

**Castlelake Aviation Limited and Subsidiaries**

**Unaudited Condensed Consolidated Financial Statements**

**As of March 31, 2024 and December 31, 2023 and for the 3 months ended March 31, 2024 and March 31, 2023**

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Financial Statements**  
**As of March 31, 2024 and December 31, 2023 and for the 3 months ended March 31, 2024 and March 31, 2023**

**Table of Contents**

	<b>Page</b>
Unaudited Condensed Consolidated Financial Statements	
Unaudited Condensed Consolidated Balance Sheets	2
Unaudited Condensed Consolidated Income Statements	3
Unaudited Condensed Consolidated Statements of Comprehensive Income	4
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity	5
Unaudited Condensed Consolidated Statements of Cash Flows	6
Notes to Unaudited Condensed Consolidated Financial Statements	7-21

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Balance Sheets**  
**As of March 31, 2024 and December 31, 2023**  
(U.S. dollars in thousands)

	Notes	March 31 2024	December 31 2023
<b>Assets</b>			
Cash and cash equivalents	3	\$ 86,493	\$ 120,386
Trade receivables	11	9,699	9,828
Flight equipment held for operating leases, net	4	3,163,282	3,384,672
Assets held for sale	5	100,003	-
Maintenance right assets and lease premiums, net	6	273,022	276,498
Net investment in finance leases	7	411,034	330,380
Other assets	8	21,827	22,725
Loan assets	9	791,059	795,675
Derivative assets	15	90,357	69,455
Deferred tax assets	16	45,724	34,213
<b>Total assets</b>		<b>\$ 4,992,500</b>	<b>\$ 5,043,832</b>
<b>Liabilities and equity</b>			
Accounts payable and accrued liabilities		5,067	7,069
Deferred rental income		18,266	22,083
Security deposits		50,276	41,122
Liabilities held for sale	5	1,459	-
Accrued maintenance liabilities	11	51,525	49,415
Derivative liabilities	15	295	15,342
Deferred tax liabilities	16	60,707	41,295
Debt	12	3,388,514	3,506,085
<b>Total liabilities</b>		<b>\$ 3,576,109</b>	<b>\$ 3,682,411</b>
Ordinary share capital, \$0.01 par value:			
5,000,000 shares authorized, 1,159,709 shares and 1,159,709 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively		11	11
Additional paid-in capital		1,188,803	1,188,803
Accumulated retained earnings		135,152	111,797
Accumulated other comprehensive income		92,425	60,810
<b>Total equity</b>		<b>\$ 1,416,391</b>	<b>\$ 1,361,421</b>
<b>Total liabilities and equity</b>		<b>\$ 4,992,500</b>	<b>\$ 5,043,832</b>

The accompanying Notes are an integral part of these financial statements.

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Income Statements**  
(U.S. dollars in thousands)

		<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
<b>Revenue and other income</b>	<b>Notes</b>		
Rental income from operating and finance leases	13	\$ 104,238	\$ 80,496
Interest and other income	14	20,639	12,114
Gain on transfer to investment in finance lease	7	1,914	-
<b>Total revenues and other income</b>		<b>\$ 126,791</b>	<b>\$ 92,610</b>
<b>Expenses</b>			
Interest expense	12	50,615	42,023
Depreciation	4	37,404	32,760
Maintenance and other costs		2,069	1,223
Selling, general and administrative expenses		9,953	7,944
<b>Total expenses</b>		<b>\$ 100,041</b>	<b>\$ 83,950</b>
<b>Net income before income tax expense</b>		<b>\$ 26,750</b>	<b>\$ 8,660</b>
Income tax (expense)	16	(3,395)	(877)
<b>Net income</b>		<b>\$ 23,355</b>	<b>\$ 7,783</b>

The accompanying Notes are an integral part of these financial statements.

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
(U.S. dollars in thousands)

	Notes	3 Months Ended March 31 2024	3 Months Ended March 31 2023
Net income		\$ 23,355	\$ 7,783
<b>Other comprehensive income</b>			
Net unrealized gain/(loss) on derivatives, net of tax	15	31,615	(31,315)
<b>Total comprehensive income/(loss)</b>		<b>\$ 54,970</b>	<b>\$ (23,532)</b>

The accompanying Notes are an integral part of these financial statements.

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity**  
(U.S. dollars in thousands)

	Number of ordinary shares issued	Ordinary share capital	Additional paid-in capital	Accumulated retained earnings	Accumulated other comprehensive income(loss)	Total
<b>Balance at December 31, 2022</b>	1,060,062	\$ 11	\$1,100,803	\$ 39,737	\$ 93,600	\$1,234,151
Net change	42,760	-	50,000	7,783	(31,315)	26,468
<b>Balance at March 31, 2023</b>	<u>1,102,822</u>	<u>\$ 11</u>	<u>\$1,150,803</u>	<u>\$ 47,520</u>	<u>\$ 62,285</u>	<u>\$1,260,619</u>
Net change	41,492	-	20,000	8,392	41,879	70,271
<b>Balance at June 30, 2023</b>	<u>1,144,764</u>	<u>\$ 11</u>	<u>\$1,170,803</u>	<u>\$ 55,912</u>	<u>\$ 104,164</u>	<u>\$1,330,890</u>
Net change	14,945	-	18,000	9,657	14,808	42,465
<b>Balance at September 30, 2023</b>	<u>1,159,709</u>	<u>\$ 11</u>	<u>\$1,188,803</u>	<u>\$ 65,569</u>	<u>\$ 118,972</u>	<u>\$1,373,355</u>
Net change	-	-	-	46,228	(58,162)	(11,934)
<b>Balance at December 31, 2023</b>	<u>1,159,709</u>	<u>\$ 11</u>	<u>\$1,188,803</u>	<u>\$ 111,797</u>	<u>\$ 60,810</u>	<u>\$1,361,421</u>
Net change	-	-	-	23,355	31,615	54,970
<b>Balance at March 31, 2024</b>	<u>1,159,709</u>	<u>\$ 11</u>	<u>\$1,188,803</u>	<u>\$ 135,152</u>	<u>\$ 92,425</u>	<u>\$1,416,391</u>

The accompanying Notes are an integral part of these financial statements.

**Castlelake Aviation Limited and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(U.S. dollars in thousands)

	Notes	3 Months Ended March 31 2024	3 Months Ended March 31 2023
<b>Cash flows from operating activities</b>			
Net income		\$ 23,355	\$ 7,783
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation expense	4	37,404	32,760
Amortization of debt issuance costs	12	2,938	3,974
Amortization of lease premium	6	3,476	3,813
Amortization of upfront fees	9	(578)	-
Collection of finance leases	7	5,521	9,589
Collection of loan assets	9	11,325	-
Gain on transfer to investment in finance lease	7	(1,914)	-
<b>Changes in assets and liabilities</b>			
Receivables and other assets		987	2,832
Deferred tax assets	16	(11,511)	(11,116)
Deferred tax liabilities	16	19,412	7,516
Income tax effect on derivatives	15	(4,516)	4,474
Accounts payable and accrued liabilities		4,360	7,879
Deferred rental income		(3,658)	2,712
<b>Net cash provided by operating activities</b>		<b>\$ 86,601</b>	<b>\$ 72,216</b>
<b>Cash flows from investing activities</b>			
Purchase of aircraft	4	-	(53,600)
Cash paid for loan assets	9	(6,132)	(57,628)
<b>Net cash used in investing activities</b>		<b>\$ (6,132)</b>	<b>\$ (111,228)</b>
<b>Cash flows from financing activities</b>			
Net cash received from borrowings	12	-	637,990
Repayment of borrowings	12	(126,578)	(631,139)
Proceeds from issuance of shares		-	50,000
Debt issuance costs	12	(348)	(11,020)
Security deposits		10,454	(954)
Maintenance reserves	11	2,110	(11,657)
<b>Net cash provided by financing activities</b>		<b>\$ (114,362)</b>	<b>\$ 33,220</b>
<b>Net movement in cash, cash equivalents and restricted cash</b>		<b>(33,893)</b>	<b>(5,792)</b>
Cash, cash equivalents and restricted cash at the beginning of the period	3	120,386	132,167
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>3</b>	<b>\$ 86,493</b>	<b>\$ 126,375</b>
<b>Supplemental cash flow information:</b>			
Cash paid for interest expense	12	\$ 55,444	\$ 31,735

The accompanying Notes are an integral part of these financial statements.

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

## **1 Organization**

Castlelake Aviation Limited (the “Company”) is incorporated in the Cayman Islands and is tax resident in the Republic of Ireland. The Company was incorporated on August 6, 2021, for the purpose of acquiring, marketing, leasing and selling newer generation and mid-life commercial aircraft and providing other aircraft financing solutions to its airline customers. Castlelake Aviation LLC, a company wholly owned by affiliates of Castlelake, L.P. (“Castlelake”) is the sole shareholder of the Company.

The Company, Castlelake Aviation Finance Designated Activity Company (“CAF DAC”), a direct and wholly owned subsidiary of the Company, and CAF DAC’s subsidiaries collectively comprise the (“CA Group”). As of March 31, 2024, there were 120 assets (December 31, 2023: 120 assets) in the CA Group’s portfolio, consisting of 88 aircraft on operating lease (December 31, 2023: 92), 2 aircraft on operating lease held for sale (December 31, 2023: 0), 11 aircraft and aircraft engines on finance lease (December 31, 2023: 9) and 19 secured loan assets (December 31, 2023: 19). These assets have been financed by a number of term loans, a revolving credit facility and a high yield bond (as outlined in Note 13).

## **2 Summary of significant accounting policies**

### **Basis of preparation**

The condensed consolidated financial statements and the related information in the supporting notes have been prepared on a going concern basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The CA Group consolidates all companies in which the CA Group has control under *ASC 810*. All inter group balances and transactions with consolidated subsidiaries have been eliminated. The results of consolidated entities are included from the effective of control, and the results of subsidiaries sold or otherwise deconsolidated are excluded from the date in which the CA Group ceases to control the subsidiary.

The condensed consolidated financial statements are stated in U.S. dollars, which is the functional and reporting currency of the CA Group.

### **Going concern**

The CA Group relies on its lessees’ continued performance of their lease obligations. The ability of each lessee to perform its obligations under its lease will depend primarily on such a lessee’s financial condition and cash flow, which may be affected by factors beyond the CA Group’s control. The Directors continue to have a reasonable expectation that the CA Group has adequate resources to continue in operation for at least the next 12 months from the date in which the financial statements are authorized for issue, based on future cash flow analyses using contracted revenues, forecasted maintenance receipts and payments, debt obligations, capital commitments and current cash positions, and that the going concern basis of preparation remains appropriate for the preparation of the financial statements as of March 31, 2024.

### **Use of judgements and estimates**

The preparation of the condensed consolidated financial statements in conformity with US GAAP requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. While the Directors believe that the estimates and related assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates. The most significant estimates are those in relation to the residual value and useful economic lives of flight equipment held for operating leases, the impairment of flight equipment held for operating leases, the proportion of supplemental maintenance rent that will not be reimbursed, the valuation allowance recognized against deferred tax assets, the recoverability of trade receivables and deferred operating lease revenue, the recoverability of loan assets and key assumptions about the likelihood and magnitude of an outflow of resources for commitments and contingent liabilities.

### **Summary of significant accounting policies**

The CA Group’s significant accounting policies are described in its Annual Audited Financial Statements for the year ended December 31, 2023.

## **3 Cash, cash equivalents and restricted cash**

The CA Group maintains various cash accounts as required by the lenders and the facility providers, including collateral accounts, security deposit accounts and maintenance reserve accounts.

The CA Group held cash and cash equivalents of \$86.5 million and \$120.4 million at March 31, 2024 and December 31, 2023, respectively.



**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**4 Flight equipment held for operating leases, net**

As of March 31, 2024 and December 31, 2023, flight equipment held for operating leases, net, were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Flight equipment held for operating leases, net	\$ 3,163,282	\$ 3,384,672

Movements in flight equipment held for operating leases during the 3 months ended March 31, 2024 and the year ended December 31, 2023, were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Opening balance	\$ 3,384,672	\$ 2,811,775
Additions	-	982,616
Transfers from maintenance intangible	-	353
Transfers to flight equipment held for sale	(99,900)	-
Disposals	-	(94,074)
Transfers to investment in finance lease	(84,086)	(169,104)
Depreciation	(37,404)	(146,894)
<b>Flight equipment held for operating leases, net</b>	<b>\$ 3,163,282</b>	<b>\$ 3,384,672</b>
Accumulated depreciation	\$ (279,353)	\$ (252,628)

Depreciation charge on flight equipment held for operating lease during the 3 months ended March 31, 2024 and the year ended December 31, 2023, were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Depreciation	\$ (37,404)	\$ (146,894)

During the 3 month period ended March 31, 2024, the CA Group acquired no aircraft subject to operating leases.

As of March 31, 2024, the CA Group's aircraft portfolio consisted of 88 aircraft held for operating lease which were on lease to 18 different lessees in 13 different countries.

As of December 31, 2023, the CA Group's aircraft portfolio consisted of 92 aircraft held for operating lease which were on lease to 18 different lessees in 13 different countries.

The following table sets forth the regional concentration based on each lessee's principal place of business of the CA Group's flight equipment held for operating leases based on net book value as of March 31, 2024 and December 31, 2023, (U.S. dollars in thousands, except percentages):

	<b>March 31, 2024</b>		<b>December 31, 2023</b>	
	<b>Net Book Value</b>	<b>% of Total</b>	<b>Net Book Value</b>	<b>% of Total</b>
Europe, Middle East and Africa (EMEA)	\$ 694,128	22	\$ 701,503	21
Asia Pacific (APAC) and India	1,585,129	50	1,705,258	50
Americas	884,025	28	977,911	29
<b>Flight equipment held for operating leases, net</b>	<b>\$ 3,163,282</b>	<b>100</b>	<b>\$ 3,384,672</b>	<b>100</b>

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**5 Assets and liabilities held for sale**

Assets and liabilities held for sale (“Assets HFS” and “Liabilities HFS”) consisted of the following as of March 31, 2024 and December 31, 2023 (U.S. dollars in thousands):

	<b>Assets HFS March 31 2024</b>	<b>Assets HFS December 31 2023</b>	<b>Liabilities HFS March 31 2024</b>	<b>Liabilities HFS December 31 2023</b>
Opening balance	-	-	-	-
Transfer from aircraft held for operating lease	99,900	-	-	-
Transfer from other assets	103	-	-	-
Transfer from security deposits	-	-	1,300	-
Transfer from deferred income	-	-	159	-
<b>Total</b>	<b>\$ 100,003</b>	<b>\$ -</b>	<b>\$ 1,459</b>	<b>\$ -</b>

The CA Group, records assets as held for sale when the sale is probable, the asset is available for sale in its present condition, and it is expected to be sold within 12 months. Flight equipment assets are reclassified from flight equipment held for operating leases, net to flight equipment held for sale at the lower of the assets carrying value or fair value less costs to sell. Depreciation is no longer recognized for flight equipment classified as held for sale. Other assets reclassified to held for sale relate to capital acquisition costs on those aircraft transferred to held for sale. Liabilities held for sale relate to security deposits and deferred income balances related to those aircraft transferred to held for sale.

As of March 31, 2024, there were 2 aircraft on operating lease classified as held for sale (December 31, 2023: 0).

**6 Maintenance right assets and lease premiums, net**

Maintenance right assets and lease premiums, net consisted of the following as of March 31, 2024 and December 31, 2023 (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Lease premiums	\$ 55,947	\$ 59,423
Maintenance right assets	217,075	217,075
<b>Maintenance right assets and lease premiums, net</b>	<b>\$ 273,022</b>	<b>\$ 276,498</b>

As of March 31, 2024 and December 31, 2023, lease premiums/(deficits) and maintenance right assets/(liabilities) were as follows (U.S. dollars in thousands):

	<b>Lease premium March 31 2024</b>	<b>Lease premium December 31 2023</b>	<b>Maintenance right asset March 31 2024</b>	<b>Maintenance right asset December 31 2023</b>
Opening balance	\$ 59,423	\$ 85,701	\$ 217,075	\$ 220,229
Additions to maintenance intangible assets/(liabilities)	-	-	-	842
Additions to lease intangible assets/(liabilities)	-	(11,902)	-	-
Disposals	-	348	-	(3,643)
Maintenance claims	-	-	-	(353)
Amortization charge for the period	(3,476)	(14,724)	-	-
<b>Total</b>	<b>\$ 55,947</b>	<b>\$ 59,423</b>	<b>\$ 217,075</b>	<b>\$ 217,075</b>

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**7 Net investment in finance leases**

As of March 31, 2024 and December 31, 2023, 11 and 9 leases were accounted for as finance leases respectively. As of March 31, 2024 and December 31, 2023, 11 and 9 lessees had a purchase option in place respectively. During the period ended March 31, 2024, the CA Group transferred 2 aircraft from flight equipment held for operating lease to net investment in finance leases for a gain of \$1.9 million. The following tables list the components of the net investment in finance leases as of March 31, 2024 and December 31, 2023 (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Total lease payments to be received	\$ 618,966	\$ 494,427
Less: Unearned income	(207,932)	(164,047)
Allowance for credit losses	-	-
<b>Net investment in finance leases</b>	<b>\$ 411,034</b>	<b>\$ 330,380</b>

As of March 31, 2024 and December 31, 2023, net investment in finance leases were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Opening balance	\$ 330,380	\$ 288,472
Additions	-	-
Transfers from flight equipment held for operating lease	84,086	169,104
Gain on transfers from flight equipment held for operating lease	1,914	2,896
Lease principal repayments	(5,517)	(130,092)
Accrued interest	171	-
<b>Net investment in finance leases</b>	<b>\$ 411,034</b>	<b>\$ 330,380</b>

The CA Group is exposed to credit losses on its net investment in finance leases provided to its airline customers. The CA Group's net investment in finance leases credit exposure reflects the risk that its customers fail to meet their payment obligations and the risk that the aircraft value in a finance lease is less than the unguaranteed residual value.

As of March 31, 2024 and December 31, 2023, no expected credit loss was recognized for net investment in finance leases. An evaluation in accordance with *ASC 326 Financial Instruments – Credit Losses* was completed, and it was deemed that no expected credit loss was required.

During the 3 months ended March 31, 2024, the CA Group recognized interest income from net investments in finance leases of \$8.7 million, which is included within rental income from operating and finance leases.

The following table provides a summary of anticipated future lease payments under outstanding net investment in finance leases as of March 31, 2024, and December 31, 2023, (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
2024	\$ 47,700	\$ 50,167
2025	62,291	49,886
2026	61,192	48,787
2027	60,093	47,688
2028	59,008	46,603
Thereafter	328,511	251,296
Undiscounted cash flows receivable	618,795	494,427
Less: Unearned income	(207,761)	(164,047)
<b>Total</b>	<b>\$ 411,034</b>	<b>\$ 330,380</b>

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**8 Other assets**

At March 31, 2024 and December 31, 2023, the principal components of the CA Group's other assets were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
VAT receivable	\$ 1,397	\$ 1,419
RCF debt costs	7,758	8,688
Interest receivable	-	175
Other assets	12,672	12,443
<b>Other assets</b>	<b><u>\$ 21,827</u></b>	<b><u>\$ 22,725</u></b>

Other assets of \$12.7 million (December 31, 2023: \$12.4 million) primarily consists of prepaid expenses, capitalized expenses and other receivables. Other receivables relate to a bank guaranteed amount supported by a letter of credit in favor of an entity within the CA Group that is expected to be received in 2026.

**9 Loan assets**

	<b>March 31 2024</b>	<b>December 31 2023</b>
Opening balance	\$ 795,675	\$ 400,365
Additions to loan assets	6,131	549,329
Additions to upfront fees	-	(7,329)
Repayments	(10,920)	(148,470)
Amortization	578	2,659
Accrued interest	(405)	(879)
<b>Loan assets</b>	<b><u>\$ 791,059</u></b>	<b><u>\$ 795,675</u></b>

Loan assets of \$791.1 million is presented net of unamortized upfront fees, interest receivable and re-measurement adjustments. The net loan receivable amounts consist of \$267.6 million to an Asia Pacific based airline, \$61.0 million to 2 EMEA based lessors, and \$462.5 million to an EMEA based airline.

There are 4 loans provided to Asia Pacific based airlines. One accrues interest at a fixed rate of 11.75% per annum and is secured by charges over intellectual property of the airlines and aircraft inventory. As of March 31, 2024, principal of \$116.7 is drawn down. The other 3 loans accrue interest at fixed rates ranging from 10.60% to 11.60% per annum and are secured against aircraft owned by the lessor. As of March 31, 2024, principal of \$147.5 million is drawn down.

Loans of \$61.0 million provided to 2 EMEA based lessors accrue interest at a fixed rate of 8.00% per annum and are secured against aircraft owned by the lessors. As of March 31, 2024, there are no undrawn amounts or available commitments under these loans.

The loans provided to the EMEA based airline accrue interest at a fixed rate ranging from 7.70% to 8.58% per annum and are secured by an assignment of certain rights of the airline under the relevant aircraft purchase agreement. As of March 31, 2024, principal of \$462.5 million is drawn down.

The CA Group is exposed to credit losses on its loan assets provided to its airline customers. The CA Group's loan assets credit exposure reflects the risk that its airline customers fail to meet their payment obligations.

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**9 Loan assets (continued)**

As of March 31, 2024, and December 31, 2023, no expected credit loss was recognized for loan receivables. An evaluation in accordance with ASC 326 *Financial Instruments – Credit Losses* was completed, and it was deemed that no expected credit loss was required.

The following table provides a summary of anticipated future principal repayments under outstanding loan assets as of March 31, 2024, and December 31, 2023, (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
2024	\$ 140,607	\$ 142,297
2025	41,280	41,280
2026	107,947	111,450
2027	41,280	41,280
2028	85,475	89,280
Thereafter	386,880	389,674
Loan adjustments	(12,410)	(19,586)
<b>Loan assets</b>	<b>\$ 791,059</b>	<b>\$ 795,675</b>

**10 Trade receivables**

The CA Group is exposed to credit losses on its lease deferrals and trade receivables provided to its airline customers. The CA Group's lease deferrals and trade receivables credit exposure reflect the risk that its customers fail to meet their payment obligations and the risk that the aircraft value in a finance lease is less than the unguaranteed residual value.

The CA Group estimates the expected risk of loss over the remaining life of a lease using a probability of default and net exposure analysis. The probability of default is estimated based on historical cumulative default data, adjusted for current conditions of similarly risk rated counterparties over the contractual term. The net exposure is estimated based on the exposure, net of collateral, including security deposits and maintenance-related deposits and aircraft where applicable, over the contractual term.

As of March 31, 2024, trade receivables of \$9.7 million was presented net of an expected credit loss on lease deferrals and an allowance for bad debts on lease receivables as follows (U.S. dollars in thousands):

	<b>Lease deferrals</b>	<b>Trade receivables</b>	<b>Total</b>
Balance (gross)	\$ 52,215	\$ 863	\$ 53,078
Allowance for bad debts	-	(815)	(815)
Expected credit loss	(42,564)	-	(42,564)
<b>Total</b>	<b>\$ 9,651</b>	<b>\$ 48</b>	<b>\$ 9,699</b>

As of December 31, 2023, trade receivables of \$9.8 million was presented net of an expected credit loss on lease deferrals and an allowance for bad debts on lease receivables as follows (U.S. dollars in thousands):

	<b>Lease deferrals</b>	<b>Trade receivables</b>	<b>Total</b>
Balance (gross)	\$ 55,633	\$ 276	\$ 55,909
Allowance for bad debts	-	(260)	(260)
Expected credit loss	(45,821)	-	(45,821)
<b>Total</b>	<b>\$ 9,812</b>	<b>\$ 16</b>	<b>\$ 9,828</b>

At March 31, 2024, there was a net expected credit loss reversal of 2.7 million (December 31, 2023: \$5.4 million) recognized in the Consolidated Income Statements. This consisted of a reversal of \$3.3 million, all of which is recorded in rental income for operating and finance leases and \$0.6 million of a provision is recorded in interest and other income (December 31, 2023: \$4.4 million, \$0.8 million in rental income from operating and finance leases and \$3.6 million in interest in other income), and no reclassification between allowance for bad debts and lease deferrals (December 31, 2023: \$1.0 million).

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**10 Trade receivables (continued)**

The movement in expected credit loss and allowance for bad debts during the 3 months ended March 31, 2024, is as follows (U.S. dollars in thousands):

	<b>Allowance for bad debts</b>	<b>Expected credit loss</b>	<b>Total</b>
Opening balance	\$ (260)	\$ (45,821)	\$ (46,081)
Movement for the period	(555)	3,257	2,702
Adjustment	-	-	-
<b>Total</b>	<b>\$ (815)</b>	<b>\$ (42,564)</b>	<b>\$ (43,379)</b>

The movement in expected credit loss and allowance for bad debts during the year ended December 31, 2023, is as follows (U.S. dollars in thousands):

	<b>Allowance for bad debts</b>	<b>Expected credit loss</b>	<b>Total</b>
Opening balance	\$ (4,860)	\$ (46,662)	\$ (51,522)
Movement for the year	3,606	841	4,447
Adjustment	994	-	994
<b>Total</b>	<b>\$ (260)</b>	<b>\$ (45,821)</b>	<b>\$ (46,081)</b>

**11 Accrued maintenance liabilities**

As of March 31, 2024, and December 31, 2023, accrued maintenance liabilities were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Accrued maintenance liabilities	\$ 51,525	\$ 49,415

Movements in accrued maintenance liabilities during the period ended March 31, 2024, and the year ended December 31, 2023, were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Opening balance	\$ 49,415	\$ 68,454
Maintenance payments received	2,113	10,642
Maintenance claims paid	(3)	(17,658)
Maintenance reserves released	-	(12,023)
<b>Accrued maintenance liabilities</b>	<b>\$ 51,525</b>	<b>\$ 49,415</b>

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**12 Debt**

The CA Group's outstanding indebtedness consists of senior unsecured notes ("HYB"), 2 senior secured term loan B facilities ("TLB 1" and "TLB 2"), 6 term loan facilities ("TL 3", "TL 4", "TL 5", "TL 6", "TL 7", "TL 8"), and a secured revolving credit facility ("RCF").

The outstanding principal balances, unamortized discount, legal maturity dates and interest rates of the Debt as at March 31, 2024 and December 31, 2023, were as follows (U.S. dollars in thousands):

		<b>March 31 2024</b>	<b>December 31 2023</b>
Type	Maturity		
<i>Unsecured</i>			
HYB	04/2027	\$ 420,000	\$ 420,000
<i>Secured</i>			
TLB 1	10/2026	1,150,500	1,153,450
TLB 2	10/2027	627,062	628,650
TL 3	12/2034	125,485	127,145
TL 4	11/2034	115,879	117,901
RCF	04/2026	293,000	403,410
TL 5	12/2030	73,363	74,349
TL 6	06/2026	360,329	363,265
TL 7	06/2031	115,079	116,816
TL 8	08/2038	132,021	134,310
<b>Total secured</b>		<b>\$ 2,992,718</b>	<b>\$ 3,119,296</b>
Accrued interest		19,567	13,151
Debt issuance costs		(71,267)	(70,919)
Amortization of debt issuance costs		27,495	24,557
<b>Debt</b>		<b>\$ 3,388,514</b>	<b>\$ 3,506,085</b>

As of December 31, 2023, the interest rate of the CA Group's unsecured debt of \$420.0 million is 5.00% and the weighted average effective interest rate of the CA Group's secured debt is 5.04%. The weighted average interest rate for our floating rate debt of \$3.0 billion is calculated based on the applicable U.S. dollar SOFR rate, as applicable, as of the most recent interest payment date of the respective debt and excludes the impact of related derivative financial instruments which we hold to hedge our exposure to floating interest rates, as well as any amortization of debt issuance costs and debt discounts.

Interest payments, principal payments and loan conversion on the Debt during the period ended March 31, 2024, were as follows (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024 Interest</b>	<b>3 Months Ended March 31 2024 Principal</b>
HYB	\$ -	\$ -
TLB 1	21,446	2,950
TLB 2	12,927	1,588
TL 3	1,851	1,660
TL 4	1,632	2,023
RCF	5,996	110,410
TL 5	1,052	986
TL 6	6,722	2,936
TL 7	1,638	1,736
TL 8	2,180	2,289
<b>Total interest and principal repayments and non-interest-bearing convertible loan</b>	<b>\$ 55,444</b>	<b>\$ 126,578</b>

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**12 Debt (continued)**

The total interest expense during the 3 months ended March 31, 2024 and March 31, 2023 was comprised of the following (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
HYB	\$ 5,250	\$ 5,250
TLB 1	22,948	21,947
TLB 2	12,904	4,277
TL 1	-	2,515
TL 2	-	7,379
TL 3	1,827	2,348
TL 4	2,045	1,901
RCF	6,525	1,854
TL 5	1,049	-
TL 6	6,563	-
TL 7	1,634	-
TL 8	2,174	-
Amortization of debt issuance costs	2,938	3,974
Derivatives	(15,242)	(9,422)
<b>Total</b>	<b>\$ 50,615</b>	<b>\$ 42,023</b>

As of March 31, 2024, \$293.0 million was drawn down from the RCF leaving an undrawn amount of \$657.0 million. As of December 31, 2023, TL 3, TL 4, TL 5, TL 6, TL7 and TL 8 were fully drawn.

TL1 and TL2 have been fully repaid in February and December 2023, respectively.

The HYB is guaranteed on a senior unsecured basis by the Company and certain subsidiaries of CAF DAC.

As of March 31, 2024, TLB 1, TLB 2, TL 3, TL 4, TL 5, TL 6, TL 7 and TL 8 are secured by 98 (2023: TLB1, TLB2, TL 1, TL 3, TL 4, TL 5, TL 6, TL 7 and TL 8 are secured by 98) aircraft, while RCF is secured by 14 (2023: 14) aircraft assets.

As of March 31, 2024, the CA Group remained in compliance in all material respects with the covenants in the agreements governing its Debt.

Maturities of secured and unsecured debt outstanding as of March 31, 2024 and December 31, 2023, are as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
2024	\$ 49,255	\$ 65,423
2025	67,834	67,834
2026	1,806,081	1,916,491
2027	1,069,733	1,069,733
2028	41,959	41,960
Thereafter	377,855	377,855
<b>Total</b>	<b>\$ 3,412,717</b>	<b>\$ 3,539,296</b>



**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**13 Rental income from operating and finance leases**

The following table details rental income, net of expected credit losses, provision for bad debts and bad debt recoveries, by geographical location during the 3 months ended March 31, 2024 and March 31, 2023 (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
Europe, Middle East and Africa (EMEA)	\$ 19,182	\$ 7,299
Asia Pacific (APAC)	51,858	46,467
Americas	36,674	30,543
Lease premium amortization (Note 6)	(3,476)	(3,813)
<b>Rental income from operating and finance leases</b>	<b>\$ 104,238</b>	<b>\$ 80,496</b>

The CA Group is exposed to credit losses on its net investment in finance leases provided to its airline customers. The CA Group's net investment in finance lease credit exposure reflects the risk that its airline customers fail to meet their payment obligations and the risk that the aircraft value in a finance lease is less than the unguaranteed residual value.

The CA Group's top 5 customers represented 70.00% of total rental revenues for the 3 months ended March 31, 2024, and 4 customers each accounted for 10.00% or more of total rental revenues at 20.08%, 16.58%, 12.23% and 12.10%. As at March 31, 2024, 39 of the operating leases provide for unexpired extension options and 1 of the operating leases provides for an unexpired early termination option.

As at March 31, 2024, and March 31, 2023, the CA Group had contracted to receive the following minimum cash lease rentals under non-cancellable operating leases (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>March 31 2023</b>
2023	\$ -	\$ 255,242
2024	276,042	342,225
2025	359,399	306,834
2026	324,080	294,298
2027	291,923	278,519
2028	282,602	268,922
Thereafter	1,188,931	1,162,654
<b>Total</b>	<b>\$ 2,722,977</b>	<b>\$ 2,908,694</b>

During the 3 months ended March 31, 2024, the CA Group recognized a reversal for expected credit losses of \$3.3 million, classified in operating rental income, in respect of the CA Group's deferred operating lease revenue balance as at March 31, 2024. Refer to *Note 10 – Trade Receivables*.

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**14 Interest and other income**

Interest and other income net of provisions for bad debts during the 3 months ended March 31, 2024, and March 31, 2023, were as follows (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
Interest income from loan assets	\$ 18,704	\$ 9,880
Bank interest income	741	1,016
Other interest income	578	1,205
Late payment interest	1,171	1,411
Reversal of provision for bad debts (Note 10)	(555)	(1,398)
<b>Interest and other income</b>	<b>\$ 20,639</b>	<b>\$ 12,114</b>

**15 Derivative financial instruments**

The CA Group entered into interest rate swaps to hedge the current and future interest payments of a portion of external debt which has an underlying variable interest rate. As of March 31, 2024 and December 31, 2023, the underlying variable benchmark interest rates under the interest rate swaps were 3-month U.S. dollar SOFR and 1-month U.S. dollar SOFR.

The counterparties to the interest rate swaps are major international financial institutions. The CA Group continually monitors its positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. The CA Group could be exposed to potential losses due to the credit risk of non-performance by these counterparties. The CA Group has not experienced any losses to date.

The following table presents the notional amounts and estimated fair values of the CA Group's derivatives as of March 31, 2024 and December 31, 2023 (U.S. dollars in thousands):

	<b>March 31 2024 Notional amounts</b>	<b>March 31 2024 Fair value</b>	<b>December 31 2023 Notional amounts</b>	<b>December 31 2023 Fair value</b>
Derivative assets/(liabilities) designated as accounting cash flow hedges:				
Interest rate swap assets	\$ 3,051,534	\$ 89,384	\$ 1,478,802	\$ 68,300
Accrued interest		2,509		2,745
Interest rate swap unwind		(1,536)		(1,590)
Derivative assets		<u>\$ 90,357</u>		<u>\$ 69,455</u>
Interest rate swaps asset/(liability)	144,870	(295)	1,688,514	(15,342)
<b>Total</b>	<u>\$ 3,196,404</u>	<u>\$ 90,062</u>	<u>\$ 3,167,316</u>	<u>\$ 54,113</u>

Changes in the fair value of a derivative that is designated and qualifies as an effective cash flow hedge are recorded in accumulated other comprehensive income/(loss), net of tax, until earnings are affected by the variability of cash flows of the hedged item.

The fair value and notional value of the swaps includes swaps with an effective date into the future (2026) of \$2.3 million (Notional \$611.0 million).

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**15 Derivative financial instruments (continued)**

The CA Group has recorded the following gains/(losses) in other comprehensive income related to derivative financial instruments for the period ended 31 March, 2024, and the period ended 31 March, 2023 (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
Effective portion of change in FV of derivatives designated as cash flow hedges:		
Interest rate swaps	\$ 36,131	\$ (35,789)
Income tax effects	(4,516)	4,474
<b>Net gain/(loss) on derivative, net of tax</b>	<b>\$ 31,615</b>	<b>\$ (31,315)</b>

**16 Income tax**

The following table presents the CA Group's income tax expense/(benefit) for the 3 months ended March 31, 2024, and March 31, 2023 (U.S. dollars in thousands):

	<b>3 Months Ended March 31 2024</b>	<b>3 Months Ended March 31 2023</b>
Current tax expense/(benefit)	\$ 10	\$ 4
Deferred tax expenses/(benefit)	3,385	873
<b>Provision for income taxes</b>	<b>\$ 3,395</b>	<b>\$ 877</b>

As of March 31, 2024 and December 31, 2023, deferred tax assets and deferred tax liabilities were as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
Deferred tax assets	\$ 45,724	\$ 34,213
Deferred tax liabilities	60,707	41,295

Effective from 1 January 2022, the CA Group elected to no longer subject 16 of the aircraft owning entities to Irish corporation tax under the rules outlined within Section 110 of the Taxes Consolidation Act 1997, instead opting to tax those entities as trading companies.

The calculation of income for tax purposes differs significantly from book income. Deferred tax is provided to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law in the various jurisdictions. Tax losses carried forward and accelerated tax depreciation on flight equipment held for operating leases gives rise to the most significant timing differences. The effective tax rate is impacted by the source and amount of earnings among our different tax jurisdictions, the amount of permanent tax differences relative to pre-tax income and an increase in valuation allowance for an amount of unrecognized tax losses.

The CA Group's primary tax jurisdiction is Ireland. The tax returns in Ireland for Castlelake Aviation Limited and the entities that were incorporated in 2022 are open for examination by the Irish Revenue from 2022 onwards. There were a number of existing entities which were acquired by Castlelake Aviation Limited in 2022; tax returns for these entities remain open for enquiries by the Irish Revenue for four years from the end of the year in which a particular return is filed.

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**17 Commitments and contingencies**

As of March 31, 2024, the CA Group was under an agreement for purchase and leaseback transactions for 23 aircraft. Commitments for the acquisition of these aircraft, calculated at an estimated aggregate purchase price (including adjustments for anticipated inflation) of approximately \$1.5 billion and of \$1.5 billion as of March 31, 2024 and December 31, 2023 are as follows (U.S. dollars in thousands):

	<b>March 31 2024</b>	<b>December 31 2023</b>
2024	\$ 195,000	\$ 195,000
2025	-	-
2026	-	-
2027	580,309	580,309
2028	730,545	730,545
Thereafter	-	-
<b>Total</b>	<b>\$ 1,505,854</b>	<b>\$ 1,505,854</b>

The final purchase prices can vary due to a number of factors, including inflation and the final acquisition dates can vary as the timing of some transactions have not yet been determined.

As of March 31, 2024 and December 31, 2023, all debt was guaranteed by the Company, the respective CA Group borrower or issuer and their subsidiaries.

Each of the HYB, TLB, and the RCF is guaranteed on a senior unsecured basis by the Company and a senior secured basis by certain subsidiaries of the Company. Specifically, each of the TLB, RCF and HYB is guaranteed by the Company and each of the Company's subsidiaries, other than the borrower or issuer of the associated debt. Each of these guarantees is a full and unconditional guarantee of the payment of all the principal, and any premium and interest, if any, on the associated debt when due, whether at maturity or otherwise, and all other obligations of the CA Group entity under the associated debt instruments. Each of TL 3, TL 4, TL 5, TL 6, TL 7 and TL 8 is guaranteed by the Company (but no subsidiaries of the Company) on a full recourse basis, except that the Company's guarantee of TL3 is limited to \$2.0 million of exposure.

Each of the aforementioned guarantees is limited as necessary to prevent such guarantee from being rendered voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. See above for information on the amounts outstanding under each of these facilities.

The CA Group may be involved in legal and administrative proceedings that arise from time to time in the normal conduct of business. No provision for any liability has been recorded in the accompanying financial statements, and the CA Group believes that the ultimate disposition of any such matters will not have a material adverse effect on the financial position or results of operations of the CA Group.

**18 Related parties**

Pursuant to various servicing agreements as well as pursuant to a management agreement, affiliates of Castlelake perform aircraft, lease and administrative services for the CA Group. The CA Group incurred Servicer fees in the amount of \$5.5 million during the 3 months ended March 31, 2024 (March 31, 2023: \$4.6 million). As of March 31, 2024, the accrued but unpaid Servicer fee balance is \$2.3 million (December 31, 2023: \$3.0 million), which has been subsequently paid in April 2024. The CA Group incurred Management fees in the amount of \$0.6 million during the 3 months ended March 31, 2024 (March 31, 2023: \$0.3 million). As of March 31, 2024, the prepaid Management fee balance is \$1.6 million (31 December, 2023: \$Nil).

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**19 Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The CA Group determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized into one of the following levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Assets and liabilities measured at fair value on a recurring basis**

As of March 31, 2024 and December 31, 2023, the CA Group's derivative portfolio consisted of interest rate swaps. The fair value of derivatives is based on dealer quotes for identical instruments. The CA Group has also considered the credit rating and risk of the counterparty of the derivative contract based on quantitative and qualitative factors. As such, the valuation of these instruments was classified as Level 2.

The following table presents the CA Group's financial assets and liabilities that the CA Group has measured at fair value on a recurring basis by level within the fair value hierarchy as of March 31, 2024 and December 31, 2023 (U.S. dollars in thousands):

	Note	Total USD	March 31, 2024		
			Level 1 USD	Level 2 USD	Level 3 USD
<b>Assets</b>					
Derivative assets	15	\$ 89,384	\$ -	\$ 89,384	\$ -
<b>Liabilities</b>					
Derivative liabilities	15	\$ 295	\$ -	\$ 295	\$ -
<b>December 31, 2023</b>					
	Notes	Total USD	Level 1 USD	Level 2 USD	Level 3 USD
<b>Assets</b>					
Derivative assets	15	\$ 68,300	\$ -	\$ 68,300	\$ -
<b>Liabilities</b>					
Derivative liabilities	15	\$ 15,342	\$ -	\$ 15,342	\$ -

**Assets and liabilities measured at fair value on a non-recurring basis**

The CA Group also measures the fair value of flight equipment on a non-recurring basis, when U.S. GAAP requires the application of fair value, including when events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. The CA Group develops the assumptions used in the fair value measurements. Therefore, the fair value measurements of flight equipment are classified as Level 3 valuations.

**Financial instruments not measured at fair values**

The CA Group's financial instruments are measured at amortized cost, other than those noted above. The following financial instruments are not measured at fair value on the CA Group's Consolidated Balance Sheets at March 31, 2024 and December 31, 2023, but require disclosure of their fair values: cash and cash equivalents. The estimated fair value of such instruments at March 31, 2024 and December 31, 2023, approximates the carrying value as reported on the Consolidated Balance Sheets on Page 2. The fair value of all these instruments would be categorized as Level 1 in the fair value hierarchy.

**Castlelake Aviation Limited and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2024**

**20 Subsequent events**

On May 3, 2024, the directors of Castlelake Aviation Limited declared a dividend of \$55.8m and on May 10, 2024 one aircraft was delivered on finance lease classified as a loan to a lessee based in the middle east.