholder who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted, distributed and credited as fully paid up to and amongst such shareholders, or partly in one way and partly in the other and the Board shall give effect to such resolution provided that for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such shareholders credited as fully paid and that no unrealised profits shall be used in paying up any amounts unpaid on any issued shares.

5.2.17 *Uncertificated Shares*

- (a) The Company may issue shares which may be held, evidenced and transferred through a relevant system in uncertificated form pursuant and subject to the uncertificated securities regulations (the Regulations). Where any share is held in uncertificated form, the Company shall not issue, and no person shall be entitled to receive, a certificate in respect of such share at any time and for so long as the title to that share is evidenced otherwise than by a certificate, and transfers may be made otherwise than by a written instrument by virtue of the Regulations.
- (b) The Board shall have power to implement any arrangements as they may, in their absolute discretion, think fit in relation to the evidencing and transfer of shares held in uncertificated form (subject always to the Regulations and the facilities and requirements of the relevant system concerned).
- (c) Conversion of shares held in certificated form into shares held in uncertificated form, and vice versa, may be made in such manner as the Board may, in its absolute discretion, think fit (subject always to the Regulations and the facilities and requirements of the relevant system concerned).
- (d) The Company shall enter on the Register how many shares are held by each shareholder in uncertificated form and in certificated form and shall maintain the Register in each case as is required by the Regulations and the relevant system concerned.
- (e) Notwithstanding any provision of the Articles, a class of shares shall not be treated as two classes by virtue only of that class comprising both certificated and uncertificated shares or as a result of any provision of these Articles or the Regulations which apply only in respect of certificated or uncertificated shares.

- (f) Any provision in the Articles in relation to the shares shall not apply to any uncertificated shares to the extent that they are inconsistent with the holding of any shares in uncertificated form, the transfer of title to any shares by means of a relevant system and any provision of the Regulations.

5.2.18 *Untraced Shareholders*

- (a) When the registered address of any shareholder appears to the Board to be incorrect or out of date such shareholder may, if the Board so resolves, be treated as if he had no registered address and the Company will not thereafter be obliged to send to such shareholder cheques, warrants, notices of meetings or copies of the documents referred to in the Articles. No such resolution shall be passed by the Board until cheques or warrants sent to the registered address of the shareholder have been returned by the Post Office or left uncashed on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of such shareholder.
- (b) The Company shall be entitled to sell at the best price reasonably obtainable any share of a shareholder or any share to which a person is entitled by transmission and provided that:
 - (i) for a period of twelve years, in the course of which at least three dividends have become payable in respect of the share in question, no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the shareholder or to the person entitled by transmission to the share at his address on the Register, or other the last known address given by the shareholder or the person entitled by transmission to which cheques and warrants are to be sent, has been cashed, no dividend has been claimed and no communication has been received by the Company from the shareholder or the person entitled by transmission; and
 - (ii) the Company as at the expiration of such period of twelve years by advertisement in both a leading national newspaper and in a newspaper circulating in the area in which the address referred to in paragraph (i) above is located given notice of its intention to sell such share; and
 - (iii) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the shareholder or person entitled by transmission; and
 - (iv) the Company has first given notice in writing to the Stock Exchange of its intention to sell such shares.
- (c) To give effect to any such sale mentioned above, the Company may appoint any person (a) in the case of certificated shares, to execute as transferor an instrument of transfer of such share or stock and (b) in the case of uncertificated shares, to authorise and procure the execution of such transfer in accordance with and subject to the regulations and facilities and requirements of the relevant system concerned.
- (d) Every such instrument of transfer and transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such share.
- (e) The Company shall account to the shareholder or other person entitled to such share for the net proceeds of such sale and shall be deemed to be his debtor and not a trustee for him in respect of the proceeds. Any money not accounted for to the shareholder or other person entitled to such share shall be carried to a separate account and shall be a permanent debt of the Company. Money carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Directors may from time to time think fit.

6. Mandatory Bids, Squeeze-out and Sell-out Rules Relating to the Ordinary Shares

6.1 Mandatory Bid

The City Code on Takeovers and Mergers (the “City Code”) applies to the Company. Under Rule 9 of the City Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or his concert parties during the previous 12 months.

6.2 Compulsory Acquisition

Under sections 974 to 991 of the 2006 Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the 2006 Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

7. Borrowing

Subject to the 2006 Act, the Articles and to any directions given to the Company in general meeting, the Directors shall manage the Company’s business and can use all the Company’s powers. In particular, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise the Board can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Group and for the time being owing to persons outside the Group, less the aggregate amount of Current Asset

Investments (as defined in the Articles) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to four times the adjusted capital and reserves (as defined in the Articles).

8. Interests of Directors, Major Shareholders and Related Party Transactions

8.1 *Directors' Interests*

As at 30 June 2012 and 30 April 2013 (being the latest practicable date before the publication of this document), the Directors and the Other Group Directors had a beneficial interest in the following number of Ordinary Shares, excluding the future interests set out in the table at paragraph 4.2 of this Part IV:

<i>Name</i>	<i>30 June 2012</i>		<i>30 April 2013</i>	
	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital %</i>	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital %</i>
Robert Jeffries Chatfield	7,039,491*	16.61	7,100,001	15.82
Bryant James McLarty	117,300	0.25	117,300	0.26
Roderick Douglas Mahoney	110,000**	0.25	140,000	0.25
Soeren Eric Ferré	—	—	—	—
Peter Anthony Freeman	—	—	—	—
Ronald Lewis Aitkenhead	—	—	—	—

* Shares held in the name of broker nominee companies and custodians, other than one certificated share.

** Shares held in the name of Fitel Nominees Limited .

8.2 Save as disclosed in paragraphs 4.2 and 8.1 above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

8.3 *Directors' Contracts with the Company*

8.3.1 Roderick Douglas Mahoney was appointed as a Director on 12 December 2011. On 16 December 2011, he entered into a service agreement with the Group, pursuant to which he was appointed as the Chief Operating Officer of the Company. This agreement was amended on 14 January 2013. The agreement is for an indefinite term, terminable at any time by either party giving the other four weeks' notice of termination. Salary under the service agreement is set at SG\$23,000 per month. Mr Mahoney may also be entitled to a performance related bonus of up to 21.7 per cent. of his annual salary. The agreement includes non-compete restrictions and confidentiality provisions following termination of this employment.

8.3.2 The non-executive directors' appointments are subject to their deeds of engagement, as follows:

- (i) Robert Jeffries Chatfield is engaged by the Company under a deed of engagement dated 25 September 2006; and
- (ii) Bryant James McLarty is engaged by the Company under a deed of engagement dated 28 November 2007.

8.3.3 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

8.4 **Remuneration and Benefits**

In the last full financial year of the Company, to 30 June 2012, the amount of remuneration paid (including contingent or deferred compensation) and benefits in kind granted to the Directors of the Company and the Other Group Directors by the Group was as follows:

	<i>Fees and salary £</i>	<i>Benefits in Kind £</i>	<i>Total £</i>
Robert Jeffries Chatfield ¹	157,716	—	157,716
Roderick Douglas Mahoney	72,384	—	72,384
Bryant James McLarty	21,273	—	21,273
Soeren Eric Ferré	38,610	—	38,610
Peter Anthony Freeman	28,528	—	28,528
Ronald Lewis Aitkenhead	AU\$20,000	—	AU\$20,000

¹ Robert Jeffries Chatfield received total remuneration and benefits from CLA of US\$195,894 for the financial year of CLA ended 30 June 2012

The aggregate amount set aside or accrued by the Company or its subsidiaries in relation to pension, retirement and other similar benefits for the Directors and the Other Group Directors in the period to 30 June 2012 was nil.

8.5 **Other Interests**

Over the five years preceding the date hereof, the Directors and the Other Group Directors have held the following directorships (apart from their directorships of the Company or subsidiaries of the Company) and/or partnerships:

8.5.1 *Robert Jeffries Chatfield*

Current directorships: Australian Historical Investments Pty Ltd, Diamond Distribution and Polishing Pte Ltd, Mibago (S) Pte Ltd, Takeoff Asset Management Pte Ltd, Tantini Pty Ltd, PPT Consulting Pte Ltd, Fleet Solutions Consulting Pte Ltd, IPC Technology Pte Ltd, Lovelie Investment And Asset Holdings Pte Ltd, Epsom Assets Limited, Jasper March Progress Pte Ltd.

Past directorships: Avation D.O (Brazil), CaptiveVision Sdn Bhd (Malaysia), Data & Commerce Ltd, Io Research Pty Ltd, Kingsbay Pty Ltd, Malbend Pty Ltd, Television Licensors International Ltd, Victorian Radio Network Pty Ltd, ID+Plus Ltd, Hanger Co for Airport Pty Ltd, CaptiveVision Capital Ltd, A.C.N 098 904 262 Ltd, Skywest Airlines (Australia) Pty Ltd, Skywest Airlines (S) Pte Ltd, Skywest Airlines Ltd, F11305 Pte Ltd.

8.5.2 *Bryant James McLarty*

Current directorships: Pharmaust Ltd, Mac Equity Partners Pty Ltd, Mac Equity Pty Ltd.

Past directorships: Water Sciences Pty Ltd, Advanced Molecular Technologies Pty Ltd, Phamaust Manufacturing Ltd, Epicchem Limited, Animal Health Pharmaceuticals Pty Ltd, Pharmaust Health Pty Ltd, Echo Technologies Ltd, Wytomic Ltd, Shipping Services Pty Ltd, LTEX Pty Ltd, Pharmaust Chemistry Ltd, Hot Energy Limited.

8.5.3 *Roderick Douglas Mahoney*

Current directorships: Aviation Business Consulting Services Pty Ltd, Air Transport Business Development Inc, Douglas Aviation Pte Ltd.

Past directorships: None.

8.5.4 *Soeren Eric Ferré*

Current directorships: Canal du Roy Consulting BV, Fleet solution consulting Pte ltd, Aircraft Transaction Consulting Pte Ltd.

Past directorships: AerDragon Aviation Partners Limited, AerVenture Limited, Archytas Aviation Limited, AerVenture Leasing 1 Limited, AerDragon Bangkok Leasing B.V., Skylease MSN (3392) Limited, Skylease MSN (3365) Limited, AerCap Group Services B.V.,

Skylease MSN 3825 Limited, Skylease MSN 3859 Limited, Skylease MSN 4241 Limited, Skylease MSN 4267 Limited, Skylease Bermuda Limited, Skylease MSN 3574 Limited, Skylease 3545 Limited, Skylease MSN 3711 Limited, Flotlease MSN 3699 Limited, Skylease MSN 3564 Limited, Lille Location S.A.R.L., Lyon Location S.A.R.L., Toulouse Location S.A.R.L., Metz Location S.A.R.L., Skylease MSN 3753 Limited, Skylease MSN 3778 Limited, Fanispan Aircraft Leasing Limited, Aquarius Aircraft Leasing Limited, Dragon Aviation Leasing Company Limited.

8.5.5 *Peter Anthony Freeman*

Current directorships: Cabo Drilling Inc (Canada), Jenolan Ltd.

Past directorships: Loeb Aron & Company Ltd.

8.5.6 *Ronald Lewis Aitkenhead*

Current directorships: None.

Past directorships: Skywest Airlines (Australia) Pty Ltd, Skywest Airlines Ltd., Capital Lease Australian Portfolio One Pty Ltd.

- 8.6 Save as disclosed at paragraph 8.9 below where there are potential conflicts of interest in relation to the transactions disclosed in that paragraph, none of the Directors, members of any administrative, management and supervisory body, nor any Other Group Director or senior manager has any conflict of interest between any duties to the Company and to his private interest or to any other duties.

The transactions disclosed at paragraph 8.9 give rise to potential conflicts of interest, in each case, by virtue of the relevant Director or Other Group Director's directorship of the entity with which the Group has contracted. Where there is a potential conflict of interest, the relevant Director or Other Group Director abstains from participating in and voting on the relevant board decisions within the relevant Group company. This policy has been followed in respect of each of the transactions disclosed at paragraph 8.9.

- 8.7 In the five year period prior to the date of this document, none of the Directors or Other Group Directors:

8.7.1 had any convictions in relation to fraudulent offences;

8.7.2 was associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; or

8.7.3 received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and has not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer,

save in respect of Bryant McLarty who was a director of Phamaust Manufacturing Ltd which was placed into members' voluntary administration and subsequently liquidated.

8.8 *Major Shareholders*

8.8.1 As at 30 April 2013 (being the latest practicable date before publication of this document) insofar as known to the Company, the following parties had declared a notifiable interest in the Company's voting rights:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>
Fitel Nominees Limited (0067873)	6,729,490	15.13%
HSBC Client Holdings Nominee (UK) Limited (750171)	5,173,463	11.63%
Chase Nominees Limited (ARTEMIS)	3,120,000	7.01%
Fitel Nominees Limited (CO52452)	2,905,000	6.53%
Lynchwood Nominees Limited	2,429,972	5.46%
Apollo Nominees Ltd (CRE)	2,036,756	4.58%
Credit Suisse Securities (Europe) Limited (Principal)	1,583,244	3.56%
Vidacos Nominees Limited (2303)	1,503,549	3.38%
HSBC Global Custody Nominee (UK) Limited (969958)	1,500,000	3.37%
Fitel Nominees Limited (CO50049)	1,489,156	3.35%

8.8.2 All Shareholders have the same voting rights in respect of the share capital of the Company.

8.8.3 The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

8.8.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8.9 *Related Party Transactions*

Transactions with related parties are negotiated on arms' length terms with pricing, structures and commercial terms typical of such transactions. They may be considered to be related party transactions due to there being commonality of directors and shareholdings. Such transactions will always be disclosed as such in the annual report and accounts and relevant RIS announcement.

All interested directors always abstain from participating or voting on any matter to be voted on by the Board in which there is, or could be, a conflict where the conflict arises in his position as a director in any non-Group entity.

9. **Material Contracts**

Save as described below, the Company has not: (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

9.1 *Material contracts relating to existing arrangements*

Aircraft sublease Airbus A320-200 – MSN 429 (VH-FNP)

Pursuant to an aircraft sublease agreement dated 31 March 2010 and amended and restated on 23 January 2013 between MSN 429 Limited ("MSN 429") and Skywest Airlines, MSN 429 granted a lease of the aircraft bearing manufacturer's serial number 429 to Skywest Airlines for a period of 84 from 4 April 2010. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Singapore at the conclusion of the term. The aircraft is leased on an "as is-where is" basis. Skywest Airlines may not sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of MSN 429 (or the vendor as Head Lessor), the granting of which consent cannot be unreasonably withheld. During the terms of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of England and is subordinate to an aircraft head lease between a vendor as lessor and the Company as lessee, which head lease contains terms of a lease purchase agreement.

9.2 *Material contracts relating to the Australian Regional Air Network*

- (a) *Export lease: four ATR 72-500s (MSNs: 954, 955, 974 and 979) and four ATR 72-600s (MSNs: 1025, 1039, 1053 and 1058)*

Pursuant to an export finance agreement dated 5 August 2011 between Avation Airframe Holdings Pte Ltd (“AAH”) as borrower and Avation Eastern Fleet Pte Ltd (“AEF”) as lessor, AAH agreed to lease to AEF four ATR 72-500 aircraft bearing manufacturer’s serial numbers 954, 955, 974 and 979 and four ATR 72-600 aircraft bearing manufacturer’s serial numbers 1025, 1039, 1053 and 1058. Under the agreement, AEF is required to sub-lease each aircraft pursuant to a lease agreement to a lessee, the lessee is required to sub-sub lease the aircraft to a sub-lessee pursuant to a sub-lease agreement and the sub-lessee is entitled to wet lease the aircraft to Virgin Australia or an affiliate thereof, pursuant to a wet lease agreement. If the sub-lessee is VB LeaseCo, VB LeaseCo is entitled to sublease the aircraft to Virgin Australia in certain circumstances. Upon the expiry of the lease period for each aircraft and provided AEF has paid the final payment for the aircraft, AEF is entitled to purchase the aircraft from AAH at a price of US\$10. In addition, AEF may terminate the lease of each aircraft by giving notice to AAH and paying the final payment in respect of the aircraft.

AAH’s obligation to lease the aircraft to AEF is subject to the satisfaction of certain conditions precedent in respect of the aircraft, which include the provision of information by AEF to AAH and the facility agents and the payment by AEF to AAH of initial rental payments together with all sums due to AAH under the agreement and other lease documents. There are also a number of conditions subsequent that relate to the provision of documents by AAH to AEF which, if not complied with, constitute events of default and entitle AAH to terminate the leases of all aircraft.

AEF is responsible for procuring that the lessees of each aircraft at all times maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment. AEF is also responsible for procuring that the lessees insure the aircraft and perform all actions necessary to return the aircraft to AAH at the conclusion of the term. The aircraft are leased on an “as is-where is” basis. AEF may not, and is responsible for procuring that the lessee, the sub-lessee and, if applicable, Virgin Australia or any affiliate thereof, do not lease, sub-lease or otherwise part with the possession of the aircraft without the prior written consent of AAH and the security trustee acting on behalf of the lenders under the ECA Senior Debt. The agreement is governed by the laws of England and subject to the jurisdiction of the English courts, save that AAH may choose any other forum in which to commence proceedings which has or claims jurisdiction over any matter arising from the agreement.

- (b) *Finance Lease: ATR 72-500 (MSN 978)*

Pursuant to an aircraft finance lease agreement dated 24 January 2012, Avation Eastern Fleet II Pte Ltd was granted a lease of the aircraft bearing manufacturer’s serial number 978 for a period of ten years from the delivery date. Under the agreement, Avation Eastern Fleet II is responsible for all maintenance and actions necessary to repatriate the aircraft at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Avation Eastern Fleet II is permitted to sublease the aircraft to Airframe Leasing (S) II Pte Ltd under an intermediate lease agreement. Airframe Leasing (S) II Pte Ltd is permitted to sublease the aircraft to Skywest Airlines under the terms of a sublease agreement and Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Avation Eastern Fleet II may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of the owner (or superior lessor), such consent not to be unreasonably withheld. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of England and Wales.

(c) *Finance Lease: ATR 72-500 (MSN 986)*

Pursuant to an aircraft finance lease agreement dated 24 January 2012, Avation Eastern Fleet II Pte Ltd was granted a lease of the aircraft bearing manufacturer's serial number 986 for a period of ten years from the delivery date. Under the agreement, Avation Eastern Fleet II is responsible for all maintenance and actions necessary to repatriate the aircraft at the conclusion of the term. The aircraft is leased on an "as is-where is" basis. Avation Eastern Fleet II is permitted to sublease the aircraft to Airframe Leasing (S) II Pte Ltd under an intermediate lease agreement. Airframe Leasing (S) II Pte Ltd is permitted to sublease the aircraft to Skywest Airlines under the terms of a sublease agreement and Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Avation Eastern Fleet II may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of the owner (or superior lessor), such consent not to be unreasonably withheld. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of England and Wales

(d) *Operating Lease: ATR 72-500 (VH 954)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd ("ALS") and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer's serial number 954 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an "as is-where is" basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA ("Financier") acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(e) *Operating Lease: ATR 72-500 (VH 955)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd ("ALS") and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer's serial number 955 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an "as is-where is" basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA ("Financier") acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(f) *Operating Lease: ATR 72-500 (VH 974)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd ("ALS") and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer's serial number 974 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an "as is-where is" basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational

control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(g) *Operating Lease: ATR 72-500 (VH 979)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd (“ALS”) and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer’s serial number 979 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland

(h) *Operating Lease: ATR 72-500 (VH 978)*

Pursuant to an aircraft operating lease agreement dated 10 May 2011 between Airframe Leasing (S) II Pte. Ltd (“ALS II”) and Skywest Airlines, ALS II granted a lease of the aircraft bearing manufacturer’s serial number 978 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS II or the aircraft owner’s financier (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS II and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(i) *Operating Lease: ATR 72-500 (VH 986)*

Pursuant to an aircraft operating lease agreement dated 11 May 2011 between Airframe Leasing (S) II Pte. Ltd (“ALS II”) and Skywest Airlines, ALS II granted a lease of the aircraft bearing manufacturer’s serial number 986 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS II or the aircraft owner’s financier (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS II and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(j) *Operating Lease: ATR 72-600 (MSN 1025)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd (“ALS”) and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer’s serial number 1025 together to Skywest Airlines for a period of ten

years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland

(k) *Operating Lease: ATR 72-600 (MSN 1039)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd (“ALS”) and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer’s serial number 1039 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(l) *Operating Lease: ATR 72-600 (MSN 1053)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd (“ALS”) and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer’s serial number 1053 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(m) *Operating Lease: ATR 72-600 (MSN 1058)*

Pursuant to an aircraft operating lease agreement dated 11 August 2011 between Airframe Leasing (S) Pte. Ltd (“ALS”) and Skywest Airlines, ALS granted a lease of the aircraft bearing manufacturer’s serial number 1058 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS or CA (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland.

(n) *Operating Lease: ATR 72-600 (MSN 1073)*

Pursuant to an aircraft operating lease agreement dated 28 February 2013 between Airframe Leasing (S) III Pte. Ltd (“ALS III”) and Skywest Airlines, ALS III granted a lease of the aircraft bearing manufacturer’s serial number 1073 together to Skywest Airlines for a period of ten years from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to repatriate the aircraft to Perth at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the wet lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of ALS III or CIC (“Financier”) acting as security trustee, the grant of which consent is at the sole discretion of ALS III and Financier. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of Queensland

(o) *Put and call option agreement*

Put and call option agreements, dated on or around the date of the relevant Operating Lease have been entered into between ALS or ALS II, as the case may be, VB LeaseCo Pty Ltd (a subsidiary of Virgin Australia) (“VB LeaseCo”) and Virgin Australia, shall be entitled to exercise a call option with the effect that ALS shall be required to lease the aircraft to VB LeaseCo in exchange for the payment of a call option fee of A\$1. Pursuant to the Option Agreement, ALS or ALS II (as the case may be) shall be entitled to exercise a put option with the effect that VB LeaseCo shall be required to lease the aircraft from ALS or ALS II (as the case may be) in exchange for the payment of a put option fee of A\$1. The option is exercisable by either party during the period of 30 days after the occurrence of certain events, including if the operating lease between the ALS or ALS II (as the case may be) and Skywest Airlines is terminated prior to its agreed expiry date because Skywest Airlines commits an event of default. VB LeaseCo shall agree to comply with the obligations under the aircraft operating lease agreement. The Operating Lease between ALS or ALS II (as the case may be) and Skywest Airlines terminates automatically in the event that the ACMI Wet Lease is terminated by VB LeaseCo, in which case the call option is deemed to have been exercised automatically by VB LeaseCo upon the termination of the Operating Lease. The Option Agreement shall be governed by the laws of Queensland. The obligations of VB LeaseCo are guaranteed by Virgin Australia under a separate deed of guarantee and indemnity.

9.3 *ATR Supply Agreement*

On 4 March 2011 the Company entered into a sale and purchase agreement (the “ATR Supply Agreement”) with ATR which was amended pursuant to an amendment letter agreement dated 30 November 2011 (the “Amendment Agreement”). Pursuant to the Supply Agreement, ATR has agreed to sell and deliver to the Company four ATR 72-500 aircraft and four ATR 72-600 aircraft on a firm basis, five ATR 72-600 aircraft on an optional basis (the “Option Aircraft”) and a further 17 aircraft under purchase rights (the “Additional Aircraft”) (together, the “Aircraft”). On 30 November 2011 and 7 December 2012, the parties varied the ATR Supply Agreement by written letter agreement to increase the number of aircraft in the delivery schedule.

Firm Aircraft

Pursuant to the ATR Supply Agreement, where not already paid, the Company is required to make a first pre-payment equal to 1.5 per cent. of the base price of each aircraft on the Company agreeing for the aircraft to become firm deliveries (such as on exercise of an Aircraft Option). The Company will then be required to make a second pre-payment equal to three per cent. of the base price of each aircraft twelve months prior to the delivery of each individual aircraft and a third pre-payment equal to three per cent. of the base price of each aircraft six months prior to the delivery of each individual aircraft.

The proposed delivery schedule for the current nine current Firm Aircraft is set out below:

<i>Aircraft</i>	<i>Type</i>	<i>Delivery Date</i>
Aircraft 10	ATR 72-600	May 2013
Aircraft 11	ATR 72-600	July 2013
Aircraft 12	ATR 72-600	October 2013
Aircraft 13	ATR 72-600	November 2013
Aircraft 14	ATR 72-600	January 2014
Aircraft 15	ATR 72-600	March 2014
Aircraft 16	ATR 72-600	April 2014
Aircraft 17	ATR 72-600	May 2014
Aircraft 18	ATR 72-600	June 2014
Aircraft 19	ATR 72-600	October 2014
Aircraft 20	ATR 72-600	December 2014

Option Aircraft

In addition to the eleven Firm Aircraft, pursuant to the ATR Supply Agreement the Company has the option (“Aircraft Options”) to purchase the Option Aircraft upon written notification of at least 18 months prior to the proposed delivery of the Option Aircraft and provided that it pays a non-refundable option fee (the “Option Fee”).

The proposed delivery schedule for the ten Option Aircraft is set out below:

<i>Option</i>	<i>Aircraft Type</i>	<i>Scheduled Delivery Date</i>
Option Aircraft 1	ATR 72-600	March 2015
Option Aircraft 2	ATR 72-600	June 2015
Option Aircraft 3	ATR 72-600	August 2015
Option Aircraft 4	ATR 72-600	November 2015
Option Aircraft 5	ATR 72-600	December 2015
Option Aircraft 6	ATR 72-600	February 2016
Option Aircraft 7	ATR 72-600	April 2016
Option Aircraft 8	ATR 72-600	June 2016
Option Aircraft 9	ATR 72-600	August 2016
Option Aircraft 10	ATR 72-600	October 2016

The Company will be entitled to convert the Option Aircraft into ATR 42-600 aircraft, subject to the Company giving eighteen months’ prior notice to ATR of its intention to do so and the availability of ATR 72-600 aircraft at the date requested.

Additional Aircraft

Pursuant to the ATR Supply Agreement, the Company will also be entitled to purchase up to 17 Additional Aircraft for delivery before the end of 2018 subject to, among other things, the availability of aircraft and no material adverse change in the financial condition of the Company that would jeopardise the availability of financing for such Additional Aircraft.

Delivery of Aircraft

All of the aircraft are to be delivered to the Company in Toulouse, France with an Export Certificate of Airworthiness issued by Direction Générale de l’Aviation Civile of the Transport Ministry of France and in a condition allowing its inclusion on the Australian aeronautic register and qualifying for the issuance of a certificate of airworthiness issued by the Civil Aviation Safety Authority of Australia.

No party to the ATR Supply Agreement shall be liable to the other party for any failure or delay in fulfilling its obligations, including but not limited to delivering an aircraft under the ATR Supply Agreement, in circumstances which constitute an Excusable Delay. In such circumstances, the affected party’s obligations shall be deferred and, with respect to any undelivered aircraft, the scheduled delivery date for the relevant aircraft shall be adjusted. If an aircraft is undelivered for a period of more than six months as a result of an Excusable Delay, the Company will be entitled

to terminate the ATR Supply Agreement with respect to the undelivered aircraft upon written notice to ATR following which ATR will be required to repay to the Company any amount pre-paid by the Company in relation to the undelivered aircraft.

If any aircraft due to be delivered under the ATR Supply Agreement is not offered for delivery as the result of an Inexcusable Delay, the Company shall be entitled to claim liquidated damages in respect of the undelivered aircraft. If an aircraft (except the first two aircraft) remains undelivered for a period of more than four months as a result of an Inexcusable Delay, the Company is entitled to re-negotiate the delivery date of such aircraft or terminate the ATR Supply Agreement with respect to such undelivered aircraft. If terminated, ATR will be required to repay to the Company any amount pre-paid by the Company in relation to the undelivered aircraft.

Termination

On the occurrence of certain insolvency related events of the Company or ATR, including the inability of such entity to pay its debts as and when they become due, the other party to the ATR Supply Agreement may terminate all or part of the ATR Supply Agreement.

Furthermore:

- ATR will be entitled to terminate the ATR Supply Agreement on the occurrence of certain events in relation to the Company (and the continuation of such event for a period of more than 15 days after notification), including if the Company fails to pay any of the Pre-Delivery Payments or purchase price amounts to ATR as such payments become due or fails to take delivery of any aircraft; and
- the Company will be entitled to terminate the ATR Supply Agreement on the occurrence of certain events in relation to ATR (and the continuation of such event for a period of more than 15 days after notification), including if ATR fails to refund any of the Pre-Delivery Payments or other amounts to the Company as such payments may become due.

(b) *Side letter relating to the ATR Supply Agreement*

Further to the Supply Agreement, the Company and ATR entered into a side letter on 4 March 2011 (“Side Letter”), agreeing that for a period of 48 months from execution of Side Letter, if ATR airline customers from Europe or Australasia seek operating leases of ATR aircraft, then ATR will consider the Company as one of the lessors that will be, in the first instance, introduced to such customers.

9.4 ***ECA Senior Debt***

On 5 August 2011, Aviation Airframe Holding Pte. Ltd (“AAH”) entered into an export credit loan agreement as borrower to borrow up to US\$139,713,281 in order to finance the acquisition of eight ATR 72-500 aircraft with Crédit Agricole Corporate and Investment Bank, Singapore as lender and Crédit Agricole Corporate and Investment Bank as facility agent, security trustee and arranger (the **ECA Facility**).

The ECA Facility is made available through eight US dollar term loan facilities, one for each aircraft, each made up of:

- 42.5 per cent. of the final contract price being a portion of the COFACE loan for each aircraft;
- 42.5 per cent. of the final contract price being a portion of the SACE loan for each aircraft;
- all of the French ECA premium relating to each aircraft; and
- all of the Italian ECA premium relating to each aircraft,

in each case the US dollar term loan facility is subject to a stated maximum.

Each advance under the Facility may only be used towards payment or reimbursement of the final contract price of the relevant Aircraft or towards payment of the French ECA premium or the Italian ECA premium. Each facility under the ECA Facility is available until the 28 February 2013 at which stage any amount remaining undrawn shall be cancelled and reduced to zero. AAH may

elect to pay interest at a fixed or floating rate. If any sum is overdue under the ECA Facility or under a court judgment in connection with the facility, such amount will bear interest from its due date for the payment to the date on which the sum is paid in full at a rate of 3.5 per cent. per annum and LIBOR. Each advance under the ECA Facility may be prepaid with the consent of COFACE and SACE, together with accrued interest and certain break costs thereon.

The ECA Facility contains certain mandatory prepayment events including breach of AAH's continuing undertakings to maintain its centre of interest in Singapore, not to establish a branch or operation anywhere other than Singapore and to ensure that AAH and its directors maintain certain connections in Singapore, illegality, a failure to enter into a replacement sub-lease following the termination of the relevant Operating Agreement and exercise of the Put and Call Option or the withdrawal of any government, public body or court authorisation necessary for the continued performance of the Group's obligations under the ECA Facility and related transaction documents. The ECA Facility outlines a number of Acceleration Events, upon the occurrence of which the lender may declare that the ECA Advances are immediately due and payable together with any accrued interest or other sum due thereon from AAH and cancel the facilities reducing the available commitment to zero. If the leasing of any of the aircraft is terminated for any reason (other than as a result of an event of loss) the principal amount of the relevant ECA advance becomes immediately repayable together with all accrued interest and break costs thereon. The ECA Facility contains representations, warranties and undertakings from AAH in favour of the lender. The repayment of each ECA Advance is guaranteed, insured or otherwise covered by COFACE and SACE and an amount in respect of each French ECA premium and Italian ECA premium in respect of each ECA Advance is payable to COFACE or SACE respectively but shall not be refunded if the amount is prepaid by AAH.

9.5 *Junior Debt*

On 9 August 2011, AAH entered into a junior loan agreement as borrower to borrow up to 7.5 per cent. of the relevant final contract price in order to finance the acquisition of four ATR 72-500 aircraft and four ATR 72-600 aircraft with Atriam Mauritius Limited as lender and as junior agent and Crédit Agricole Corporate and Investment Bank as security trustee (the **Junior Facility**).

The Junior Facility is made available through eight US dollar term facilities, one for each aircraft for a maximum of 7.5 per cent. of the final contract price for each aircraft. Each advance may only be applied in paying final contract price. Each facility under the Junior Facility is available until the 28 February 2013 at which stage any amount remaining undrawn shall be cancelled and reduced to zero. Interest is paid on the term facilities for Aircraft 1-4 at a fixed rate or the floating rate. Interest is paid on the term facilities for Aircraft 5-8 at a floating rate if AAH elected to pay that rate for Aircraft 1-4. If any sum is overdue under the Junior Facility or under a court judgment in connection with the facility, such amount will bear interest from the due date for payment to the date on which the sum is paid in full at a rate of 3.5 per cent. per annum and LIBOR. Each advance may be prepaid, together with accrued interest and break costs thereon.

The Junior Facility contains certain mandatory prepayment events including breach of AAH's continuing undertakings to maintain its centre of interest in Singapore, not to establish a branch or operation anywhere other than Singapore and to ensure that AAH and its directors maintain certain connections in Singapore, illegality, a failure to enter into a replacement sub-lease following the termination of the relevant Operating Agreement and exercise of the Put and Call Option or any necessary government, public body or court authorisation necessary for the continued performance of the Group's obligations under the ECA Facility and related transaction documents is withdrawn. The Junior Facility outlines a number of acceleration events, upon the occurrence of which the lender may declare that the advances made under the facility are immediately due and payable together with any accrued interest or other sum due thereon from AAH and cancel the facilities reducing the available commitment to zero. If the leasing of any of the aircraft is terminated for any reason (other than as a result of an event of loss), the principal amount of the relevant Junior Advance becomes immediately repayable together with all accrued interest and break costs thereon. The Junior Facility contains representations, warranties and undertakings from AAH in favour of the lender.

9.6 *Loan agreements*

Pursuant to a loan agreement dated 12 December 2011 between the Company and Fleet Solution Consulting Pte Ltd (“FSC”), as amended by a deed of variation dated 19 June 2012, FSC agreed to advance US\$2,000,000 to the Company. The Loan is repayable on 12 October 2013. Pursuant to the agreement interest accrues on the outstanding balance of the loan at rate of 10 per cent. a year and is payable monthly in arrears. Soeren Ferre, a director of CLA, is a director of FSC.

Pursuant to a loan agreement dated 14 December 2012 between AEF and FSC, FSC agreed to advance US\$1,000,000 to AEF. The Loan is repayable on 14 December 2013. Pursuant to the agreement interest accrues on the outstanding balance of the loan at rate of 10 per cent. a year and is payable monthly in arrears.

9.7 *CIC Senior Debt*

On 27 February 2013, Aviation Eastern Fleet III Pte. Ltd. (“AEF III”) entered into a senior loan agreement as borrower to borrow up to US\$15,000,000 in order to finance the acquisition of an ATR 72-600 aircraft with Crédit Industriel et Commercial, Singapore Branch, as lender, facility agent, security trustee and arranger (the “**Senior Facility**”).

The Senior Facility is made available through a US dollar term loan facility. Each advance under the Facility may only be used towards payment or reimbursement of the final contract price of the Aircraft. The facility is fully drawn. AEF III pays interest at a fixed rate. If any sum is overdue under the Senior Facility or under a court judgment in connection with the facility, such amount will bear interest from its due date for the payment to the date on which the sum is paid in full at a rate of 2 per cent. per annum and the senior interest rate. Each advance under the Senior Facility may be prepaid, together with accrued interest and certain break costs thereon.

The Senior Facility contains certain mandatory prepayment events including breach of AEF III’s continuing undertakings to maintain its centre of interest in Singapore, not to establish a branch or operation anywhere other than Singapore and to ensure that AEF III and its directors maintain certain connections in Singapore, illegality, a failure to enter into a replacement sub-lease following the termination of the relevant Operating Agreement and exercise of the Put and Call Option or the withdrawal of any government, public body or court authorisation necessary for the continued performance of the Group’s obligations under the Senior Facility and related transaction documents. The Senior Facility outlines a number of Acceleration Events, upon the occurrence of which the lender may declare that the Senior Advances are immediately due and payable together with any accrued interest or other sum due thereon from AEF III and cancel the facilities reducing the available commitment to zero. The Senior Facility contains representations, warranties and undertakings from AEF III in favour of the lender

9.8 *Junior Debt*

On 27 February 2013, AEF III entered into a junior loan agreement as borrower to borrow up to US\$1,311,076.12 in order to finance the acquisition of an ATR 72-600 aircraft with Atrium Mauritius Limited, as junior lender and Crédit Industriel et Commercial, Singapore Branch, as security trustee (the “**Junior Facility**”). The Junior Facility was granted to AEF III on substantially the same terms as that previously described in paragraph 9.5 of this Part IV.

9.9 *Finance Lease: Airbus A320-200 – MSN 1922 (VH-YUD)*

Pursuant to an aircraft finance lease agreement dated 16 April 2013, the Company was granted a lease of the aircraft bearing manufacturer’s serial number 1922 for a period of sixty months from the delivery date. Under the agreement, the Company is responsible for all maintenance and actions necessary to repatriate the aircraft at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. The Company is permitted to sublease the aircraft to MSN 1922 Pte Ltd under an intermediate lease agreement. MSN 1922 Pte Ltd is permitted to sublease the aircraft to Skywest Airlines or Virgin Australia under the terms of a sublease agreement. The Company may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of the owner (or superior lessor), such consent not to be

unreasonably withheld. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by the laws of England and Wales.

9.10 *Operating Lease: Airbus A320-200–MSN 1922 (VH-YUD)*

Pursuant to an aircraft operating lease agreement dated 18 April 2013 between MSN 1922 Pte Ltd (“MSN 1922”) and Skywest Airlines, MSN 1922 granted a lease of the aircraft bearing manufacturer’s serial number 1922 together to Skywest Airlines for a period of sixty-one months from the delivery date. Under the agreement Skywest Airlines is responsible for all maintenance and actions necessary to redeliver the aircraft to an Australian airport at the conclusion of the term. The aircraft is leased on an “as is-where is” basis. Skywest Airlines is permitted to sublease the aircraft to Virgin Australia under the terms of the lease agreement. Skywest Airlines may not otherwise sublease, hire or otherwise part with the possession or operational control of the aircraft without the prior written consent of MSN 1922, the grant of which consent is at MSN 1922’s sole discretion. During the term of the lease, Skywest Airlines shall at its own expense at all times, maintain, service, repair, overhaul, test and modify the aircraft, the engines and all parts and equipment therein. The agreement is governed by English law.

9.11 *Underwriting Agreement*

On 30 April 2013, the Company and Epsom Assets entered into the Underwriting Agreement. Under the terms of the Underwriting Agreement, Epsom Assets agreed to underwrite the Open Offer to the extent that New Ordinary Shares were not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements. Epsom Assets obligations are subject to certain conditions including Admission and there being no material adverse change (as defined therein). The Company has given customary warranties to Epsom Assets under the Underwriting Agreement. Epsom Assets will be paid a fee of £78,083.77 pursuant to the Underwriting Agreement.

10. Corporate Governance

The Company is committed to high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is suitable and which enables the Company to comply with the UK Corporate Governance Code. Although as a company with a Standard Listing the UK Corporate Governance Code does not automatically apply to the Company, the Company will make a statement in each Annual Report in relation to corporate governance in accordance with the Disclosure and Transparency Rules. Save as disclosed below, the Company complies with the UK Corporate Governance Code as at the date of this document. No other corporate governance regime is applicable to the Company.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive and the Board considers that these provisions are not relevant to the Company.

The Board, currently chaired by Mr Chatfield, consists of two non-executive Directors and the Chairman. There is no overall chief executive; the operations of the business are managed by the relevant managers of the particular subsidiaries. These managers report to the Board.

This structure has served the Company well since its incorporation and the Board does not believe that there is any requirement at this time to bring an overall chief executive officer into the Company. However, the Board continually monitors the position and if it considers the appointment of an overall chief executive officer to be beneficial to the Company or its shareholders, it will take appropriate steps at that time.

In respect to remuneration, the Board acts collectively as a full board. Discussions on remuneration take place in accordance with the Companies Acts and the Articles.

10.1 *The Audit Committee*

The Company has established an audit committee whose purpose is to provide arrangements for considering how to apply suitable financial reporting and integrity control principles, having regard to good corporate governance and maintaining an appropriate relationship with the Company’s auditor.

- Reviewing the external Auditor's terms of engagement, including the appointment, re-appointment or removal of the Auditor as appropriate.
- Reviewing the external Auditor's plan for the audit of the Company's financial statements.
- Reviewing the external Auditor's quality control procedures.
- Reviewing and monitoring the effectiveness of the external audit process and the external Auditor's independence and objectivity.
- Considering the scope of work undertaken by the Company's internal audit department.
- Reviewing reports on internal controls and reporting to the Board.
- Recommending the re-appointment of the external Auditor.

10.2 *The Nomination Committee*

All appointments to the Board and replacements of Directors take place in accordance with the Companies Acts and the Articles.

10.3 *The Risk Committee*

The Company has established a risk committee to:

- establish a risk management framework for the Board;
- assist the Board to ensure a sound system of risk management and internal controls, to safeguard shareholder interests and the Company's assets;
- advise the board on significant risks in view of overall risk appetite, tolerance and strategy of the Company;
- oversee and advise the Board on the current risk exposures of the Company and future risk strategy; and
- annually review the adequacy and effectiveness of the Company's risk management architecture.

11 **Litigation**

There are no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous twelve months which may have, or have had in the recent past, significant effects on the Company's and/or Group's financial position or profitability.

12 **Employees**

The Company has seven employees (2012: five). CLA has one employee. The members of the Company Secretariat and Accounting Department contract with the Group through limited companies, registered businesses and private firms and have no employment relationship with the Company or any member of the Group.

The Group philosophy is to outsource wherever possible support functions for its operations. The Group outsources and/or contracts out, *inter alia*, the technical management of its aircraft, the legal administration of the leases, and its day to day executive supervision and accounting systems to independent contractors and professional service providers. In this way, the Directors believe that they may keep the Company's administrative costs down.

13 **Significant Change**

There has been no significant change in the financial or trading position of the Group which has occurred since 31 December 2012, the end of the last financial period for which interim unaudited financial information has been published.

14 Auditor

The Auditor of the Company for the financial years ended 30 June 2010, 2011 and 2012 was Kingston Smith LLP of Devonshire House, 60 Goswell Road, London EC1M 7AD. Kingston Smith LLP is a member of the Institute of Chartered Accountants in England and Wales.

Dated: 7 May 2013

PART V

DEFINITIONS

2006 Act	the Companies Act 2006
AAH or Avation Airframe Holding	Avation Airframe Holding Pte Ltd, a company whose shares are held outside of the Group but over which the Company exercises management and control through a management services agreement dated 5 August 2011 between the Company and Airframe Holding Limited, as shareholder in AAH
ACMI Wet Lease	the aircraft, crew, maintenance and insurance services agreement dated 11 August 2011 (as amended and restated from time to time) between Skywest Airlines and Virgin Australia
Additional Aircraft	the two ATR 72-500 aircraft with MSNs 978 and 986
Admission	the listing of the New Ordinary Shares (i) on the Official List with a Standard Listing and (ii) admission of the New Ordinary Shares to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules and the Admission and Disclosure Standards
Admission and Disclosure Standards	the admission and disclosure standards of the London Stock Exchange for securities admitted or seeking to be admitted to trading, as amended from time to time
AGM	annual general meeting of the Company
Aircraft	the ATR 72-500 and ATR 72-600 aircraft (as the case may be) purchased and to be purchased by the Company including the Additional Aircraft, and Aircraft 1 to Aircraft 20 are the Aircraft delivered and scheduled for delivery as set out in the table on page 19 of Part I of this document
Aircraft Options	the options for firm aircraft purchases under the ATR Supply Agreement, details of which are set out on pages 77 to 79 of this document
Airframe Leasing (S) or ALS	Airframe Leasing (S) Pte Ltd, a wholly owned subsidiary of the Company
Airframe Leasing (S) II or ALS II	Airframe Leasing (S) II Pte Ltd, a wholly owned subsidiary of the Company
Airframe Leasing (S) III or ALS III	Airframe Leasing (S) III Pte Ltd, a wholly owned subsidiary of the Company
AIM	AIM, a market operated by the London Stock Exchange
Applicant	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form or a relevant CREST instruction under the Open Offer (including under the Excess Application Facility)
Application Form	the application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer (including under the Excess Application Facility)

ARAN	the Australian Regional Airline Network
ARAN Agreement	the agreement dated 11 January 2011 between the Company, Skywest Airlines (Australia) Pty Ltd and Virgin Australia for the establishment of the ARAN, including the provision of a fleet of up to 20 new aircraft which will operate primarily along the length of the Eastern Coast of Australia
Articles	the Articles of Association of the Company, as amended from time to time
ASIC	the Australian Securities & Investments Commission
ASX	the Australian Securities Exchange
ATR	Avions de Transport Régional G.I.E. (ID No. 323 932 236) of 1 Allée Pierre Nadot, 31712, Blagnac Cedex, France
ATR Supply Agreement	the sale and purchase agreement between the Company and ATR dated 4 March 2011 for the supply of new aircraft
AUD or AU\$	Australian Dollar
Auditor	Kingston Smith LLP
Avation Eastern Fleet or AEF	Avation Eastern Fleet Pte Ltd, a wholly owned subsidiary of the Company
Avation Eastern Fleet II or AEF II	Avation Eastern Fleet II Pte Ltd, a wholly owned subsidiary of the Company
Avation Eastern Fleet III or AEF III	Avation Eastern Fleet III Pte Ltd, a wholly owned subsidiary of the Company
Basic Entitlement	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 0.0975 New Ordinary Shares for every 1 Existing Ordinary Share registered in their name as at the Record Date
Board or Directors	the board of Directors of the Company or any duly constituted committee thereof
Business Day	any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays)
CA	Crédit Agricole CIB
Chairman	chairman of the Company
City Code	the City Code on Takeovers and Mergers published by the Takeover Panel, as amended from time to time
CLA	Capital Lease Avation PLC
Companies Acts	every statute (including any orders regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
Company	Avation PLC
COFACE	the Export Credit Agencies of the Republic of France
Corporations Act	the Corporations Act 2001 of Australia (Cth)

CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations
CREST Manual	the rules governing the operation of CREST as published by Euroclear
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the Uncertificated Securities Regulations)
CREST Participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST Sponsored Member	a CREST member admitted to CREST as a sponsored member
Disclosure and Transparency Rules	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
ECAs or ECA	COFACE and SACE or such other export credit agencies as may be applicable
ECA Finance	the finance provided to the Company as the ECA Senior Debt
ECA Senior Debt	the senior secured ECA backed debt made available by CA in connection with the acquisition of aircraft from ATR by the Company
EEA	the European Economic Area
EEA State	member state of the EEA
Enlarged Issue Share Capital	the issued share capital of the Company immediately following completion of the Open Offer
Epsom Assets	Epsom Assets Limited, a company incorporated under the laws of Mauritius and which is controlled by Robert Jeffries Chatfield
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Ex-entitlement date	the date on which the Existing Ordinary Shares trade ex-entitlement to participate in the Open Offer, expected to be 7 May 2013
Excess Application Facility	the arrangement pursuant to which Qualifying Shareholders may apply for additional New Ordinary Shares in excess of their Basic Entitlements in accordance with the terms and conditions of the Open Offer
Excess CREST Open Offer Entitlements	in respect of each Qualifying CREST Shareholder, the entitlements (in addition to their Basic Entitlement) to apply for New Ordinary Shares equal to the number of Existing Ordinary Shares registered in their names as at the Record Date, credited to their stock account in CREST, pursuant to the Excess Application Facility
Excess Shares	New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility
Excusable Delay	when a party to the ATR Supply Agreement fails or delays to carry out its obligations under the ATR Supply Agreement, including the delivery of each aircraft on its scheduled delivery

date, due to causes not within a party to that agreement's reasonable control including, but not limited to, acts of God, war, natural disasters, inability after due and timely diligence to procure materials or parts in certain limited circumstances, or any other cause beyond a party's reasonable control or not occasioned by such party's fault or negligence

Existing Ordinary Shares	the Ordinary Shares in issue as at the date of this document
F100 Pty Ltd	F100 Pty Ltd, a wholly owned subsidiary of the Company
Financial Conduct Authority or FCA	the regulatory authority for the UK financial services industry
Firm Aircraft	eleven ATR 72-600 aircraft which the Company has agreed to acquire from ATR on a firm basis pursuant to the terms of the ATR Supply Agreement as amended and/or re-stated, being Aircraft 10 to Aircraft 20 (inclusive) set out on the schedule of deliveries on page 19 and I of the Offer Document
FSMA	the Financial Services and Markets Act 2000
Group	the Company and its subsidiaries from time to time
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards adopted by the International Accounting Standards Board
Inexcusable Delay	when any aircraft due to be delivered under the ATR Supply Agreement is not tendered for delivery within 15 days after the last day of the month of the scheduled delivery date of the aircraft for any reason other than an Excusable Delay and attributable to ATR or any of its affiliates
Initial Aircraft	the first eight Aircraft for delivery under the ATR Supply Agreement
Issue Price	60 pence per New Ordinary Share
Junior Debt	the junior subordinated debt Atriam Mauritius Limited has advanced in connection with the acquisition of aircraft from ATR by the Company
Listing Rules	the listing rules issued by the UK Listing Authority
London Stock Exchange	London Stock Exchange PLC
Memorandum of Association	the Memorandum of Association of the Company
Model Code	the Model Code on directors' dealings in securities as set out in Annex 1 to Chapter 9 of the Listing Rules
MSN	manufacturer's serial number
Net Proceeds	the proceeds of the Open Offer, after deduction of the costs incurred in connection with the Open Offer payable by the Company
New Ordinary Shares	the new Ordinary Shares issued pursuant to the Open Offer on the terms and subject to the conditions in this document

Nordic Aviation	Nordic Aviation Capital A/S of Stratusvej 12, 7190 Billund, Denmark
Official List	the Official List maintained by the UK Listing Authority
Open Offer Entitlements	entitlements of Qualifying Shareholders to New Ordinary Shares under the Open Offer
Other Group Directors	Soeren Eric Ferré and Peter Anthony Freeman of CLA and with business address Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX, and Ronald Lewis Aitkenhead of F100 Pty Ltd with business address Domestic Terminal, Perth Airport, WA 6105, Australia
Ordinary Share or Shares	an ordinary share of one pence (£0.01) each in the capital of the Company with ticker: AVAP and ISIN: GB00B196F554
Option Fee	the option payable under the terms of the ATR Supply Agreement
Pre-Delivery Payment	the pre-delivery payments due to ATR pursuant to the ATR Supply Agreement in respect of the Firm Aircraft
Prospectus Rules	the rules and regulations made by the FCA under Part V of FSMA (as amended from time to time)
QIB	a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act
Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in Uncertificated form in CREST at close of business on the Record Date
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form at close of business on the Record Date
Qualifying Shareholders	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion (subject to certain exemptions) of Overseas Shareholders
Record Date	5.00 p.m. on 3 May 2013
Register	the register of members of the Company
Registrars	Computershare Investor Services PLC
Regulatory Information Service or RIS	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
Regulation S	Regulation S under the Securities Act
Restricted Jurisdiction	the United States, the Republic of South Africa, Singapore, Canada and Japan, and any other jurisdiction where the extension or availability of the Open Offer (and any other transaction contemplated thereby) would breach any applicable laws
SACE	The Export Credit Agency of the Republic of Italy
SDRT	Stamp Duty Reserve Tax
SEC	the US Securities and Exchange Commission
Securities Act	the US Securities Act 1933, as amended
SGX-ST	Singapore Exchange Securities Trading Limited

Shareholder	a holder of Ordinary Shares
Skywest Airlines	Skywest Airlines (Australia) Pty Ltd (ACN 008 997 662) of Perth Domestic Airport, Perth, Western Australia 6105, Australia
Skywest Singapore	Skywest Airlines Ltd (Singapore Company No. 199708548K) of 510 Thomson Road #12-04, SLF Building, Singapore 298135
Singapore	the Republic of Singapore
Standard Listing	a listing on the Official List under Chapter 14 of the Listing Rules
Sterling	lawful currency of the United Kingdom
Subsidiary	has the meaning given in the 2006 Act
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the Financial Reporting Council's UK Corporate Governance Code
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of listings on the Official List
uncertificated or in uncertificated form	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Uncertificated Securities Regulations	the Uncertificated Securities Regulations 2001
Underwriter	Epsom Assets Limited
United States or US	has the meaning given to the term "United States" in Regulation S
USD or US\$	United States Dollar
US Person	has the meaning given in Regulation S
VAT	UK value added tax
Virgin Australia	Virgin Australia Airlines Pty Ltd (formerly named Virgin Blue Australia Pty Ltd) (ACN 080 670 965) of 56 Edmondstone Road, Bowen Hills, Queensland 4006, Australia
wet lease	a leasing arrangement whereby a lessor airline provides an aircraft, full crew, maintenance and insurance to a lessee airline which pays the lessor airline by hours operated. The lessee pays for fuel and covers airport fees, and all other duties and taxes.

